

**NAMCHOW HOLDINGS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) Application of new and revised standards, amendments and interpretations	8~10
(4) Summary of material accounting policies	11~14
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	14
(6) Explanation of significant accounts	14~46
(7) Related-party transactions	46~47
(8) Pledged assets	47
(9) Significant contingent liabilities and unrecognized commitments	48
(10) Losses Due to Major Disasters	48
(11) Subsequent Events	48
(12) Other	49
(13) Other disclosures	
(a) Information on significant transactions	50~54
(b) Information on investees	54
(c) Information on investment in mainland China	54~55
(d) Major shareholders	56
(14) Segment information	56~59



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Independent Auditors' Review Report

To the Board of Directors of Namchow Holdings Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,926,040 thousand and \$1,873,005 thousand, constituting 6% of the consolidated total assets; and the total liabilities amounting to \$1,614,839 thousand and \$1,625,435 thousand, constituting 9% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as the total comprehensive income amounting to \$200,933 thousand, \$189,525 thousand, \$228,899 thousand and \$98,709 thousand, constituting 23%, 25%, 12% and 13% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wu, Chung-Shun and Chang, Chun-I.

KPMG

Taipei, Taiwan (Republic of China)
November 12, 2024

Notes to Readers

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

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

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in thousands of New Taiwan dollars)

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11XX	Current assets:							21XX	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 9,617,962	28	9,516,930	31	9,454,001	31	2100	Short-term borrowings (note 6(m))	\$ 4,102,298	12	4,313,501	15	3,807,353	13
1110	Financial assets at fair value through profit or loss — current (note (b))	1,928	-	-	-	-	-	2110	Short-term commercial paper payables (note 6(m))	-	-	234,855	1	384,732	1
1137	Financial assets measured at amortized cost — current (note 6(d))	289,198	1	-	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	7,278	-	-	-	10,596	-
1150	Notes receivable, net (note 6(e))	193,356	1	197,365	1	202,846	1	2322	Current portion of long-term borrowings (notes 6(m) and 8)	339,717	1	336,260	1	295,981	1
1170	Accounts receivable, net (note 6(e))	2,410,534	7	2,012,280	6	2,391,145	8	2130	Contract liabilities — current (note 6(v))	276,874	1	383,721	1	374,565	1
1200	Other receivables (note 6(f))	196,180	1	184,747	1	189,348	1	2170	Accounts payable	1,680,424	5	1,245,781	4	1,494,193	5
1220	Current income tax assets	218,927	1	183,784	1	216,138	1	2216	Dividend payables (note 6(s))	-	-	247	-	247	-
130x	Inventories (note 6(g))	3,699,180	11	3,290,649	11	3,342,373	10	2219	Other payables (notes 6(q), (w) and 9)	2,177,523	6	1,718,025	6	1,681,453	6
1410	Prepayments	278,124	1	170,877	1	238,018	1	2230	Current income tax liabilities	210,363	1	168,657	1	244,457	1
1470	Other current assets	90,669	-	87,218	-	98,035	-	2280	Current lease liabilities (notes 6(p) and 7)	142,525	1	140,676	-	152,524	-
	Total current assets	<u>16,996,058</u>	<u>51</u>	<u>15,643,850</u>	<u>52</u>	<u>16,131,904</u>	<u>53</u>	2399	Other current liabilities	58,045	-	54,031	-	45,497	-
15XX	Non-current assets:								Total current liabilities	<u>8,995,047</u>	<u>27</u>	<u>8,595,754</u>	<u>29</u>	<u>8,491,598</u>	<u>28</u>
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	31,671	-	23,917	-	21,357	-	25XX	Non-Current liabilities:						
1535	Financial assets measured at amortized cost — non-current (note 6(d))	1,981,008	6	1,638,372	6	1,479,901	5	2530	Bonds payable (note 6(n))	4,927,977	15	4,907,672	16	4,900,904	16
1600	Property, plant and equipment (notes 6(j), 8 and 9)	13,052,501	39	11,831,971	39	11,798,523	38	2540	Long-term borrowings (notes 6(m) and 8)	2,363,457	7	1,925,778	6	2,665,097	9
1755	Right-of-use assets (notes 6(k) and 7)	737,283	2	719,334	2	768,839	3	2550	Provision liabilities — non-current (note 6(o))	10,264	-	10,264	-	10,264	-
1760	Investment property (note 6(l))	28,518	-	29,698	-	31,123	-	2580	Lease liabilities — non-current (notes 6(p) and 7)	374,929	1	364,083	2	396,246	1
1805	Goodwill	105,417	-	105,417	-	105,417	-	2570	Deferred income tax liabilities	1,658,740	5	1,621,538	5	1,478,949	5
1840	Deferred income tax assets	140,763	1	172,218	1	175,546	1	2640	Net defined benefit liabilities — non-current	207,600	1	206,530	1	183,308	1
1915	Prepayments for equipment	188,865	1	48,061	-	58,977	-	2670	Other non-current liabilities	110,594	-	108,420	-	110,076	-
1990	Other non-current assets	54,018	-	68,134	-	71,913	-		Total non-current liabilities	<u>9,653,561</u>	<u>29</u>	<u>9,144,285</u>	<u>30</u>	<u>9,744,844</u>	<u>32</u>
	Total non-current assets	<u>16,320,044</u>	<u>49</u>	<u>14,637,122</u>	<u>48</u>	<u>14,511,596</u>	<u>47</u>	2XXX	Total liabilities	<u>18,648,608</u>	<u>56</u>	<u>17,740,039</u>	<u>59</u>	<u>18,236,442</u>	<u>60</u>
									Equity attributable to shareholders of the Company (notes 6(h), 6(s) and (t)):						
								3100	Common stock	<u>2,941,330</u>	<u>9</u>	<u>2,941,330</u>	<u>10</u>	<u>2,941,330</u>	<u>10</u>
								3200	Capital surplus	<u>4,738,433</u>	<u>14</u>	<u>3,825,824</u>	<u>12</u>	<u>3,825,807</u>	<u>12</u>
								3300	Retained earnings:						
								3310	Legal reserve	1,193,905	4	1,097,451	4	1,097,451	3
								3320	Special reserve	1,612,266	5	1,612,266	5	1,612,266	5
								3350	Unappropriated earnings	<u>1,744,762</u>	<u>5</u>	<u>1,805,058</u>	<u>6</u>	<u>1,494,462</u>	<u>5</u>
										<u>4,550,933</u>	<u>14</u>	<u>4,514,775</u>	<u>15</u>	<u>4,204,179</u>	<u>13</u>
								3400	Other equity:						
								3410	Financial statement translation differences for foreign operations	(16,393)	-	(928,392)	(3)	(744,423)	(2)
								3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	<u>11,086</u>	<u>-</u>	<u>3,940</u>	<u>-</u>	<u>(43,619)</u>	<u>-</u>
										<u>(5,307)</u>	<u>-</u>	<u>(924,452)</u>	<u>(3)</u>	<u>(788,042)</u>	<u>(2)</u>
								3500	Treasury stock	<u>(530,114)</u>	<u>(2)</u>	<u>(530,114)</u>	<u>(2)</u>	<u>(530,114)</u>	<u>(2)</u>
									Total equity attributable to shareholders of the Company	<u>11,695,275</u>	<u>35</u>	<u>9,827,363</u>	<u>32</u>	<u>9,653,160</u>	<u>31</u>
								36xx	Non-controlling interests (note 6(i))	<u>2,972,219</u>	<u>9</u>	<u>2,713,570</u>	<u>9</u>	<u>2,753,898</u>	<u>9</u>
								3XXX	Total equity	<u>14,667,494</u>	<u>44</u>	<u>12,540,933</u>	<u>41</u>	<u>12,407,058</u>	<u>40</u>
1XXX	Total assets	<u>\$ 33,316,102</u>	<u>100</u>	<u>30,280,972</u>	<u>100</u>	<u>30,643,500</u>	<u>100</u>	2-3XXX	Total liabilities and equity	<u>\$ 33,316,102</u>	<u>100</u>	<u>30,280,972</u>	<u>100</u>	<u>30,643,500</u>	<u>100</u>

See accompanying notes to the consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2024 and 2023

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

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(v))	\$ 5,989,842	100	5,810,068	100	17,448,936	100	16,799,390	100
5000	Operating costs (notes 6(g), (j), (k), (p), (q) and 9)	4,335,331	72	4,072,440	70	12,259,465	70	12,132,866	72
5900	Gross profit	1,654,511	28	1,737,628	30	5,189,471	30	4,666,524	28
6000	Operating expenses (notes 6(e), (f), (j), (k), (p), (q), (t), (w) and 7):								
6100	Selling expenses	769,596	13	763,400	13	2,269,276	13	2,165,656	13
6200	Administrative expenses	433,662	7	410,373	7	1,300,752	8	1,169,844	7
6300	Research and development expenses	143,832	3	142,367	2	395,738	2	315,213	2
6450	Impairment loss (reversal of impairment loss) for expected credit loss	(2,328)	-	466	-	(5,080)	-	3,985	-
	Total operating expenses	1,344,762	23	1,316,606	22	3,960,686	23	3,654,698	22
6900	Net operating income	309,749	5	421,022	8	1,228,785	7	1,011,826	6
7000	Non-operating income and expenses (notes 6(j), (n), (p), (x), 7 and 12):								
7100	Interest income	64,061	1	64,815	1	194,282	1	188,966	1
7010	Other income	31,948	1	10,020	-	110,093	1	87,778	1
7020	Other gains and losses	(99,529)	(2)	9,768	-	(43,573)	-	31,157	-
7050	Finance costs	(54,674)	(1)	(53,219)	(1)	(158,099)	(1)	(161,557)	(1)
	Total non-operating income and expenses	(58,194)	(1)	31,384	-	102,703	1	146,344	1
7900	Income from continuing operations before tax	251,555	4	452,406	8	1,331,488	8	1,158,170	7
7950	Less: income tax expenses (note 6(r))	85,184	1	145,550	3	428,339	3	394,906	2
	Net income	166,371	3	306,856	5	903,149	5	763,264	5
8300	Other comprehensive income (loss), net of tax (note 6(s)):								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(5,046)	-	511	-	7,754	-	5,481	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	Total items that will not be reclassified to profit or loss	(5,046)	-	511	-	7,754	-	5,481	-
8360	Items that will be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	720,377	12	464,783	8	1,052,452	6	(29,656)	-
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	720,377	12	464,783	8	1,052,452	6	(29,656)	-
8300	Other comprehensive income (loss), net of tax	715,331	12	465,294	8	1,060,206	6	(24,175)	-
	Total comprehensive income	\$ 881,702	15	772,150	13	1,963,355	11	739,089	5
	Net income attributable to:								
8610	Shareholders of the Company	\$ 141,991	3	279,029	5	771,490	4	653,939	4
8620	Non-controlling interests	24,380	-	27,827	-	131,659	1	109,325	1
	Total Comprehensive income attributable to:	\$ 166,371	3	306,856	5	903,149	5	763,264	5
8710	Shareholders of the Company	\$ 770,965	13	657,447	11	1,690,635	10	625,948	4
8720	Non-controlling interests	110,737	2	114,703	2	272,720	1	113,141	1
		\$ 881,702	15	772,150	13	1,963,355	11	739,089	5
9750	Basic earnings per share (in New Taiwan dollars) (note 6(u))	\$ 0.57		1.12		3.11		2.64	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(u))	\$ 0.57		1.12		3.11		2.63	

See accompanying notes to the consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2024 and 2023****(Expressed in thousands of New Taiwan dollars)**

	Equity attributable to owners of the Company												
							Total other equity interest						
			Retained earnings				Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total							
Balance at January 1, 2023	\$ 2,941,330	3,682,995	1,039,356	1,612,266	1,486,884	4,138,506	(710,951)	(49,100)	(760,051)	(530,114)	9,472,666	2,907,307	12,379,973
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	58,095	-	(58,095)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	(108,097)	(604,603)
Other changes in capital surplus	-	2,762	-	-	-	-	-	-	-	-	2,762	-	2,762
Net income	-	-	-	-	653,939	653,939	-	-	-	-	653,939	109,325	763,264
Other comprehensive income (loss)	-	-	-	-	-	-	(33,472)	5,481	(27,991)	-	(27,991)	3,816	(24,175)
Total comprehensive income (loss)	-	-	-	-	653,939	653,939	(33,472)	5,481	(27,991)	-	625,948	113,141	739,089
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	30,359	30,359
Changes in non-controlling interests	-	48,290	-	-	-	-	-	-	-	-	48,290	(188,812)	(140,522)
Balance at September 30, 2023	\$ 2,941,330	3,825,807	1,097,451	1,612,266	1,494,462	4,204,179	(744,423)	(43,619)	(788,042)	(530,114)	9,653,160	2,753,898	12,407,058
Balance at January 1, 2024	\$ 2,941,330	3,825,824	1,097,451	1,612,266	1,805,058	4,514,775	(928,392)	3,940	(924,452)	(530,114)	9,827,363	2,713,570	12,540,933
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	96,454	-	(96,454)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	114,700	-	-	(735,332)	(735,332)	-	-	-	-	(620,632)	(38,979)	(659,611)
Other changes in capital surplus	-	2,455	-	-	-	-	-	-	-	-	2,455	-	2,455
Net income	-	-	-	-	771,490	771,490	-	-	-	-	771,490	131,659	903,149
Other comprehensive income	-	-	-	-	-	-	911,999	7,146	919,145	-	919,145	141,061	1,060,206
Total comprehensive income	-	-	-	-	771,490	771,490	911,999	7,146	919,145	-	1,690,635	272,720	1,963,355
Difference between consideration and carrying amount of subsidiaries disposed	-	953,849	-	-	-	-	-	-	-	-	953,849	205,151	1,159,000
Changes in ownership interests in subsidiaries	-	(153,962)	-	-	-	-	-	-	-	-	(153,962)	153,962	-
Changes in non-controlling interests	-	(4,433)	-	-	-	-	-	-	-	-	(4,433)	(334,205)	(338,638)
Balance at September 30, 2024	\$ 2,941,330	4,738,433	1,193,905	1,612,266	1,744,762	4,550,933	(16,393)	11,086	(5,307)	(530,114)	11,695,275	2,972,219	14,667,494

See accompanying notes to the consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in thousands of New Taiwan dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Income before tax	\$ 1,331,488	1,158,170
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	775,687	735,081
Impairment losses (reversed) recognized for expected credit losses	(5,080)	3,985
Interest expense	158,099	161,557
Interest income	(194,282)	(188,966)
Dividend income	(2,348)	(431)
Share-based payments	-	30,359
Losses (gains) on disposal of property, plant and equipment, net	(22,010)	2,969
Gains on lease modification	(811)	(4)
Total adjustments to reconcile profit and loss	709,255	744,550
Changes in assets and liabilities relating to operating activities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	(1,928)	-
Notes receivable	4,009	(4,355)
Accounts receivables	(392,980)	(396,934)
Other receivables	(12,569)	26,667
Inventories	(407,373)	329,320
Prepayments	(107,247)	31,239
Other current assets	(3,451)	(9,678)
Total changes in operating assets, net	(921,539)	(23,741)
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	7,278	10,596
Contract liabilities	(106,847)	(94,511)
Accounts payable	434,643	175,244
Other payables	347,909	110,527
Other current liabilities	4,014	(544)
Net defined benefit liabilities	1,070	(5,300)
Total changes in operating liabilities, net	688,067	196,012
Total changes in operating assets and liabilities, net	(233,472)	172,271
Total adjustments	475,783	916,821
Cash inflow generated from operations	1,807,271	2,074,991
Interest income received	194,282	188,966
Dividends received	2,348	431
Interest paid	(129,217)	(130,986)
Income taxes paid	(353,119)	(265,290)
Net cash flows from operating activities	1,521,565	1,868,112
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	(631,834)	(1,479,901)
Acquisition of property, plant and equipment	(1,411,673)	(574,938)
Proceeds from disposal of property, plant and equipment	61,602	9,439
Decrease in other non-current assets	5,317	9,303
Net cash flows used in investing activities	(1,976,588)	(2,036,097)
Cash flows from financing activities:		
Increase in short-term borrowings	12,913,673	8,707,185
Decrease in short-term borrowings	(13,221,678)	(8,150,287)
Increase in short term commercial paper payables	1,268,000	2,135,000
Decrease in short-term commercial paper payables	(1,503,000)	(2,050,000)
Proceeds from long-term borrowings	7,527,000	10,123,000
Repayments of long-term borrowings	(7,099,514)	(10,684,616)
Payment of lease liabilities	(123,759)	(159,949)
Increase (decrease) in other non-current liabilities	15,350	(2,661)
Cash dividends paid	(659,840)	(604,356)
Disposal of ownership interests in subsidiaries (without losing control)	1,159,000	-
Interest paid	(28,398)	(43,764)
Change in non-controlling interests	(338,638)	(140,522)
Overaging unclaimed dividends	2,437	2,762
Net cash flows used in financing activities	(89,367)	(868,208)
Effect of exchange rate changes on cash and cash equivalents	645,422	(4,249)
Net increase (decrease) in cash and cash equivalents	101,032	(1,040,442)
Cash and cash equivalents at beginning of period	9,516,930	10,494,443
Cash and cash equivalents at end of period	\$ 9,617,962	9,454,001

See accompanying notes to the consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

(1) Company history

Namchow Holdings Co., Ltd. (formerly called Namchow Chemical Industrial Co., Ltd.) (the Company) was incorporated on March 29, 1952 as a corporation limited by shares under the laws of the Republic of China (R.O.C.). The consolidated financial statements comprise the Company and its Subsidiaries (the Group). The Group is engaged in the manufacture, sale, and processing of edible and non-edible oil products and frozen dough, as well as dish and laundry liquid detergent, it also provides management consulting services.

In order to improve its business performance and competitiveness, the Company decided to conduct a group restructuring and division of profession. On May 31, 2017, the shareholders of the Company decided to divide its entire departments and categorize them into two, then transfer them to two of its subsidiaries. The Department of Edible Products, which includes frozen dough items, will be transferred to Namchow Oil and Fat Co., Ltd. and the Department of Non-Edible Products will be transferred to Huaciang Industry Co., Ltd.. Both entities are 100% owned by the Company, with a record date of August 1, 2017.

For the purpose of transforming into a holding company, the Company, which was formerly named as Namchow Chemical Industrial Co., Ltd. is renamed as Namchow Holdings Co., Ltd. After the spin-off, the Company only engaged in investment holding.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on November 12, 2024.

(3) Application of new and revised standards, amendments and interpretations

- (a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC ("FSC").

The Group has adopted the following new amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, "IFRSs") with effective date from January 1, 2024. The adoption does not have a material impact on the Group's consolidated financial statements.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

The Group assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a material impact on its consolidated financial statements.

- Amendments to IAS21 "Lack of Exchangeability"

- (c) The IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

New, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC are listed below:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. 	January 1, 2027

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRSs Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

The Group continues in assessing the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The related impact will be disclosed when the assessment is completed.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards – Volume 11

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies

Except as described below, the material accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2023 and have been applied consistently to all periods presented in the consolidated financial statements. Refer to note 4 of the consolidated financial statements for the year ended December 31, 2023 for the details.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" ("the Regulations") and IAS 34 Interim Financial Reporting endorsed by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, or SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

The principles used in preparing of the consolidated financial statements, and the number of subsidiaries included in the consolidated financial statements, were the same as those of the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4(c).

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

List of subsidiaries in the consolidated financial statements was as follows:

Name investor	Name of subsidiary	Main activities	Percentage of ownership			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Namchow (Thailand) Ltd. (Namchow Thailand)	Manufacturing and selling of instant noodles and rice cracker	100.00 %	100.00 %	100.00 %	
The Company	Mostro (Thailand) Ltd. (Mostro)	Manufacturing and selling of food	100.00 %	100.00 %	100.00 %	Note 8
The Company	Nacia International Corp. (Nacia)	Holding of investments	100.00 %	100.00 %	100.00 %	
The Company	Chow Ho Enterprise Co., Ltd. (Chow Ho)	Catering services, food and beverage retailing, and frozen food manufacturing	100.00 %	100.00 %	100.00 %	Note 8
The Company	Lucky Royal Co., Ltd. (Lucky Royal)	Manufacturing, selling and processing of various food and beverage products	72.51 %	99.65 %	99.65 %	Note 7
The Company	Nankyo Japan Co., Ltd. (Nankyo Japan)	Catering services, Bistro and wine-selling	100.00 %	100.00 %	100.00 %	Note 8
The Company	Namchow Consulting Company, Ltd. (Namchow Consulting)	Catering services, food and beverage retailing and other consulting services	100.00 %	100.00 %	100.00 %	Note 8
The Company	Namchow Oil and Fat Co., Ltd. (Namchow Oil and Fat)	Manufacturing, processing and selling of edible oil and frozen dough	100.00 %	100.00 %	100.00 %	
The Company	Huaciang Industry Co., Ltd. (Huaciang)	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	100.00 %	100.00 %	100.00 %	

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of subsidiary	Main activities	Percentage of ownership			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company and Lucky Royal	Navigato Business Publications Co., Ltd. (NBP)	Publishing, distributing and selling of printed publications	98.57 %	90.00 %	89.97 %	Notes 1 and 8
Lucky Royal	Namchow (British Virgin Island) Ltd. (Namchow BVI)	Holding of investments	- %	93.00 %	93.00 %	Note 2
Lucky Royal	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou)	Liquor importing and retailing, and catering services	- %	- %	99.65 %	Note 3
Lucky Royal	Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting)	Catering services and food consulting services	- %	99.65 %	99.65 %	Notes 3 and 5
Huaciang	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou)	Multinational eateries, and the promotion and management of craft beers	100.00 %	100.00 %	- %	Notes 3 and 8
Huaciang	Namchow (British Virgin Island) Ltd. (Namchow BVI)	Holding of investments	93.32 %	- %	- %	Notes 2 and 8
Namchow BVI	Shanghai Bao Lai Na Company Limited. (Bao Lai Na)	Multinational eateries, and the promotion and management of craft beers	93.32 %	93.00 %	93.00 %	Notes 2 and 8
Nacia	Namchow International Corp. (Namchow International)	Holding of investments	100.00 %	100.00 %	100.00 %	
Shanghai Qiaohao	Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management)	Business management and investment consulting services	100.00 %	100.00 %	100.00 %	
Namchow Cayman and Shanghai Qiaohao	Shanghai Qiaohao Food Co., Ltd (Shanghai Qiaohao Food)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	100.00 %	
Shanghai Qiaohao	Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao)	Manufacturing, and selling of edible oil and related services	100.00 %	100.00 %	100.00 %	
Namchow Cayman	Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao)	Holding of investments and international trade	100.00 %	100.00 %	100.00 %	Note 6
Namchow Cayman	Shanghai Qiizhi Business Consulting Co., Ltd. (Shanghai Qiizhi)	Business management and investment consulting services	100.00 %	100.00 %	100.00 %	
Namchow Cayman and Shanghai Qiizhi	Namchow Food Group (Shanghai) co., Ltd. (Namchow Food)	Food packaging, dairy product and product purchasing management and selling	82.23 %	81.24 %	81.24 %	Note 4
Namchow Cayman and Namchow Food	Shanghai Namchow Food co., Ltd. (Shanghai Namchow)	Selling, developing, manufacturing and processing of fats and frozen food.	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow)	Manufacturing, and selling of edible fat	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow)	Manufacturing, and selling of edible fat	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing)	Food packaging, dairy product and product purchasing management and selling	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing)	The technical service of baking oil and fat product	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Namchow Trading Singapore Pte., Ltd (Namchow Singapore Pte.)	The sales service of baking oil and fat product	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Chongqing Namchow Food Co., Ltd. (Chongqing Namchow)	Manufacturing and processing of light cream and frozen dough	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food	Namchow Trading Hong Kong Limited (Namchow Hong Kong)	The sales service of baking oil and fat product	82.23 %	81.24 %	81.24 %	Note 4
Namchow Food and Guangzhou Namchow	Namchow Food (Thailand) Co., Ltd. (Namchow Bangkok)	Manufacturing and selling of baking oil and fat product	82.23 %	81.24 %	- %	Note 4

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of subsidiary	Main activities	Percentage of ownership			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Tianjin Namchow	Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi)	Developing , manufacturing, and selling of dairy products and related services	82.23 %	81.24 %	81.24 %	Note 4
Tianjin Yoshi Yoshi	Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi)	Developing , manufacturing, and selling of dairy products and related services	82.23 %	81.24 %	81.24 %	Note 4

- Note 1: The Company, directly or indirectly, holds 89.97% shares of NBP on September 30, 2023; Lucky Royal's Board of Directors approved to dispose all of its 10.00% shares in NBP to the Company on December 11, 2023. As a result, the Company's ownership percentage in NBP became 90.00%. The aforementioned transaction was an organizational restructuring under common control; there has been no substantial change to the reporting entity, thus no retrospective restatement of prior period's financial statements is required. A resolution was approved by the NBP's board of directors held on April 10, 2024 to increase its capital by issuing \$6,000 thousand. The Company participated in the cash injection of NBP, and acquired 600 thousand of its shares at the amount of \$6,000 thousand and increased NBP's ownership from 90.00% to 98.57%.
- Note 2: Lucky Royal's Board of Directors approved to sell 93.32% shares in Namchow BVI to Huaciang on February 29, 2024. As a result, the Company's ownership percentage in Namchow BVI became 93.32%. The aforementioned transaction was an organizational restructuring under common control; however, there has been no substantial change to the reporting entity, thus no retrospective restatement of prior period's financial statements is required.
- Note 3: The Company, directly or indirectly, holds 99.65% shares of Dian Shui Lou and Namchow Gastronomy Consulting on September 30, 2023; Lucky Royal's Board of Directors approved to sell all of its 100.00% shares in Dian Shui Lou to Huaciang on December 11, 2023. The aforementioned transaction was an organizational restructuring under common control; however, there has been no substantial change to the reporting entity, thus no retrospective restatement of prior period's financial statements is required.
- Note 4: Namchow Food has submitted the application for A-share listing in the security market of China, thus, the board of directors of the Company has approved the resolution for the subsidiary to increase capital by cash injection and to award new shares of restricted stock on April 28, 2021 and on November 12, 2021. As the result, the Company's ownership percentage in the subsidiary decreased from 96.15% to 81.73% and then to 80.94%. In addition, due to the board of directors resolved to issue the remaining restricted shares on October 28, 2022 and the Company's ownership percentage in the subsidiary decreased further from 80.94% to 80.85%. In addition, due to the Company repurchased and write-off the remaining restricted shares for the three months ended March 31, 2023 and 2024, and the Company's ownership percentage in the subsidiary increased from 80.88% to 81.24% and then to 81.25%. On June 2024, Namchow Food repurchased its 266 thousand treasury shares from securities exchange market, thus the Company increased its ownership percentage of Namchow Food from 81.25% to 81.30%. For the three months ended September 30, 2024, the Company repurchased and write-off 1,744 thousand remaining restricted shares, and repurchased its 3,064 thousand treasury shares from securities exchange market, thus the Company increased its ownership percentage of Namchow Food from 81.30% to 82.23%.
- Note 5: A resolution was passed by Namchow Gastronomy Consulting's board of directors meeting held on December 21, 2023 and decided the date of its disband as January 9, 2024. Since Lucky Royal had lost control over Gastronomy Consulting, the Group no longer included Gastronomy Consulting in its consolidated financial statements.
- Note 6: On April 3, 2024, a resolution was passed by Namchow Cayman's board of directors meeting to contribute RMB 70,000 thousand in Shanghai Qiaohao's equity offering. Shanghai Qiaohao increased its capital by issuing RMB 34,256 thousand on June 7, 2024.
- Note 7: The release of the shares of Lucky Royal held by the Company was resolved in the shareholder's meeting of the Company on May 30, 2024 and the board of directors' meeting on July 18, 2024. Please refers to the consolidated financial statements note 6(h).
- Note 8: It is a non-significant subsidiary, and its financial statements have not been reviewed.

(ii) There is no subsidiaries excluded from the consolidated financial statements.

(c) Employee benefits

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

(d) Income tax

The Group measured and disclosed interim period income tax expense in accordance with paragraph B12 of IAS 34, Interim Financial Reporting.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Income tax expense for the period is best estimated by multiplying pretax income of the interim reporting period with the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense or deferred income tax expense (benefit) for the current period.

Temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and their respective tax bases which were recognized directly in equity or in other comprehensive income as tax expense shall be measured based on the tax rates that have been enacted or substantively enacted at the time when the asset or liability is realized or settled.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 12,348	10,103	11,490
Savings and checking deposits	5,902,502	7,008,412	6,885,728
Time deposits	3,019,460	2,153,096	2,431,749
Cash equivalents	683,652	345,319	125,034
	\$ 9,617,962	9,516,930	9,454,001

Within three months of expiry date on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Please refer to note 6(d) for the disclosure for the Group's time deposit with a maturity of over the three months and above one year were recorded under financial assets measured at amortized cost — current and financial assets measured at amortized cost — non-current.

Please refer to note 6(y) for the disclosure for the rate risk and the sensitivity analysis for the Group's financial assets and liabilities.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts	\$ <u>1,928</u>	<u>-</u>	<u>-</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts	\$ <u>7,278</u>	<u>-</u>	<u>10,596</u>

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of September 30, 2024 and 2023, the Group reported the following derivatives financial instruments as financial assets and liabilities measured at fair value through profit or loss without the application of hedge accounting.

	<u>September 30, 2024</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	USD 500 /	USD/THB	2024.11.26
	THB 18,122		
Forward contracts	JPY 348,779 /	JPY/THB	2025.2.3
	THB 86,067		
	<u>September 30, 2023</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	USD 10,100 /	USD/THB	2024.2.12~2024.3.15
	THB 353,549		

As of December 31, 2023, the Group did not hold outstanding forward contracts.

(c) Financial assets measured at fair value through other comprehensive income — non-current

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks listed on domestic markets	\$ <u>31,671</u>	<u>23,917</u>	<u>21,357</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Equity investments measured at fair value through other comprehensive income

The Group held equity instrument investment, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

For the nine months ended September 30, 2024 and 2023, the Group did not dispose the aforementioned equity investment, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

- (ii) For the information of market risk, please refer to note 6(y).

- (iii) As of September 30, 2024, December 31 and September 30, 2023, the Group did not pledge the aforementioned equity investment as collateral.

- (d) Financial assets measured at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits	\$ <u>2,270,206</u>	<u>1,638,372</u>	<u>1,479,901</u>
Current	\$ 289,198	-	-
Non-current	<u>1,981,008</u>	<u>1,638,372</u>	<u>1,479,901</u>
	<u>\$ 2,270,206</u>	<u>1,638,372</u>	<u>1,479,901</u>

The Group has assessed that these financial assets are held to maturity to collect contract cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

As of September 30, 2024, December 31 and September 30, 2023, the Group did not pledge the aforementioned financial assets measured at amortized cost as collateral.

- (e) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 193,356	197,365	202,846
Accounts receivable	2,432,873	2,040,049	2,424,967
Less: allowance for impairment	<u>22,339</u>	<u>27,769</u>	<u>33,822</u>
	<u>\$ 2,603,890</u>	<u>2,209,645</u>	<u>2,593,991</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The Group's analysis of the expected credit losses on its notes and accounts receivable were determined as follows:

	September 30, 2024		
	Gross carrying amount of notes and accounts receivable	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,439,866	0~50.00	6,474
Past due 1~30 days	156,834	0.12~50.00	2,171
Past due 31~60 days	9,703	0.43~69.05	858
Past due 61~90 days	3,558	1.00~100.00	618
Past due 91~180 days	4,606	1.01~100.00	1,490
Past due 181~365 days	2,558	1.01~100.00	1,624
Past due over 365 days	9,104	100.00	9,104
	\$ 2,626,229		22,339

	December 31, 2023		
	Gross carrying amount of notes and accounts receivable	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,072,879	0~50.00	7,060
Past due 1~30 days	120,549	0.14~50.00	4,096
Past due 31~60 days	21,714	0.47~68.78	1,952
Past due 61~90 days	5,102	0.90~100.00	1,860
Past due 91~180 days	6,145	1.00~100.00	2,773
Past due 181~365 days	3,404	69.80~100.00	2,407
Past due over 365 days	7,621	100.00	7,621
	\$ 2,237,414		27,769

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023		
	Gross carrying amount of notes and accounts receivable	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,461,404	0~50.00	9,075
Past due 1~30 days	108,709	0.13~50.00	4,288
Past due 31~60 days	26,065	0.61~69.42	5,459
Past due 61~90 days	13,521	0.94~100.00	2,129
Past due 91~180 days	6,060	26.95~100.00	3,336
Past due 181~365 days	4,088	0.60~100.00	1,569
Past due over 365 days	7,966	100.00	7,966
	\$ 2,627,813		33,822

The movement in the allowance for impairment with respect to notes and accounts receivable were as follows:

	For the nine months ended September 30	
	2024	2023
Balance at the beginning of the period	\$ 27,769	30,203
Impairment losses recognized (reversed)	(6,073)	3,605
Amounts written off	(156)	(20)
Effect of changes in foreign currency exchange rates	799	34
Balance at the end of the period	\$ 22,339	33,822

As of September 30, 2024, December 31 and September 30, 2023, the Group had not provide its notes and accounts receivable as collateral or factored them for cash.

(f) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	\$ 200,086	187,517	192,000
Less: allowance for impairment	3,906	2,770	2,652
	\$ 196,180	184,747	189,348

As of September 30, 2024, December 31 and September 30, 2023, the Group's other receivables have been assessed for impairment losses.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for impairment with respect to other receivables was as follows:

	For the nine months ended September 30	
	2024	2023
Balance at the beginning of the period	\$ 2,770	2,266
Impairment losses recognized	993	380
Effect of changes in foreign currency exchange rates	143	6
Balance at the end of the period	<u><u>\$ 3,906</u></u>	<u><u>2,652</u></u>

(g) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Merchandise	\$ 34,358	36,521	31,701
Finished goods	1,777,718	1,491,122	1,617,884
Work in progress	148,003	155,304	165,295
Raw materials	1,327,358	1,204,693	1,186,275
Supplies	315,731	358,226	305,409
Goods in transit	96,012	44,783	35,809
	<u><u>\$ 3,699,180</u></u>	<u><u>3,290,649</u></u>	<u><u>3,342,373</u></u>

The Group except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Loss on (reversal of) decline in market value of inventory	\$ (4,577)	(11,997)	(12,376)	2,905
Loss on physical count, net	94	341	246	1,659
Loss on scrap of inventory	2,008	629	5,981	2,233
Income from sale of scrap	(3,721)	(4,327)	(11,678)	(14,203)
	<u><u>\$ (6,196)</u></u>	<u><u>(15,354)</u></u>	<u><u>(17,827)</u></u>	<u><u>(7,406)</u></u>

As of September 30, 2024, December 31 and September 30, 2023, the Group did not pledge its inventories as collateral.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Changes in ownership in subsidiaries

In order to prepare for the listing of the consolidated subsidiary, Lucky Royal and comply with the “Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings”, the release of the shares of Lucky Royal held by the Company was resolved in the shareholders' meeting of the Company on May 30, 2024 and board of directors' meeting on July 18, 2024. The shares shall be subscribed preferentially by all shareholders of the Company on the basis of the percentage of shareholdings, and the number of shares of subscription not fully been subscribed by shareholders of the Company shall be purchased by the specific person's designated by the Chairman. The subscription price, which was referred to the reasonable opinion issued by the professional institution, was set at \$61 per share.

As of September 30, 2024, the Company has disposed of 19,000 thousand shares of Lucky Royal with a total selling price of \$1,159,000 thousand. Therefore, the Company recognized a gain of \$953,849 thousand, which was accounted for capital surplus. Since the above transaction, the Company's shareholding percentage in Lucky Royal has decreased from 99.65% to 72.51%.

(i) Material non-controlling interests of subsidiaries

Name of the subsidiary	The main operating place / register country	The percentage of ownership interests and voting rights held by non-controlling interests		
		September 30, 2024	December 31, 2023	September 30, 2023
Namchow Food	China	17.77 %	18.76 %	18.76 %

The financial information of Namchow Food has been prepared in accordance with the IFRSs Accounting standards endorsed by the FSC. The amounts included in this information is the fair value adjustment made during the acquisition and the relevant difference in accounting policies between the Group and its subsidiary as at the acquisition date. The amounts in the summarized financial information shall be the amounts before the inter-company eliminations.

The summary of financial information of Namchow Food was listed as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 10,947,594	10,420,628	10,874,892
Non-current assets	8,140,379	7,275,704	7,155,228
Current liabilities	(3,433,353)	(2,826,265)	(3,248,660)
Non-current liabilities	(275,492)	(277,823)	(295,033)
Net assets	<u>\$ 15,379,128</u>	<u>14,592,244</u>	<u>14,486,427</u>
Carrying amounts of non-controlling interests	<u>\$ 2,596,851</u>	<u>2,702,705</u>	<u>2,743,771</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating revenue	<u>\$ 3,324,559</u>	<u>3,165,469</u>	<u>10,215,898</u>	<u>10,022,875</u>
Net income	\$ 102,482	138,808	669,123	548,490
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 102,482</u>	<u>138,808</u>	<u>669,123</u>	<u>548,490</u>
Net income attributable to non-controlling interests	<u>\$ 19,166</u>	<u>26,538</u>	<u>125,410</u>	<u>104,863</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 19,166</u>	<u>26,538</u>	<u>125,410</u>	<u>104,863</u>
	For the nine months ended September 30			
	2024	2023		
Net Cash flow from operating activities	\$ 1,164,438	807,993		
Net Cash flow used in investing activities	(889,995)	(1,987,787)		
Net Cash flow used in financing activities	(183,959)	(160,233)		
Effect of exchange rate changes on cash and cash equivalents	(2,779)	(912)		
Increase (decrease) in cash and cash equivalents	<u>\$ 87,705</u>	<u>(1,340,939)</u>		

(j) **Property, plant and equipment**

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2024 and 2023 were as follows:

	Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation :						
Balance as of January 1, 2024	\$ 2,730,995	6,683,429	8,112,514	4,575,093	352,076	22,454,107
Additions	-	31,127	25,047	91,038	1,235,947	1,383,159
Disposals	(61,992)	(27,923)	(345,480)	(170,158)	(1,075)	(606,628)
Reclassification	-	118,295	299,721	146,879	(548,334)	16,561
Effect of changes in foreign currency exchange rates	22,202	283,489	415,612	164,942	68,587	954,832
Balance as of September 30, 2024	<u>\$ 2,691,205</u>	<u>7,088,417</u>	<u>8,507,414</u>	<u>4,807,794</u>	<u>1,107,201</u>	<u>24,202,031</u>
Balance as of January 1, 2023	\$ 2,769,704	6,703,485	7,757,745	4,380,878	353,707	21,965,519
Additions	-	8,891	32,339	91,083	416,743	549,056
Disposals	-	(4,182)	(42,329)	(27,275)	(5,010)	(78,796)
Reclassification	-	47,927	332,815	59,377	(413,121)	26,998
Effect of changes in foreign currency exchange rates	(44,178)	(56,761)	(26,089)	(1,913)	(1,770)	(130,711)
Balance as of September 30, 2023	<u>\$ 2,725,526</u>	<u>6,699,360</u>	<u>8,054,481</u>	<u>4,502,150</u>	<u>350,549</u>	<u>22,332,066</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Depreciation and impairment loss :						
Balance as of January 1, 2024	\$ 31,953	2,243,112	4,977,501	3,369,570	-	10,622,136
Depreciation	-	162,330	250,957	232,395	-	645,682
Disposals	(31,953)	(27,918)	(339,916)	(167,249)	-	(567,036)
Reclassification	-	-	-	795	-	795
Effect of changes in foreign currency exchange rates	-	86,136	242,888	118,929	-	447,953
Balance as of September 30, 2024	<u>\$ -</u>	<u>2,463,660</u>	<u>5,131,430</u>	<u>3,554,440</u>	<u>-</u>	<u>11,149,530</u>
Balance as of January 1, 2023	\$ 31,953	2,069,721	4,753,543	3,155,937	-	10,011,154
Depreciation	-	156,297	234,889	219,137	-	610,323
Disposals	-	(3,764)	(38,820)	(23,804)	-	(66,388)
Effect of changes in foreign currency exchange rates	-	(5,614)	(15,188)	(744)	-	(21,546)
Balance as of September 30, 2023	<u>\$ 31,953</u>	<u>2,216,640</u>	<u>4,934,424</u>	<u>3,350,526</u>	<u>-</u>	<u>10,533,543</u>
Carrying amounts :						
Balance as of January 1, 2024	<u>\$ 2,699,042</u>	<u>4,440,317</u>	<u>3,135,013</u>	<u>1,205,523</u>	<u>352,076</u>	<u>11,831,971</u>
Balance as of September 30, 2024	<u>\$ 2,691,205</u>	<u>4,624,757</u>	<u>3,375,984</u>	<u>1,253,354</u>	<u>1,107,201</u>	<u>13,052,501</u>
Balance as of January 1, 2023	<u>\$ 2,737,751</u>	<u>4,633,764</u>	<u>3,004,202</u>	<u>1,224,941</u>	<u>353,707</u>	<u>11,954,365</u>
Balance as of September 30, 2023	<u>\$ 2,693,573</u>	<u>4,482,720</u>	<u>3,120,057</u>	<u>1,151,624</u>	<u>350,549</u>	<u>11,798,523</u>

(i) Impairment loss

For the nine months ended September 30, 2024, the subsidiaries— Huaciang, Namchow Thailand and Mostro disposed their property, plant and equipment for the part of the Cooked Rice Business, Instant Noodles and Rice Crackers Divisions, respectively. Therefore, the accumulated impairment losses recognized in previous years on the aforementioned property, plant and equipment had been written off. For the nine months ended September 30, 2023, there was no such transactions by the Group.

The movements in accumulated impairment loss of the Group's property, plant and equipment were as follows:

	For the nine months ended September 30	
	2024	2023
Balance at the beginning of the period	\$ 252,708	252,627
Amounts written-off	(198,279)	-
Effect of changes in foreign currency exchange rates	216	(126)
Balance at the end of the period	<u>\$ 54,645</u>	<u>252,501</u>

(ii) Collateral

As of September 30, 2024, December 31 and September 30, 2023, the Group pledged its property, plant and equipment as collateral for long-term loans and lines of credit, please refer to note 8.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Right-of-use assets

The movements in the Group's leases on land, buildings and other equipment were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost :				
Balance as of January 1, 2024	\$ 373,375	854,904	83,154	1,311,433
Additions	-	87,367	42,899	130,266
Disposals	-	(66,815)	(17,922)	(84,737)
Reclassification	-	-	(1,673)	(1,673)
Effect of changes in foreign currency exchange rates	16,913	30,255	1,511	48,679
Balance as of September 30, 2024	<u>\$ 390,288</u>	<u>905,711</u>	<u>107,969</u>	<u>1,403,968</u>
Balance as of January 1, 2023	\$ 334,009	850,385	82,960	1,267,354
Additions	-	83,399	17,888	101,287
Disposals	-	(17,953)	(14,901)	(32,854)
Effect of changes in foreign currency exchange rates	531	877	(180)	1,228
Balance as of September 30, 2023	<u>\$ 334,540</u>	<u>916,708</u>	<u>85,767</u>	<u>1,337,015</u>
Accumulated depreciation :				
Balance as of January 1, 2024	\$ 105,794	439,344	46,961	592,099
Depreciation	6,025	101,462	20,037	127,524
Disposals	-	(56,330)	(16,941)	(73,271)
Reclassification	-	-	(795)	(795)
Effect of changes in foreign currency exchange rates	4,898	15,578	652	21,128
Balance as of September 30, 2024	<u>\$ 116,717</u>	<u>500,054</u>	<u>49,914</u>	<u>666,685</u>
Balance as of January 1, 2023	\$ 100,349	335,602	41,192	477,143
Depreciation	5,413	97,186	19,708	122,307
Disposals	-	(17,067)	(14,901)	(31,968)
Effect of changes in foreign currency exchange rates	189	550	(45)	694
Balance as of September 30, 2023	<u>\$ 105,951</u>	<u>416,271</u>	<u>45,954</u>	<u>568,176</u>
Carrying amounts :				
Balance as of January 1, 2024	<u>\$ 267,581</u>	<u>415,560</u>	<u>36,193</u>	<u>719,334</u>
Balance as of September 30, 2024	<u>\$ 273,571</u>	<u>405,657</u>	<u>58,055</u>	<u>737,283</u>
Balance as of January 1, 2023	<u>\$ 233,660</u>	<u>514,783</u>	<u>41,768</u>	<u>790,211</u>
Balance as of September 30, 2023	<u>\$ 228,589</u>	<u>500,437</u>	<u>39,813</u>	<u>768,839</u>

(l) Investment property

	<u>Buildings</u>
Cost :	
Balance as of January 1, 2024	\$ 71,561
Effect of changes in foreign currency exchange rates	3,241
Balance as of September 30, 2024	<u>\$ 74,802</u>
Balance as of January 1, 2023	\$ 72,900
Effect of changes in foreign currency exchange rates	116
Balance as of September 30, 2023	<u>\$ 73,016</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Buildings</u>
Accumulated depreciation :	
Balance as of January 1, 2024	\$ 41,863
Depreciation	2,481
Effect of changes in foreign currency exchange rates	1,940
Balance as of September 30, 2024	<u><u>\$ 46,284</u></u>
Balance as of January 1, 2023	\$ 39,366
Depreciation	2,451
Effect of changes in foreign currency exchange rates	76
Balance as of September 30, 2023	<u><u>\$ 41,893</u></u>
Carrying amounts :	
Balance as of January 1, 2024	<u><u>\$ 29,698</u></u>
Balance as of September 30, 2024	<u><u>\$ 28,518</u></u>
Balance as of January 1, 2023	<u><u>\$ 33,534</u></u>
Balance as of September 30, 2023	<u><u>\$ 31,123</u></u>
Fair value:	
Balance as of January 1, 2024	<u><u>\$ 89,584</u></u>
Balance as of September 30, 2024	<u><u>\$ 97,895</u></u>
Balance as of January 1, 2023	<u><u>\$ 86,895</u></u>
Balance as of September 30, 2023	<u><u>\$ 91,406</u></u>

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancelable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(x) for further information.

The fair value of investment property is based on expected cash flow from the rental income, discounted at yields which reflect the specific level of risk associated with the cash flow. As September 30, 2024, the range of yields applied to the net annual rentals to determine the fair value of the property was as follows:

<u>Region</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Xuhui Dist., Shanghai	2.30%	2.75%

As of September 30, 2024, December 31 and September 30, 2023, the Group did not pledge its investment property as collateral for long-term loans and lines of credit.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Short-term borrowings, long-term borrowings and short-term commercial paper payables

The details, conditions and terms of the Group's short-term borrowings, long-term borrowings and short-term commercial paper payables were as follows:

(i) Short-term borrowings

September 30, 2024				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	THB	1.5	2024	\$ 106,355
Unsecured loans	RMB	1.45~3.45	2024~2025	1,781,836
Unsecured loans	NTD	1.78~1.88	2024~2025	1,591,000
Unsecured loans	JPY	1.29727	2025	623,107
Total				\$ 4,102,298

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	2.15~3.65	2024	\$ 1,505,878
Unsecured loans	NTD	1.6~1.86	2024	2,262,000
Unsecured loans	JPY	0.58~0.97	2024	536,050
Unsecured loans	THB	4.65	2024	7,213
Letter of credit	USD	6.61	2024	2,360
Total				\$ 4,313,501

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	1.72~3.7	2023~2024	\$ 1,923,547
Unsecured loans	NTD	1.6~1.79	2023~2024	1,375,000
Unsecured loans	JPY	0.57~0.97	2023~2024	504,395
Unsecured loans	THB	4.49	2023	4,411
Total				\$ 3,807,353

As of September 30, 2024, December 31 and September 30, 2023, the unused bank's credit facilities of the Group's short-term borrowing amounted to \$20,701,277 thousand, \$18,017,657 thousand and \$19,231,842 thousand, respectively.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Short-term commercial paper payables

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payables	NTD	1.45~1.82	2024	\$ 235,000
Discount on commercial paper payable				(145)
Total				<u><u>\$ 234,855</u></u>

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payables	NTD	1.44~1.64	2023	\$ 385,000
Discount on commercial paper payable				(268)
Total				<u><u>\$ 384,732</u></u>

As of September 30, 2024, the Group did not hold outstanding short-term commercial paper payables.

As of September 30, 2024, December 31 and September 30, 2023, the unused bank's credit facilities of the Group's short-term commercial paper payables amounted to \$350,000 thousand, \$630,000 thousand and \$625,000 thousand, respectively.

(iii) Long-term borrowings

September 30, 2024				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.25~1.2753	2038~2039	\$ 599,944
Secured loans	NTD	1.8	2027	1,566,000
Unsecured loans	JPY	1.30182	2024	22,230
Unsecured loans	NTD	1.84~1.99	2025~2026	515,000
Total				<u><u>\$ 2,703,174</u></u>
Current				\$ 339,717
Non-current				2,363,457
Total				<u><u>\$ 2,703,174</u></u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.25	2038~2039	\$ 613,318
Secured loans	NTD	1.8	2026	367,000
Unsecured loans	JPY	1.00545	2024	21,720
Unsecured loans	NTD	1.70~1.99	2024~2026	1,260,000
Total				\$ 2,262,038
Current				\$ 336,260
Non-current				1,925,778
Total				\$ 2,262,038

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.250~1.275	2038~2039	\$ 619,458
Secured loans	NTD	1.78	2026	360,000
Unsecured loans	JPY	1.01636	2024	21,620
Unsecured loans	NTD	0.95~1.99	2024~2026	1,960,000
Total				\$ 2,961,078
Current				\$ 295,981
Non-current				2,665,097
Total				\$ 2,961,078

As of September 30, 2024, December 31 and September 30, 2023, the unused bank's credit facilities of the Group's long-term borrowings amounted to \$2,701,407 thousand, \$2,584,624 thousand and \$3,017,391 thousand, respectively.

(iv) Collateral of bank's loans

As of September 30, 2024, December 31 and September 30, 2023, the Group has mortgaged its assets as collateral of loans, please refer to note 8.

(n) Bonds payable

The details of bonds payable by the Group were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Secured bonds	\$ 5,000,000	5,000,000	5,000,000
Unamortized discount on bonds payable	72,023	92,328	99,096
Ending balance of bonds payable	\$ 4,927,977	4,907,672	4,900,904

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest expenses	<u>\$ 12,943</u>	<u>12,943</u>	<u>38,829</u>	<u>38,829</u>

There were no significant changes on the related information and condition of secured convertible bonds issued by the Group. Also, there were no significant issue, repurchase and repayment of bonds payable for the nine months ended September 30, 2024 and 2023. For the related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2023.

(o) Provisions

	September 30, 2024	December 31, 2023	September 30, 2023
Site restoration	<u>\$ 10,264</u>	<u>10,264</u>	<u>10,264</u>

For the nine months ended September 30, 2024 and 2023, the Group did not have any significant change on the provisions. For the related information, please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2023.

(p) Lease liabilities

The carrying amounts of lease liabilities for the Group were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 142,525</u>	<u>140,676</u>	<u>152,524</u>
Non-current	<u>374,929</u>	<u>364,083</u>	<u>396,246</u>

For the maturity analysis, please refer to note 6(y).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 5,179</u>	<u>5,634</u>	<u>15,222</u>	<u>17,850</u>
Variable lease payments not included in the measurement of lease liabilities	<u>9,370</u>	<u>6,709</u>	<u>23,854</u>	<u>18,965</u>
Income from sub-leasing right-of-use assets	<u>(356)</u>	<u>(344)</u>	<u>(1,042)</u>	<u>(1,001)</u>
Expenses relating to short-term leases	<u>6,378</u>	<u>19,162</u>	<u>46,666</u>	<u>57,652</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>2,210</u>	<u>1,873</u>	<u>6,770</u>	<u>4,842</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows were as follows:

	For the nine months ended September 30	
	2024	2023
Total cash outflow for leases	\$ 215,229	258,257

(q) Employee benefits

(i) Defined benefit plans

Subsequent to December 31, 2023, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Group according to the pension cost valued by actuary as of December 31, 2023 and 2022.

The Group's expenses recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating costs	\$ 1,608	3,422	4,667	8,792
Operating expenses	1,572	3,755	4,633	8,851
Total	\$ 3,180	7,177	9,300	17,643

(ii) Defined contribution plans

The expenses under the pension plan cost to the Bureau of Labor Insurance and the local government recognized in profit or loss for the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating costs	\$ 22,856	23,270	63,300	59,196
Operating expenses	37,522	34,195	109,618	98,454
Total	\$ 60,378	57,465	172,918	157,650

(iii) Short-term employee benefit

	September 30, 2024	December 31, 2023	September 30, 2023
Compensated absence liabilities (recorded under other payables)	\$ 30,043	32,067	27,158

(r) Income taxes

- i) Income tax expense was best estimated by multiplying pretax income of the interim period by a projected annual effective tax rate as forecasted by the management.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Income tax expense

The Group's components of income tax expense were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 61,987	170,685	373,305	393,568
Adjustment to prior years	<u>-</u>	<u>-</u>	<u>(13,623)</u>	<u>(884)</u>
	61,987	170,685	359,682	392,684
Deferred income tax expense (benefit)				
Origination and reversal of temporary differences	<u>23,197</u>	<u>(25,135)</u>	<u>68,657</u>	<u>2,222</u>
Income tax expense from continuing operations	<u>\$ 85,184</u>	<u>145,550</u>	<u>428,339</u>	<u>394,906</u>

iii) Examination and approval

The tax returns of the Company have been examined and approved by the tax authorities through 2020.

(s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 2024 and 2023. For the related information, Please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2023.

(i) Capital surplus

The components of capital surplus were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Paid-in capital in excess for par value	\$ 1,280	1,280	1,280
Overaging unclaimed dividends and other	12,309	9,854	9,854
Treasury stock	1,491,217	1,376,517	1,284,757
Difference between consideration and carrying amount of subsidiaries disposed	953,849	-	-
Recognize changes in all equity in subsidiaries	<u>2,279,778</u>	<u>2,438,173</u>	<u>2,529,916</u>
	<u>\$ 4,738,433</u>	<u>3,825,824</u>	<u>3,825,807</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Retained earnings — Distribution of retained earnings

The Company's Board of Directors resolved to appropriate the earnings for 2023 and 2022 and the earnings were appropriated as follows:

	2023	2022
	March 12, 2024	March 14, 2023
Date resolved by Board of Directors		
Dividends distributed to common stockholders:		
Cash	\$ <u>735,332</u>	<u>588,266</u>
Dividend Payout (in New Taiwan dollars)	\$ <u>2.5</u>	<u>2.0</u>

(iii) Treasury stock

The Company's subsidiary held the Company's shares for long-term purposes and the shares were acquired in previous years. For the nine months ended September 30, 2024 and 2023, the subsidiary did not acquire the Company's shares. As of September 30, 2024, December 31 and September 30, 2023, the subsidiary held the Company's shares were as follows:

September 30, 2024					
<u>Subsidiary name</u>	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Acquisition cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	55.70	11.51	\$ <u>2,564,498</u>	<u>530,114</u>

December 31, 2023					
<u>Subsidiary name</u>	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Acquisition cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	50.80	11.51	\$ <u>2,338,896</u>	<u>530,114</u>

September 30, 2023					
<u>Subsidiary name</u>	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Acquisition cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	49.45	11.51	\$ <u>2,276,740</u>	<u>530,114</u>

In accordance with the Business Mergers and Acquisitions Act, the treasury stock held by the Company shall not be pledged nor be entitled to any distribution of dividends or voting rights.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2024	\$ (928,392)	3,940	227,653	(696,799)
Foreign exchange differences arising from foreign operations	911,999	-	140,453	1,052,452
Unrealized gains on financial assets measured at fair value through comprehensive income	-	7,146	608	7,754
Balance as of September 30, 2024	<u>\$ (16,393)</u>	<u>11,086</u>	<u>368,714</u>	<u>363,407</u>
Balance as of January 1, 2023	\$ (710,951)	(49,100)	247,962	(512,089)
Foreign exchange differences arising from foreign operations	(33,472)	-	3,816	(29,656)
Unrealized gains on financial assets measured at fair value through comprehensive income	-	5,481	-	5,481
Balance as of September 30, 2023	<u>\$ (744,423)</u>	<u>(43,619)</u>	<u>251,778</u>	<u>(536,264)</u>

(t) Share-based payment

Except for the following disclosure, the description of the Group's share-based payment were not materially different from those disclosed in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2023.

The related information of employee restricted stocks was as follows:

	Unit: thousand of shares For the nine months ended September 30	
	<u>2024</u>	<u>2023</u>
Shares outstanding on January 1	1,810	3,834
Cancelled during the year	(1,810)	(2,024)
Shares outstanding on September 30	<u>-</u>	<u>1,810</u>

For the three months and the nine months ended September 30, 2023, the Group's expenses resulting from employee restricted stocks were \$10,173 thousand and \$30,359 thousand, and recorded under operating expenses, respectively. For the nine months ended September 30, 2023, the Group did not recognize share-based payment resulting from employee restricted stocks.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Earnings per share (EPS)

The calculation of the Group's basic earnings per share and diluted earnings per share for the nine months ended September 30, 2024 and 2023, were as follows:

(i) Basic EPS

	For the three months ended September 30		Unit: thousand of shares For the nine months ended September 30	
	2024	2023	2024	2023
Net income attributable to common shareholders of the Company	\$ <u>141,991</u>	<u>279,029</u>	<u>771,490</u>	<u>653,939</u>
Weighted-average number of common shares outstanding	<u>248,092</u>	<u>248,092</u>	<u>248,092</u>	<u>248,092</u>
Basic EPS (in New Taiwan dollars)	\$ <u>0.57</u>	<u>1.12</u>	<u>3.11</u>	<u>2.64</u>

ii) Diluted EPS

	For the three months ended September 30		Unit: thousand of shares For the nine months ended September 30	
	2024	2023	2024	2023
Net income attributable to common shareholders of the Company - diluted	\$ <u>141,991</u>	<u>279,029</u>	<u>771,490</u>	<u>653,939</u>
Weighted-average number of common shares outstanding - basic	248,092	248,092	248,092	248,092
Influence of potentially dilutive shares				
– Remuneration to employees	160	153	218	191
Weighted-average number of shares outstanding – diluted	<u>248,252</u>	<u>248,245</u>	<u>248,310</u>	<u>248,283</u>
Diluted EPS (in New Taiwan dollars)	\$ <u>0.57</u>	<u>1.12</u>	<u>3.11</u>	<u>2.63</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended September 30, 2024								
Area of distribution:	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
China	\$ 2,865,305	-	466,234	-	515	83,346	6,801	3,422,201
Taiwan	270,368	125,835	174,067	670,766	146,011	114,123	13,571	1,514,741
Thailand	-	-	-	-	79,300	-	205	79,505
New Zealand and Australia	-	-	-	-	289,770	-	-	289,770
United states	-	-	-	-	240,859	-	-	240,859
Europe	-	-	-	-	306,787	-	-	306,787
Others	54,014	-	-	-	78,608	3,357	-	135,979
	<u>\$ 3,189,687</u>	<u>125,835</u>	<u>640,301</u>	<u>670,766</u>	<u>1,141,850</u>	<u>200,826</u>	<u>20,577</u>	<u>5,989,842</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30, 2023							
	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
Area of distribution:								
China	\$ 2,806,848	-	384,042	-	3,960	96,767	9,197	3,300,814
Taiwan	247,232	122,989	152,520	652,456	120,187	117,878	14,656	1,427,918
Thailand	-	-	-	-	70,905	-	418	71,323
New Zealand and Australia	-	-	-	-	316,263	-	-	316,263
United states	-	-	-	-	300,202	-	-	300,202
Europe	-	-	-	-	297,644	-	-	297,644
Others	8,050	-	-	-	84,146	3,708	-	95,904
	\$ 3,062,130	122,989	536,562	652,456	1,193,307	218,353	24,271	5,810,068

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024								
Area of distribution:	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
China	\$ 8,933,774	-	1,321,332	-	15,093	240,704	20,925	10,531,828
Taiwan	753,882	356,875	511,513	1,672,845	416,193	369,635	38,981	4,119,924
Thailand	-	-	-	-	233,464	-	17,587	251,051
New Zealand and Australia	-	-	-	-	748,299	-	-	748,299
United States	-	-	-	-	659,659	-	-	659,659
Europe	-	-	-	-	852,858	-	-	852,858
Others	62,372	-	-	-	211,653	11,292	-	285,317
	<u>\$ 9,750,028</u>	<u>356,875</u>	<u>1,832,845</u>	<u>1,672,845</u>	<u>3,137,219</u>	<u>621,631</u>	<u>77,493</u>	<u>17,448,936</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2023								
Area of distribution:	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
China	\$ 8,877,092	-	1,198,144	-	10,832	269,142	24,458	10,379,668
Taiwan	715,650	343,126	456,066	1,487,459	359,846	367,631	42,113	3,771,891
Thailand	-	-	-	-	196,028	-	1,484	197,512
New Zealand and Australia	-	-	-	-	821,312	-	-	821,312
United States	-	-	-	-	642,007	-	-	642,007
Europe	-	-	-	-	716,872	-	-	716,872
Others	23,395	-	-	-	233,740	12,993	-	270,128
	<u>\$ 9,616,137</u>	<u>343,126</u>	<u>1,654,210</u>	<u>1,487,459</u>	<u>2,980,637</u>	<u>649,766</u>	<u>68,055</u>	<u>16,799,390</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Contract liability	<u>\$ 276,874</u>	<u>383,721</u>	<u>374,565</u>

For the details of disclosure on notes and accounts receivable and allowance impairment, please refer to note 6(e).

The amount of revenue recognized for the nine months ended September 30, 2024 and 2023, that was included in the contract liability balances at the beginning of the period were \$363,170 thousand and \$221,388 thousand, respectively.

(w) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company shall set aside no less than 1% of its profit as for employee remuneration and no more than 5% as directors' remuneration. However, priority shall be given to covering cumulative losses, if any. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the three months and nine months ended September 30, 2024 and 2023, the estimated amounts of employees' compensation were \$1,558 thousand, \$3,256 thousand, \$8,911 thousand and \$7,556 thousand, respectively, and the estimated amounts of directors' remuneration were \$7,011 thousand, \$13,028 thousand, \$40,101 thousand and \$30,226 thousand, respectively. The estimated amounts mentioned above are based on the net profit before tax, excluding employee compensation and directors' remuneration, of each respective ending period, multiplied by the percentage of the employee compensation, and the directors' remuneration, as specified in the Company's article. The estimations are recorded under operating expenses. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the remunerations to employees amounted to \$12,190 thousand and \$6,645 thousand, respectively, and the remunerations to directors amounted to \$54,856 thousand and \$26,578 thousand, respectively. The amounts, as stated in the consolidated statements, are identical to those of the actual distributions. The related information can be accessed from Market Observation Post System website.

(x) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest income from bank deposits	<u>\$ 64,061</u>	<u>64,815</u>	<u>194,282</u>	<u>188,966</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

The details of the Group's other income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Rental income	\$ 5,959	3,513	11,715	8,484
Dividend income	-	109	2,348	431
Other income — other				
Government grants	19,273	1,596	58,930	45,011
Others	6,716	4,802	37,100	33,852
Total other income — other	25,989	6,398	96,030	78,863
Total other income	<u>\$ 31,948</u>	<u>10,020</u>	<u>110,093</u>	<u>87,778</u>

(iii) Other gains and losses

The details of the Group's other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Gains (Losses) on disposal of property, plant and equipment, net	\$ 43	(4,962)	22,010	(2,969)
Gains on lease modification, net	-	4	811	4
Foreign exchange gains (losses), net	(79,680)	12,713	(33,693)	35,382
Other gains and losses	(19,892)	2,013	(32,701)	(1,260)
Other gains and losses, net	<u>\$ (99,529)</u>	<u>9,768</u>	<u>(43,573)</u>	<u>31,157</u>

(iv) Finance costs

The details of the Group's finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest expenses				
Interest expenses on bank's loans	\$ 36,552	34,642	104,048	104,878
Interest expenses on bonds payable	12,943	12,943	38,829	38,829
Interest expenses on lease liabilities	5,179	5,634	15,222	17,850
Finance costs, net	<u>\$ 54,674</u>	<u>53,219</u>	<u>158,099</u>	<u>161,557</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, market risk—interest rate risk and other market risk arising from financial instruments. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2023.

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of September 30, 2024						
Non-derivative financial liabilities						
Secured loans	\$ 2,165,944	2,350,504	72,955	117,722	1,771,428	388,399
Unsecured loans	4,639,528	4,730,225	4,525,559	204,666	-	-
Accounts payable	1,680,424	1,680,424	1,680,424	-	-	-
Other payables	2,177,523	2,177,523	2,177,523	-	-	-
Bonds payable	4,927,977	5,000,000	-	-	5,000,000	-
Lease liabilities	517,454	581,564	165,488	142,301	264,420	9,355
Guarantee deposits received	60	60	60	-	-	-
Derivative financial liabilities						
Other forward exchange contracts:						
Outflow	7,278	7,278	7,278	-	-	-
	<u>\$ 16,116,188</u>	<u>16,527,578</u>	<u>8,629,287</u>	<u>464,689</u>	<u>7,035,848</u>	<u>397,754</u>
As of December 31, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 980,318	1,069,659	50,346	94,086	512,934	412,293
Unsecured loans	5,595,221	5,673,993	4,652,926	811,286	209,781	-
Short-term commercial paper payable	234,855	235,000	235,000	-	-	-
Accounts payable	1,245,781	1,245,781	1,245,781	-	-	-
Dividends payable	247	247	247	-	-	-
Other payables	1,718,025	1,718,025	1,718,025	-	-	-
Bonds payable	4,907,672	5,000,000	-	-	5,000,000	-
Lease liabilities	504,759	559,455	158,939	111,468	236,909	52,139
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 15,186,938</u>	<u>15,502,220</u>	<u>8,061,324</u>	<u>1,016,840</u>	<u>5,959,624</u>	<u>464,432</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
As of September 30, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 979,458	1,071,215	49,947	93,485	506,504	421,279
Unsecured loans	5,788,973	5,883,258	4,112,754	1,559,720	210,784	-
Short-term commercial paper payable	384,732	350,000	350,000	-	-	-
Accounts payable	1,494,193	1,494,193	1,494,193	-	-	-
Dividends payable	247	247	247	-	-	-
Other payables	1,681,453	1,681,453	1,681,453	-	-	-
Bonds payable	4,900,904	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	548,770	609,135	172,037	136,226	233,913	66,959
Guarantee deposits received	60	60	60	-	-	-
Derivative financial liabilities						
Other forward exchange contracts:						
Outflow	10,596	10,596	10,596	-	-	-
	<u>\$ 15,789,386</u>	<u>16,100,157</u>	<u>7,871,287</u>	<u>1,789,431</u>	<u>3,951,201</u>	<u>2,488,238</u>

The Group is not expect that the cash flows including the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Market risk—currency risk

The Group's significant exposure to foreign currency risk was as follows:

	Foreign currency	Exchange rate	TWD	
As of September 30, 2024				
Financial assets:				
Monetary items:				
USD	\$	22,272	31.650	704,919
THB		49,606	0.990	48,951
Financial liabilities:				
Monetary items:				
USD	\$	2,364	31.650	74,816
EUR		15,839	35.380	560,375
As of December 31, 2023				
Financial assets:				
Monetary items:				
USD	\$	21,185	30.705	650,494
THB		109,069	0.900	98,347
Financial liabilities:				
Monetary items:				
USD	\$	3,725	30.705	114,365
EUR		9,272	33.980	315,061

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
As of September 30, 2023			
Financial assets:			
Monetary items:			
USD	\$	13,197	32.270
			425,879
Financial liabilities:			
Monetary items:			
USD	\$	1,098	32.270
			35,449
EUR		9,964	33.910
			337,878

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable and other payables that were denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD, THB and EUR as of September 30, 2024 and 2023, would have increased (decreased) the net income before tax for the nine months ended September 30, 2024 and 2023 by \$1,187 thousand and \$526 thousand, respectively.

Due to the variety of the Group's functional currency, the Group disclosed its exchange gains and losses of monetary items collectively. For the three months and nine months ended September 30, 2024 and 2023, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$(79,680) thousand, \$12,713 thousand, \$(33,693) thousand and \$35,382 thousand, respectively.

(iii) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Group's internal department reported the increases (decreases) in the interest rates and the exposure to change in the interest rates by 1% to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

If the interest rates increase (decrease) by 1% with all other variable factors that remain constant, the net income before tax of the Group would have changed \$38,028 thousand and \$28,269 thousand for the nine months ended September 30, 2024 and 2023, respectively due to the Group's floating-interest loans, financial assets measured at amortized cost and time deposits.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value of financial instruments

1) Categories and fair values of financial instruments

Financial assets measured at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs whose carrying amount is reasonably close to the fair value, including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, short-term borrowings, short-term commercial paper payables, long-term borrowings (included current portion), account payables, bonds payable, and lease liabilities, disclosure of fair value information is not required:

		September 30, 2024				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Non derivative financial assets mandatorily measured at fair value through profit or loss						
	\$	1,928	-	1,928	-	1,928
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets						
		31,671	31,671	-	-	31,671
Total	\$	<u>33,599</u>	<u>31,671</u>	<u>1,928</u>	<u>-</u>	<u>33,599</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities						
	\$	<u>7,278</u>	<u>-</u>	<u>7,278</u>	<u>-</u>	<u>7,278</u>
		December 31, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets						
	\$	23,917	23,917	-	-	23,917

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>21,357</u>	<u>21,357</u>	<u>-</u>	<u>-</u>	<u>21,357</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>10,596</u>	<u>-</u>	<u>10,596</u>	<u>-</u>	<u>10,596</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

The stocks of publicly traded companies are financial assets which are traded in active markets under standard terms and conditions. The fair value of the abovementioned stocks is based on quoted market prices.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
- b) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3 inputs: For the asset or liability that are not based on observable market data (unobservable inputs).

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There was no such situation that the Group reclassified the financial instruments from one level to another as of the reporting date.

4) Transfers between Level 1 and Level 2

For the nine months ended September 30, 2024 and 2023, the fair value hierarchy levels of financial instruments were not transferred.

(z) Financial risk management

There were no significant change in the objectives and policies concerning the financial risk that the Group was exposed to. For the related information, please refer to 6(x) of the consolidated financial statements for the year December 31, 2023.

(aa) Capital management

The objectives, policies and procedures of the Group's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2023. Refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2023 for the relevant information.

(ab) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2024 and 2023, were as follows:

(i) For the acquisition of right-of-use assets, please refer to note 6(k).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes			September 30, 2024
			Acquisition of right-of- use assets	Foreign exchange movement	Others	
Short-term borrowings	\$ 4,313,501	(308,005)	-	96,802	-	4,102,298
Short-term commercial paper payables	234,855	(235,000)	-	-	145	-
Bonds payable	4,907,672	-	-	-	20,305	4,927,977
Long-term borrowings (included current portion)	2,262,038	427,486	-	13,650	-	2,703,174
Lease liabilities	504,759	(123,759)	130,266	18,465	(12,277)	517,454
Other non-current liabilities	108,420	2,174	-	-	-	110,594
Total liabilities from financing activities	<u>\$ 12,331,245</u>	<u>(237,104)</u>	<u>130,266</u>	<u>128,917</u>	<u>8,173</u>	<u>12,361,497</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

			Non-cash changes			
	January 1, 2023	Cash flows	Acquisition of right-of- use assets	Foreign exchange movement	Others	September 30, 2023
Short-term borrowings	\$ 3,283,265	556,898	-	(32,810)	-	3,807,353
Short-term commercial paper payables	299,909	85,000	-	-	(177)	384,732
Bonds payable	4,880,600	-	-	-	20,304	4,900,904
Long-term borrowings (included current portion)	3,571,902	(561,616)	-	(49,208)	-	2,961,078
Lease liabilities	609,397	(159,949)	101,827	(1,075)	(1,430)	548,770
Other non-current liabilities	138,651	(28,575)	-	-	-	110,076
Total liabilities from financing activities	<u>\$ 12,783,724</u>	<u>(108,242)</u>	<u>101,827</u>	<u>(83,093)</u>	<u>18,697</u>	<u>12,712,913</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Hwa Zhin Co., Ltd	The chairman of the board of Hwa Zhin Co., Ltd is same as the chairman of the Company
Chen Fei Lung	Key management personnel
Chen Chang Li	Other related parties
Key management personnel	Key management personnel

(b) Significant transactions with related parties

(i) Leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the three months and nine months ended September 30, 2024 and 2023, the Group recognized the amount of \$9 thousand, \$37 thousand, \$49 thousand and \$132 thousand as interest expense, respectively. As of September 30, 2024, December 31 and September 30, 2023, the ending balance of lease liabilities amounted to \$2,089 thousand, \$10,377 thousand and \$10,377 thousand, respectively.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Property transaction

<u>Relationship with the Company</u>	<u>Object</u>	<u>Number of shares (thousand of shares)</u>	<u>Disposal price</u>	<u>Gain / Loss from disposal</u>
Other related parties	Shares	66	\$ 4,040	(Note)
Key management personnel	Shares	6,844	417,505	(Note)

Note: In order to prepare for the listing of the subsidiary, Lucky Royal, the Company disposed the shares of Lucky Royal to other related parties and the key management personnel on September, 2024. Gains from disposal of the above transaction were recognized under capital surplus. There was no such transaction for the nine months ended September 30, 2023. The release of Lucky Royal's shares, please refer to note 6(h).

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 73,580	62,214	250,769	181,601
Post-employments benefits	657	540	1,772	1,561
	<u>\$ 74,237</u>	<u>62,754</u>	<u>252,541</u>	<u>183,162</u>

(8) Pledged assets

The carrying amounts of the assets which the Group pledged as collateral were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,651,002	1,716,872	1,714,323
Buildings	Long-term borrowings	671,865	722,996	726,225
		<u>\$ 2,322,867</u>	<u>2,439,868</u>	<u>2,440,548</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant unrecognized commitments:

(i) The Group's unrecognized contractual commitments were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	\$ <u>852,538</u>	<u>350,984</u>	<u>169,324</u>

(ii) The Group's unused letters of credit for purchases of materials:

	September 30, 2024	December 31, 2023	September 30, 2023
Unused letters of credit for purchases of materials	\$ <u>875,888</u>	<u>440,615</u>	<u>995,169</u>

(iii) The Group's letters of credit guarantee bill for purchasing merchandise and credit facilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee bill	\$ <u>15,286,308</u>	<u>16,381,859</u>	<u>15,765,820</u>

(b) Lucky Co., Namchow BVI Co. and Paulaner Brauhaus Consult GmbH (PBCG) have entered into a contract for the use of the PBCG brand name and beer brewing techniques. In accordance with the contract, PBCG has to provide the right to use its brand name and its management consultation service for restaurant management, information service. The contract lasts for 10 years, starting from October 1, 2019 to September 30, 2029, with the option of extending it for an additional of 10 years, and there will be an automatic renewal for five years after the first renewal.

	September 30, 2024
One year	\$ 849
Less than five years	3,396
More than five years	71
	<u>\$ 4,316</u>

(c) Dian Shui Lou Co. entered into an agreement with several malls, it is agreed to take a certain percentage according to the turnover of each store.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

- (a) A summary of personnel expenses, depreciation and amortization, by function, is as follows:

By function By item	For the three months ended September 30, 2024			For the three months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	294,868	424,183	719,051	277,713	358,080	635,793
Labor and health insurance	99,619	47,532	147,151	95,496	47,095	142,591
Pension	24,464	39,094	63,558	26,692	37,950	64,642
Remuneration of directors	-	8,908	8,908	-	14,628	14,628
Others	28,049	32,801	60,850	25,088	38,545	63,633
Depreciation (note 1)	153,230	114,011	267,241	147,757	97,989	245,746
Amortization	-	-	-	-	-	-

By function By item	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	862,535	1,290,885	2,153,420	803,781	1,110,156	1,913,937
Labor and health insurance	277,331	146,762	424,093	261,853	138,668	400,521
Pension	67,967	114,251	182,218	67,988	107,305	175,293
Remuneration of directors	-	45,211	45,211	-	34,422	34,422
Others	81,019	101,147	182,166	60,620	118,548	179,168
Depreciation (note 1)	462,197	311,009	773,206	435,545	297,085	732,630
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses—other gains and losses amounting to \$839 thousand, \$812 thousand, \$2,481 thousand and \$2,451 thousand for the three months and nine months ended September 30, 2024 and 2023 were not excluded, respectively.

- (b) Seasonality or cyclically of interim operations

The ice cream department of the Group's operation is affected by the weather conditions and the impact of seasonal fluctuations. In which ice cream sales at the main areas are easily adversely impacted due to the winter weather conditions from November to the following February each year. The Group's attempts satisfy supply needs by inventory management during this period to reduce the seasonal effects. Generally, revenue and operating profit in the first quarter of ice cream department is relatively low.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2024:

(i) Loans extended to other parties:

Unit: thousand dollars																
No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period	Ending balance	Amount actually drawn (Note 1)	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Namchow Food	Tianjin Namchow	Other receivables — related parties	Yes	1,175,788	593,934	593,934	-	Short term financing	-	Capital for operation	-	-	-	6,146,722 (Note 2)	6,146,722 (Note 2)
2	Namchow Food	Guangzhou Namchow	Other receivables — related parties	Yes	1,674,663	845,935	845,935	-	Short term financing	-	Capital for operation	-	-	-	6,146,722 (Note 2)	6,146,722 (Note 2)
3	Namchow Food	Shanghai Namchow	Other receivables — related parties	Yes	1,167,632	589,814	589,814	-	Short term financing	-	Capital for operation	-	-	-	6,146,722 (Note 2)	6,146,722 (Note 2)

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.
Note 2: Base on the Namchow Food's guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company shall not exceed 40% of the Namchow Food's stockholder's equity.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars													
No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan	2	11,695,275	1,139,010	1,139,010	645,337	-	9.74 %	11,695,275	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:
(1) A company that has business transaction with another company.
(2) A public company which, directly or indirectly, holds more than 50 percent of the voting shares.
(3) A company that, directly or indirectly, holds more than 50 percent of the voting shares in the public company.
(4) A public company which, directly or indirectly, holds 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company wherein all its capital contributing shareholders can make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies within the same industry that provide joint and several security among themselves for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.
Note 2: According to the Company's guarantee and endorsement policies, the total guarantee and endorsement not exceed 100% of the Company's net worth, while the total guarantees and endorsements for an individual party not exceed 100% of the Company's net worth.

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand of shares								
Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	1,185	25,663	0.05 %	25,663	
Lucky Royal	Stock: The Company	The Company's subsidiary	Financial assets at fair value through comprehensive income — non-current	46,041	2,564,498	15.65 %	2,564,498	
Lucky Royal	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	6,008	0.01 %	6,008	

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal (Note 1)	Shares	Amount
The Company	Stock: Lucky Royal	Investments accounted for using equity method.	Shareholders or specific person	-	95,338	938,643	-	-	19,000	1,159,000	205,151	953,849	50,758	410,565

Note 1: Gains from disposal was recognized as capital surplus.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Lucky Royal	Huaciang	Subsidiary	Purchase	106,277	17 %	Note	-	-	(1,057)	- %	Eliminated
Huaciang	Lucky Royal	Subsidiary	(Sales)	(106,277)	(9) %	Note	-	-	1,057	1 %	Eliminated
Tianjin Yoshi Yoshi	Tianjin Namchow	Subsidiary	Purchase	210,991	63 %	Note	-	-	(29,223)	(72) %	Eliminated
Tianjin Namchow	Tianjin Yoshi Yoshi	Subsidiary	(Sales)	(210,991)	(11) %	Note	-	-	29,223	12 %	Eliminated
Namchow Food	Tianjin Namchow	Subsidiary	Purchase	1,324,738	20 %	Note	-	-	(161,975)	(16) %	Eliminated
Tianjin Namchow	Namchow Food	Subsidiary	(Sales)	(1,324,738)	(71) %	Note	-	-	161,975	68 %	Eliminated
Namchow Food	Guangzhou Namchow	Subsidiary	Purchase	1,147,200	17 %	Note	-	-	(152,533)	(15) %	Eliminated
Guangzhou Namchow	Namchow Food	Subsidiary	(Sales)	(1,147,200)	(50) %	Note	-	-	152,533	43 %	Eliminated
Namchow Food	Tianjin Yoshi Yoshi	Subsidiary	Purchase	314,207	5 %	Note	-	-	(35,597)	(4) %	Eliminated
Tianjin Yoshi Yoshi	Namchow Food	Subsidiary	(Sales)	(314,207)	(67) %	Note	-	-	35,597	72 %	Eliminated
Namchow Food	Shanghai Namchow	Subsidiary	Purchase	1,605,605	24 %	Note	-	-	-	- %	Eliminated
Shanghai Namchow	Namchow Food	Subsidiary	(Sales)	(1,605,605)	(78) %	Note	-	-	-	- %	Eliminated
Chongqing Qiaoxing	Tianjin Namchow	Subsidiary	Purchase	254,293	15 %	Note	-	-	(34,246)	(3) %	Eliminated
Tianjin Namchow	Chongqing Qiaoxing	Subsidiary	(Sales)	(254,293)	(14) %	Note	-	-	34,246	14 %	Eliminated
Chongqing Qiaoxing	Tianjin Yoshi Yoshi	Subsidiary	Purchase	150,411	9 %	Note	-	-	(13,017)	(3) %	Eliminated
Tianjin Yoshi Yoshi	Chongqing Qiaoxing	Subsidiary	(Sales)	(150,411)	(32) %	Note	-	-	13,017	26 %	Eliminated
Chongqing Qiaoxing	Shanghai Namchow	Subsidiary	Purchase	358,655	21 %	Note	-	-	(54,103)	(6) %	Eliminated
Shanghai Namchow	Chongqing Qiaoxing	Subsidiary	(Sales)	(358,655)	(17) %	Note	-	-	54,103	98 %	Eliminated
Chongqing Qiaoxing	Guangzhou Namchow	Subsidiary	Purchase	676,983	39 %	Note	-	-	(92,098)	(9) %	Eliminated
Guangzhou Namchow	Chongqing Qiaoxing	Subsidiary	(Sales)	(676,983)	(30) %	Note	-	-	92,098	26 %	Eliminated
Guangzhou Yoshi Yoshi	Guangzhou Namchow	Subsidiary	Purchase	447,371	68 %	Note	-	-	(106,982)	(86) %	Eliminated
Guangzhou Namchow	Guangzhou Yoshi Yoshi	Subsidiary	(Sales)	(447,371)	(20) %	Note	-	-	106,982	30 %	Eliminated
Namchow Food	Guangzhou Yoshi Yoshi	Subsidiary	Purchase	621,233	9 %	Note	-	-	(101,044)	(10) %	Eliminated
Guangzhou Yoshi Yoshi	Namchow Food	Subsidiary	(Sales)	(621,233)	(66) %	Note	-	-	101,044	69 %	Eliminated
Chongqing Qiaoxing	Guangzhou Yoshi Yoshi	Subsidiary	Purchase	320,447	18 %	Note	-	-	(45,504)	(5) %	Eliminated
Guangzhou Yoshi Yoshi	Chongqing Qiaoxing	Subsidiary	(Sales)	(320,447)	(34) %	Note	-	-	45,504	31 %	Eliminated
Namchow Food	Chongqing Qiaoxing	Subsidiary	Purchase	1,770,998	26 %	Note	-	-	(239,413)	(24) %	Eliminated
Chongqing Qiaoxing	Namchow Food	Subsidiary	(Sales)	(1,770,998)	(42) %	Note	-	-	239,413	51 %	Eliminated
Shanghai Qiaohao	Shanghai Qiaohao Food	Subsidiary	Purchase	130,657	100 %	Note	-	-	20,306	100 %	Eliminated
Shanghai Qiaohao Food	Shanghai Qiaohao	Subsidiary	(Sales)	(130,657)	(90) %	Note	-	-	(20,306)	(85) %	Eliminated

Note: Depending on capital movement motor adjustment.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow	Namchow Food	Subsidiary	152,533	7.61	-		152,533 (As of November 12, 2024)	-
Tianjin Namchow	Namchow Food	Subsidiary	161,975	7.80	-		161,975 (As of November 12, 2024)	-
Guangzhou Namchow	Chongqing Qiaoxing	Subsidiary	106,620	7.82	-		106,620 (As of November 12, 2024)	-
Guangzhou Yoshi Yoshi	Namchow Food	Subsidiary	101,044	7.19	-		101,044 (As of November 12, 2024)	-
Guangzhou Namchow	Guangzhou Yoshi Yoshi	Subsidiary	106,982	3.54	-		106,982 (As of November 12, 2024)	-
Chongqing Qiaoxing	Namchow Food	Subsidiary	239,413	7.41	-		239,413 (As of November 12, 2024)	-
Namchow Food	Tianjin Namchow	Subsidiary	593,934 (Note 2)	-	-		- (As of November 12, 2024)	-
Namchow Food	Guangzhou Namchow	Subsidiary	845,935 (Note 2)	-	-		- (As of November 12, 2024)	-
Namchow Food	Shanghai Namchow	Subsidiary	589,814 (Note 2)	-	-		- (As of November 12, 2024)	-

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.
Note 2: Loan to the subsidiary.

- (ix) Trading in derivative instruments: Please refer to note 6(b).
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
1	Tianjin Namchow	Tianjin Yoshi Yoshi	3	Sales revenue	210,991	No significant differences	1.21 %
1	Tianjin Namchow	Tianjin Yoshi Yoshi	3	Accounts receivable	29,223	No significant differences	0.09 %
1	Tianjin Namchow	Namchow Food	3	Sales revenue	1,324,738	No significant differences	7.59 %
1	Tianjin Namchow	Namchow Food	3	Accounts receivable	161,975	No significant differences	0.49 %
1	Tianjin Namchow	Chongqing Qiaoxing	3	Sales revenue	254,293	No significant differences	1.46 %
1	Tianjin Namchow	Chongqing Qiaoxing	3	Accounts receivable	34,246	No significant differences	0.10 %
2	Chow Ho	The Company	2	Accounts receivable	32,300	No significant differences	0.10 %

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
3	Guangzhou Namchow	Namchow Food	3	Sales revenue	1,147,200	No significant differences	6.57 %
3	Guangzhou Namchow	Namchow Food	3	Accounts receivable	152,533	No significant differences	0.46 %
3	Guangzhou Namchow	Chongqing Qiaoxing	3	Sales revenue	676,983	No significant differences	3.88 %
3	Guangzhou Namchow	Chongqing Qiaoxing	3	Accounts receivable	92,098	No significant differences	0.28 %
3	Guangzhou Namchow	Guangzhou Yoshi Yoshi	3	Sales revenue	447,371	No significant differences	2.56 %
3	Guangzhou Namchow	Guangzhou Yoshi Yoshi	3	Accounts receivable	106,982	No significant differences	0.32 %
4	Tianjin Yoshi Yoshi	Namchow Food	3	Sales revenue	314,207	No significant differences	1.80 %
4	Tianjin Yoshi Yoshi	Namchow Food	3	Accounts receivable	35,597	No significant differences	0.11 %
4	Tianjin Yoshi Yoshi	Chongqing Qiaoxing	3	Sales revenue	150,411	No significant differences	0.86 %
5	Shanghai Namchow	Namchow Food	3	Sales revenue	1,605,605	No significant differences	9.20 %
5	Shanghai Namchow	Chongqing Qiaoxing	3	Sales revenue	358,655	No significant differences	2.06 %
5	Shanghai Namchow	Chongqing Qiaoxing	3	Accounts receivable	54,103	No significant differences	0.16 %
6	Guangzhou Yoshi Yoshi	Namchow Food	3	Sales revenue	621,233	No significant differences	3.56 %
6	Guangzhou Yoshi Yoshi	Namchow Food	3	Accounts receivable	101,044	No significant differences	0.30 %
6	Guangzhou Yoshi Yoshi	Chongqing Qiaoxing	3	Sales revenue	320,447	No significant differences	1.84 %
6	Guangzhou Yoshi Yoshi	Chongqing Qiaoxing	3	Accounts receivable	45,504	No significant differences	0.14 %
7	Chongqing Qiaoxing	Namchow Food	3	Sales revenue	1,770,998	No significant differences	10.15 %
7	Chongqing Qiaoxing	Namchow Food	3	Accounts receivable	239,413	No significant differences	0.72 %
8	Namchow Oil and Fat	Huaciang	3	Sales revenue	87,796	No significant differences	0.50 %
8	Namchow Oil and Fat	Huaciang	3	Accounts receivable	21,994	No significant differences	0.07 %
9	Huaciang	Lucky	3	Sales revenue	106,277	No significant differences	0.61 %
10	Namchow Food	Tianjin Namchow	3	Other receivables-related parties	593,934	Determined capital demand	1.78 %
10	Namchow Food	Guangzhou Namchow	3	Other receivables-related parties	845,935	Determined capital demand	2.54 %
10	Namchow Food	Shanghai Namchow	3	Other receivables-related parties	589,814	Determined capital demand	1.77 %

Note 1: Company numbering is as follows:

- (1) Parent company - 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 3: Disclose that the individual amount record under the assets and liabilities are greater than \$20,000 thousand; profit and loss are greater than \$50,000 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				September 30, 2024	December 31, 2023	Shares	Percentage of ownership	Book value			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	4,168,806	458,821	458,821	Eliminated
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	54,269	15,187	15,187	Eliminated
The Company	Nacia	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	13,502,855	406,593	406,593	Eliminated
The Company	Chow Ho	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	156,500	137,000	2,900	100.00 %	23,907	(5,038)	(5,031)	Eliminated
The Company	Lucky Royal	Taipei, Taiwan	Manufacturing, selling and processing various food and beverage products	492,685	938,438	50,758	72.51 %	410,565	337,855	215,644	Eliminated
The Company	NBP	Taipei, Taiwan	Publishing, distributing and selling printed publications	6,792	792	690	98.57 %	5,221	(987)	(972)	Eliminated
The Company	Nankyo Japan	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	- (Note 2)	100.00 %	29,434	(62,072)	(62,072)	Eliminated
The Company	Namchow Consulting	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	9,200	9,200	500	100.00 %	2,831	(1,796)	(1,796)	Eliminated
The Company	Namchow Oil and Fat	Taipei, Taiwan	Manufacturing, processing and selling of edible oil and frozen dough	411,731	411,731	41,173	100.00 %	627,610	104,961	106,599	Eliminated
The Company	Huaciang	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	792,341	792,341	70,000	100.00 %	682,218	36,828	36,782	Eliminated
Lucky Royal	Namchow BVI	Tortola, British Virgin Islands	Holding of investments	-	293,793	-	- %	-	(12,054)	(11,249)	Eliminated (Note 3)
Lucky Royal	Namchow Gastronomy Consulting	Taipei, Taiwan	Catering services and food consulting	-	18,300	-	- %	-	-	-	(Note 4)
Huaciang	Dian Shui Lou	Taipei, Taiwan	Liquor importing and retailing	20,135	20,135	13,100	100.00 %	35,265	10,515	10,515	Eliminated
Huaciang	Namchow BVI	Tortola, British Virgin Islands	Holding of investments	72,270	-	6,705	93.32 %	88,908	20,401	19,038	Eliminated (Note 3)
Nacia	Namchow Cayman	Gayman Islands British West Indies	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	13,483,751	405,520	405,520	Eliminated
Namchow Food	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	30,517	30,517	-	82.23 %	21,905	2,167	1,782	Eliminated
Namchow Food	Namchow Hong Kong	Hong Kong	The sales service of baking oil and fat product	31,408	31,408	-	82.23 %	24,451	(805)	(662)	Eliminated
Namchow Food	Namchow Bangkok	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	95,366	95,366	-	81.41 %	75,210	(13,974)	(11,376)	Eliminated
Guangzhou Namchow	Namchow Bangkok	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	964	964	-	0.82 %	760	(13,974)	(115)	Eliminated

Note 1: Its investment gain and loss are also recognized by parent company.

Note 2: The Company holds the shares in subsidiaries Nankyo Japan Co. totaling 6 shares.

Note 3: In response to the Group's reorganization, Lucky Royal has separately signed equity transfer agreements with Huaciang to sell all of its shares in Namchow BVI Co.

Note 4: A resolution was passed during the board of directors meeting of Namchow Gastronomy Consulting held on December 21, 2023 and decided January 9, 2024 as the date of its disband. Since Lucky Royal had lost control over Gastronomy Consulting, the Group no longer included Gastronomy Consulting in its consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of September 30, 2024	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of September 30, 2024	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao	Holding of investments and international trade	1,262,581	(3)	-	-	-	-	(94,165)	100.00 %	(94,165) ((2)b.)	374,329	-
Shanghai Qiaohao Enterprise Management	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- ((2)b.)	905	-
Shanghai Qiaohao Food	Food packaging, selling and trading of restaurant equipment and trading	925,111	(3)	-	-	-	-	(60,499)	100.00 %	(60,499) ((2)b.)	369,500	-
Tianjin Qiaohao Food	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(3,199)	100.00 %	(3,199) ((2)b.)	11,194	-
Namchow Food	Food packaging, dairy product and product purchasing management and selling	1,134,770	(3)	-	-	-	-	669,123	82.23 %	543,713 ((2)a.)	12,782,277	1,282,626
Tianjin Namchow	Manufacturing and selling of edible fat	795,379	(3)	372,813	-	-	372,813	229,575	82.23 %	188,778 ((2)a.)	2,371,518	45,974
Tianjin Yoshi Yoshi	Developing , manufacturing, and selling of dairy products and related services	136,840	(3)	-	-	-	-	156,629	82.23 %	128,795 ((2)a.)	1,127,371	-
Guangzhou Yoshi Yoshi	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	155,129	82.23 %	127,561 ((2)a.)	710,342	-
Guangzhou Namchow	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	224,791	82.23 %	184,845 ((2)a.)	1,625,202	279,529

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of September 30, 2024	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of September 30, 2024	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Namchow	Selling, developing, manufacturing and processing of fats and frozen food	824,810	(3)	-	-	-	-	26,157	82.23 %	21,508 ((2)a.)	1,241,558	-
Chongqing Qiaoxing	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	155,302	82.23 %	127,704 ((2)a.)	806,676	-
Wuhan Qianxing	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	1,007	82.23 %	828 ((2)a.)	184,414	-
Chongqing Namchow	Manufacturing and processing of light cream and frozen dough	1,445,967	(3)	-	-	-	-	13,518	82.23 %	11,116 ((2)a.)	1,256,846	-
Shanghai Qizhi	Business management and investment consulting services	4,541	(3)	-	-	-	-	105	100.00 %	105 ((2)b.)	9,031	-
Bao Lai Na	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	8,916	93.32 %	8,320 ((2)c.)	84,192	35,967

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX; delegated investments.

Note 2: Amount of investment income (loss) was recognized base on:

- (1) There is no investment income for the preparatory case.
- (2) Investment gains and losses were based on three basic:
 - a. The financial statements were reviewed by an international accounting from that has a cooperative relationship with accounting firms of the Republic of China.
 - b. The financial statements were reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.
 - c. Others: the financial statements were not reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.

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

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of September 30, 2024	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	372,813	3,783,667	7,017,165
Huaciang	72,270	72,270	407,457
Lucky Royal	154,379	194,406	2,029,983

Note: Huaciang's Board of Directors approved to acquire 93.32% shares in Namchow BVI from Lucky Royal on February 29, 2024. The acquisition price of above transaction amounted to \$ 72,270 thousand. The original investment amount which was approved by the Department of Investment Review, Ministry of Economic Affairs, R.O.C. will be cancelled upon being submitted to Department of Investment Review, Ministry of Economic Affairs, R.O.C.. for reference.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Unit: Shares	
		Shares	Percentage
Lucky Royal Co., Ltd.		46,041,259	15.65 %
Chen Fei Lung		33,814,934	11.49 %
Chen Yu Wen		32,541,619	11.06 %

Note: (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(ii) If shares are entrusted, the above information regarding such shares will be revealed by each trustors using the individual trust accounts opened by the trustees. As for shareholders who are required by the Securities and Exchange Act to declare their equity of more than 10% of the total shares of the Company, their shareholdings include their own shares plus the shares of the trusts they have entrusted and have the right to decide on the use of the trust's assets. For details of the insider's equity announcement, please refer to Market Observation Post System.

(14) Segment information

There are seven service departments which should be reported: Edible and non-edible oil department, frozen dough department, detergent department, ice cream department, food department, catering department and management and rental revenue department and other departments. The Edible and non-edible oil department provides manufacturing and selling of edible oil; frozen dough department provides manufacturing and selling of frozen dough; detergent department provides manufacturing and selling of detergent; ice cream department provides manufacturing and selling of variant ice cream; food department provides manufacturing and selling of instant noodles and rice cracker; catering department provides liquor importing and retailing and management and rental revenue department and other department provides business management and investment consulting services.

A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information on reportable segments and reconciliation for the Group is as follows:

	<u>Edible and non-edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Adjustments elimination</u>	<u>Total</u>
Three months ended September 30, 2024									
Revenue:									
Revenue from external customers	\$ 3,189,687	125,835	640,301	670,766	1,141,850	200,826	20,577	-	5,989,842
Inter-segment revenues	43,266	(135)	784	368	(626)	2,987	37,754	(84,398)	-
Total revenue	\$ 3,232,953	125,700	641,085	671,134	1,141,224	203,813	58,331	(84,398)	5,989,842
Reportable segment profit or loss	<u>\$ 41,094</u>	<u>(5,306)</u>	<u>14,176</u>	<u>96,997</u>	<u>221,214</u>	<u>(17,449)</u>	<u>(50,561)</u>	<u>9,584</u>	309,749
Interest income and other income									96,009
Other gains and losses									(99,529)
Finance costs									(54,674)
Net income before tax									<u>\$ 251,555</u>
Three months ended September 30, 2023									
Revenue:									
Revenue from external customers	\$ 3,062,130	122,989	536,562	652,456	1,193,307	218,353	24,271	-	5,810,068
Inter-segment revenues	55,623	-	790	6,163	16,454	2,837	48,428	(130,295)	-
Total revenue	\$ 3,117,753	122,989	537,352	658,619	1,209,761	221,190	72,699	(130,295)	5,810,068
Reportable segment profit or loss	<u>\$ 148,094</u>	<u>(12,649)</u>	<u>7,591</u>	<u>104,556</u>	<u>229,388</u>	<u>(3,814)</u>	<u>(49,701)</u>	<u>(2,443)</u>	421,022
Interest income and other income									74,835
Other gains and losses									9,768
Finance costs									(53,219)
Net income before tax									<u>\$ 452,406</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Nine months ended September 30, 2024									
Revenue:									
Revenue from external customers	\$ 9,750,028	356,875	1,832,845	1,672,845	3,137,219	621,631	77,493	-	17,448,936
Inter-segment revenues	152,940	-	2,063	994	114,456	14,412	129,141	(414,006)	-
Total revenue	\$ 9,902,968	356,875	1,834,908	1,673,839	3,251,675	636,043	206,634	(414,006)	17,448,936
Reportable segment profit or loss	<u>\$ 586,301</u>	<u>(24,104)</u>	<u>73,977</u>	<u>220,805</u>	<u>572,765</u>	<u>(38,761)</u>	<u>(170,083)</u>	<u>7,885</u>	1,228,785
Interest income and other income									304,375
Other gains and losses									(43,573)
Finance costs									(158,099)
Net income before tax									<u>\$ 1,331,488</u>
	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Nine months ended September 30, 2023									
Revenue:									
Revenue from external customers	\$ 9,616,137	343,126	1,654,210	1,487,459	2,980,637	649,766	68,055	-	16,799,390
Inter-segment revenues	164,284	-	2,387	20,275	178,536	11,767	141,638	(518,887)	-
Total revenue	\$ 9,780,421	343,126	1,656,597	1,507,734	3,159,173	661,533	209,693	(518,887)	16,799,390
Reportable segment profit or loss	<u>\$ 547,233</u>	<u>(17,168)</u>	<u>10,824</u>	<u>189,280</u>	<u>415,394</u>	<u>4,328</u>	<u>(132,028)</u>	<u>(6,037)</u>	1,011,826
Interest income and other income									276,744
Other gains and losses									31,157
Finance costs									(161,557)
Net income before tax									<u>\$ 1,158,170</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (a) For the three months and nine months ended September 30, 2024 and 2023, inter-segment revenues amounted to \$84,398 thousand, \$130,295 thousand, \$414,006 thousand and \$518,887 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and nine months ended September 30, 2024 and 2023, share of associate income (loss) under equity method amounted to \$9,584 thousand, \$(2,443) thousand, \$7,885 thousand and \$(6,037) thousand, respectively, should be eliminated.