

Dyaco International Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Dyaco International Inc. (the "Corporation") and its subsidiaries (collectively, the "Group") as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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

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

Conclusion

Based on our reviews, nothing has come to our attention that caused 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 at September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 Chien-Hsin Hsieh and Wan-I Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 854,642	8	\$ 1,120,781	9	\$ 746,784	7
Financial assets at fair value through profit or loss (Note 7)	16,848	-	3,739	-	34,733	-
Financial assets at amortized cost (Notes 9 and 37)	86,523	1	240,578	2	157,829	2
Notes receivable (Notes 10 and 27)	2,112	-	940	-	872	-
Accounts receivable (Notes 10 and 27)	879,355	8	1,095,392	9	1,162,631	11
Other receivables (Note 10)	33,486	-	65,176	1	31,610	-
Other receivables from related parties (Note 36)	-	-	24,909	-	-	-
Current tax assets (Note 29)	78,563	1	51,611	1	7,996	-
Inventories (Notes 11 and 37)	2,898,540	25	2,989,456	25	2,967,231	27
Prepayments (Note 12)	263,063	2	214,900	2	135,491	1
Other current assets	23,599	-	10,618	-	10,170	-
Total current assets	<u>5,136,731</u>	<u>45</u>	<u>5,818,100</u>	<u>49</u>	<u>5,255,347</u>	<u>48</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	154,542	1	147,071	1	159,514	2
Financial assets at fair value through other comprehensive income (Note 8)	65,703	1	65,697	-	70,665	1
Financial assets at amortized cost- non-current (Note 9)	6,454	-	30,710	-	31,750	-
Investments accounted for using the equity method (Note 14)	6,535	-	6,823	-	21,792	-
Property, plant and equipment (Notes 15, 36 and 37)	3,801,762	33	3,691,829	31	3,059,995	28
Right-of-use assets (Notes 16 and 37)	297,775	3	311,457	3	318,270	3
Investment properties (Notes 17 and 37)	25,086	-	28,547	-	38,220	-
Goodwill (Notes 18 and 32)	581,935	5	558,377	5	545,281	5
Other intangible assets (Note 19)	800,643	7	796,867	7	826,270	8
Deferred income tax assets	603,811	5	453,080	4	462,375	4
Prepayments for equipment	2,689	-	9,487	-	5,042	-
Refundable deposits	21,868	-	36,312	-	39,350	1
Prepayments for investments (Note 13)	-	-	-	-	28,000	-
Other non-current assets	8,668	-	10,242	-	1,792	-
Total non-current assets	<u>6,377,471</u>	<u>55</u>	<u>6,146,499</u>	<u>51</u>	<u>5,608,316</u>	<u>52</u>
TOTAL	<u>\$ 11,514,202</u>	<u>100</u>	<u>\$ 11,964,599</u>	<u>100</u>	<u>\$ 10,863,663</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 37)	\$ 1,918,617	17	\$ 2,390,915	20	\$ 2,180,186	20
Financial liabilities at fair value through profit or loss (Note 7)	-	-	25,305	-	27,905	-
Contract liabilities (Note 27)	188,363	2	177,567	2	30,021	-
Notes payable (Note 22)	48,369	-	46,117	-	16,962	-
Accounts payable (Note 22)	1,038,846	9	1,015,770	9	782,053	7
Other payables (Note 23)	435,486	4	497,800	4	459,170	4
Other payables to related parties (Note 36)	17,319	-	-	-	2,536	-
Current income tax liabilities (Note 29)	80,975	1	10,696	-	20,253	-
Provisions (Note 24)	14,797	-	13,927	-	21,394	-
Lease liabilities (Note 16)	13,661	-	16,522	-	16,930	-
Current portion of bonds payable (Note 21)	1,200	-	1,398,537	12	1,393,735	13
Current portion of long-term borrowings (Notes 20 and 37)	295,680	3	218,987	2	250,617	3
Other current liabilities	46,315	-	40,989	-	39,443	1
Total current liabilities	<u>4,099,628</u>	<u>36</u>	<u>5,853,132</u>	<u>49</u>	<u>5,241,205</u>	<u>48</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 20 and 37)	1,988,916	17	1,483,762	12	821,364	8
Deferred tax liabilities (Note 29)	455,572	4	437,337	4	498,633	5
Lease liabilities (Note 16)	16,181	-	23,708	-	23,567	-
Other payables to related parties (Note 36)	10,326	-	-	-	-	-
Long-term payable (Note 23)	82,686	1	83,093	1	94,920	1
Net defined benefit liabilities (Note 25)	16,768	-	16,467	-	19,475	-
Guarantee deposits received	1,733	-	3,140	-	2,912	-
Total non-current liabilities	<u>2,572,182</u>	<u>22</u>	<u>2,047,507</u>	<u>17</u>	<u>1,460,871</u>	<u>14</u>
Total liabilities	<u>6,671,810</u>	<u>58</u>	<u>7,900,639</u>	<u>66</u>	<u>6,702,076</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)						
Share capital						
Ordinary shares	1,596,097	14	1,341,147	11	1,341,147	12
Capital surplus	2,755,171	24	2,142,919	18	2,138,575	20
Retained earnings						
Legal reserve	329,002	3	329,002	3	329,002	3
Special reserve	126,177	1	238,087	2	238,087	2
Unappropriated earnings	94,795	1	170,420	1	223,562	2
Total retained earnings	549,974	5	737,509	6	790,651	7
Other equity	(30,158)	-	(126,177)	(1)	(68,998)	-
Treasury shares	(408,690)	(4)	(426,290)	(3)	(426,290)	(4)
Total equity attributable to owners of the Corporation	4,462,394	39	3,669,108	31	3,775,085	35
NON-CONTROLLING INTERESTS (Notes 13 and 26)	<u>379,998</u>	<u>3</u>	<u>394,852</u>	<u>3</u>	<u>386,502</u>	<u>3</u>
Total equity	<u>4,842,392</u>	<u>42</u>	<u>4,063,960</u>	<u>34</u>	<u>4,161,587</u>	<u>38</u>
TOTAL	<u>\$ 11,514,202</u>	<u>100</u>	<u>\$ 11,964,599</u>	<u>100</u>	<u>\$ 10,863,663</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 27)	\$ 1,698,041	102	\$ 1,415,882	102	\$ 5,533,755	102	\$ 5,157,798	103
LESS: SALES RETURNS	6,843	-	3,357	-	27,863	-	20,476	1
SALES DISCOUNTS AND ALLOWANCES	<u>25,735</u>	<u>2</u>	<u>26,128</u>	<u>2</u>	<u>95,131</u>	<u>2</u>	<u>110,967</u>	<u>2</u>
NET OPERATING REVENUE	1,665,463	100	1,386,397	100	5,410,761	100	5,026,355	100
OPERATING COSTS (Notes 11 and 28)								
Cost of sales	<u>1,070,159</u>	<u>64</u>	<u>979,735</u>	<u>71</u>	<u>3,578,815</u>	<u>66</u>	<u>3,677,055</u>	<u>73</u>
GROSS PROFIT	<u>595,304</u>	<u>36</u>	<u>406,662</u>	<u>29</u>	<u>1,831,946</u>	<u>34</u>	<u>1,349,300</u>	<u>27</u>
OPERATING EXPENSES (Note 28)								
Selling and marketing	393,681	23	320,327	23	1,426,132	26	1,144,127	23
General and administrative	197,454	12	190,698	14	594,141	11	581,525	11
Research and development	27,449	2	22,870	1	86,939	2	67,700	1
Expected credit loss (Note 10)	<u>78,374</u>	<u>5</u>	<u>15,413</u>	<u>1</u>	<u>47,657</u>	<u>1</u>	<u>36,825</u>	<u>1</u>
Total operating expenses	<u>696,958</u>	<u>42</u>	<u>549,308</u>	<u>39</u>	<u>2,154,869</u>	<u>40</u>	<u>1,830,177</u>	<u>36</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>(51)</u>	<u>-</u>	<u>(28,248)</u>	<u>(2)</u>	<u>(237)</u>	<u>-</u>	<u>(28,087)</u>	<u>(1)</u>
LOSS FROM OPERATIONS	<u>(101,705)</u>	<u>(6)</u>	<u>(170,894)</u>	<u>(12)</u>	<u>(323,160)</u>	<u>(6)</u>	<u>(508,964)</u>	<u>(10)</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	2,828	-	307	-	9,328	-	746	-
Rental income	2,088	-	3,410	-	7,627	-	10,453	-
Other income	2,678	-	4,648	-	15,932	-	32,134	-
Foreign exchange gain, net (Note 28)	92,825	5	236,636	17	170,139	3	496,864	10
Other expenses	<u>(1,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,745)</u>	<u>-</u>	<u>(4,357)</u>	<u>-</u>
Gain (loss) on valuation of financial instruments	(3,377)	-	23,446	2	2,880	-	40,070	1
Interest expense (Note 28)	(22,199)	(1)	(22,306)	(2)	(74,911)	(1)	(62,589)	(1)
Impairment loss (Note 10)	-	-	-	-	-	-	(39,500)	(1)
Share of loss of associates (Note 14)	<u>(38)</u>	<u>-</u>	<u>(3,626)</u>	<u>-</u>	<u>(221)</u>	<u>-</u>	<u>(7,940)</u>	<u>-</u>
Total non-operating income and expenses	<u>73,124</u>	<u>4</u>	<u>242,515</u>	<u>17</u>	<u>127,029</u>	<u>2</u>	<u>465,881</u>	<u>9</u>
PROFIT (LOSS) BEFORE INCOME TAX	(28,581)	(2)	71,621	5	(196,131)	(4)	(43,083)	(1)
INCOME TAX BENEFIT (EXPENSE) (Note 29)	<u>24,147</u>	<u>2</u>	<u>(1,078)</u>	<u>-</u>	<u>60,204</u>	<u>1</u>	<u>(1,303)</u>	<u>-</u>
NET PROFIT (LOSS)	<u>(4,434)</u>	<u>-</u>	<u>70,543</u>	<u>5</u>	<u>(135,927)</u>	<u>(3)</u>	<u>(44,386)</u>	<u>(1)</u>

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 87,583	5	\$ 62,787	5	\$ 94,571	2	\$ 173,045	4
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 83,149	5	\$ 133,330	10	\$ (41,356)	(1)	\$ 128,659	3
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 24,936	2	\$ 76,690	5	\$ (124,722)	(3)	\$ (28,735)	(1)
Non-controlling interests	(29,370)	(2)	(6,147)	-	(11,205)	-	(15,651)	-
	\$ (4,434)	-	\$ 70,543	5	\$ (135,927)	(3)	\$ (44,386)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 101,041	6	\$ 140,333	10	\$ (28,703)	(1)	\$ 140,348	3
Non-controlling interests	(17,892)	(1)	(7,003)	-	(12,653)	-	(11,689)	-
	\$ 83,149	5	\$ 133,330	10	\$ (41,356)	(1)	\$ 128,659	3
EARNINGS (LOSS) PER SHARE (Note 30)								
Basic	\$ 0.17		\$ 0.61		\$ (0.92)		\$ (0.23)	
Diluted	\$ 0.16		\$ 0.59					

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 26)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Shares Capital	Advance Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2022	\$ 1,339,822	\$ 400	\$ 2,115,925	\$ 284,853	\$ 175,628	\$ 676,407	\$ (235,721)	\$ (2,360)	\$ (368,604)	\$ 3,986,350	\$ 394,933	\$ 4,381,283
Issuance of ordinary shares under employee share options (Note 31)	1,325	(400)	2,488	-	-	-	-	-	-	3,413	-	3,413
Appropriation of prior year's earnings												
Legal reserve	-	-	-	44,149	-	(44,149)	-	-	-	-	-	-
Special reserve	-	-	-	-	62,459	(62,459)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$2.5 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)	-	(317,502)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)	-	(317,502)
Net loss for the nine months ended September 30, 2022	-	-	-	-	-	(28,735)	-	-	-	(28,735)	(15,651)	(44,386)
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	169,083	-	-	169,083	3,962	173,045
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	(28,735)	169,083	-	-	140,348	(11,689)	128,659
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(96,415)	(96,415)	-	(96,415)
Treasury shares transferred to employees (Note 26)	-	-	20,162	-	-	-	-	-	38,729	58,891	3,258	62,149
BALANCE AT SEPTEMBER 30, 2022	\$ 1,341,147	\$ -	\$ 2,138,575	\$ 329,002	\$ 238,087	\$ 223,562	\$ (66,638)	\$ (2,360)	\$ (426,290)	\$ 3,775,085	\$ 386,502	\$ 4,161,587
BALANCE AT JANUARY 1, 2023	\$ 1,341,147	\$ -	\$ 2,142,919	\$ 329,002	\$ 238,087	\$ 170,420	\$ (118,910)	\$ (7,267)	\$ (426,290)	\$ 3,669,108	\$ 394,852	\$ 4,063,960
Organization restructure	-	-	(702)	-	-	-	-	-	-	(702)	702	-
Issuance of new ordinary shares for cash	250,000	-	572,332	-	-	-	-	-	-	822,332	-	822,332
Issuance of ordinary shares under employee share options (Note 31)	4,950	-	40,274	-	-	-	-	-	-	45,224	418	45,642
Changes in capital surplus from investments using the equity method (Note 31)	-	-	3,321	-	-	-	-	-	-	3,321	(3,321)	-
Appropriation of prior year's earnings												
Cash dividends to shareholder - NT\$0.50 per share	-	-	-	-	-	(62,813)	-	-	-	(62,813)	-	(62,813)
Reversal of special reserve	-	-	-	-	(111,910)	111,910	-	-	-	-	-	-
	-	-	-	-	(111,910)	49,097	-	-	-	(62,813)	-	(62,813)
Net loss for the nine months ended September 30, 2023	-	-	-	-	-	(124,722)	-	-	-	(124,722)	(11,205)	(135,927)
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	96,019	-	-	96,019	(1,448)	94,571
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	(124,722)	96,019	-	-	(28,703)	(12,653)	(41,356)
Treasury shares transferred to employees (Note 26)	-	-	(2,973)	-	-	-	-	-	17,600	14,627	-	14,627
BALANCE AT SEPTEMBER 30, 2023	\$ 1,596,097	\$ -	\$ 2,755,171	\$ 329,002	\$ 126,177	\$ 94,795	\$ (22,891)	\$ (7,267)	\$ (408,690)	\$ 4,462,394	\$ 379,998	\$ 4,842,392

The accompanying notes are an integral part of the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (196,131)	\$ (43,083)
Adjustments for:		
Depreciation expense	138,835	134,167
Amortization expense	61,792	59,994
Expected credit loss recognized	47,657	76,325
Net gain on fair value changes of financial instrument at fair value through profit or loss	(2,880)	(40,070)
Interest expense	74,911	62,589
Interest income	(9,328)	(746)
Compensation costs of employee share options	28,366	35,358
Share of loss of associates	221	7,940
Impairments loss on prepayment for goods	-	28,118
Loss (gain) on disposal of property, plant and equipment	237	(31)
Loss on inventories valuation and obsolescence	66,552	48,138
Gain on redemption of bonds payable	(270)	-
Unrealized gain on foreign currency exchange	(160,256)	(488,469)
Changes in operating assets and liabilities		
Notes receivable	(1,172)	618
Accounts receivable	209,633	605,538
Other receivables	31,690	(3,020)
Other receivable from related parties	24,909	-
Inventories	156,427	947,012
Prepayments	(48,163)	(7,621)
Other current assets	(17,009)	8,747
Contract liabilities	10,796	8,551
Notes payable	2,252	(16,309)
Accounts payable	(3,852)	(738,730)
Other payables	(50,166)	(132,307)
Other payables to related parties	5,224	2,536
Provisions	246	(378)
Other current liabilities	5,326	(37,118)
Net defined benefit liabilities	301	191
Cash generated from operations	376,148	517,940
Interest received	9,328	746
Interest paid	(90,655)	(48,514)
Income tax paid	(35,971)	(6,922)
Net cash generated from operating activities	<u>258,850</u>	<u>463,250</u>

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (11,760)
Proceeds from sale of financial assets at amortized cost	178,311	102,815
Purchase of financial assets at fair value through profit or loss	(17,400)	(600)
Purchase of investments accounted for using the equity method	-	(4,000)
Prepayments for investments	-	(28,000)
Net cash outflow on acquisition of subsidiaries (Note 33)	-	(57,107)
Payments for property, plant and equipment (Note 33)	(187,069)	(159,331)
Proceeds from disposal of property, plant and equipment	55	14,017
Decrease (increase) in refundable deposits	18,472	(16,083)
Payments for intangible assets (Note 33)	(21,920)	(20,846)
Decrease in other non-current assets	<u>1,574</u>	<u>1,063</u>
Net cash used in investing activities	<u>(27,977)</u>	<u>(179,832)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(502,078)	(729,844)
Repayments of corporate bonds	(1,407,553)	-
Proceeds from long-term borrowings	765,513	400,000
Repayments of long-term borrowings	(161,874)	(121,164)
Refund of guarantee deposits received	(1,452)	(102)
Repayment of the principal portion of lease liabilities	(16,949)	(14,699)
Cash dividends	(62,813)	(317,502)
Issuance of new ordinary shares for cash	822,332	-
Exercise of employee stock options	17,276	3,413
Payments for buy-back of ordinary shares	-	(96,415)
Proceeds from treasury shares transferred to employees	<u>14,627</u>	<u>26,791</u>
Net cash (used in) generated from financing activities	<u>(532,971)</u>	<u>(849,522)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>35,959</u>	<u>100,252</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(266,139)	(465,852)
CASH, BEGINNING OF THE PERIOD	<u>1,120,781</u>	<u>1,212,636</u>
CASH, END OF THE PERIOD	<u>\$ 854,642</u>	<u>\$ 746,784</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Dyaco International Inc. (the “Corporation”) was established in 1990. The Corporation and its subsidiaries are collectively referred to as the Group. The Group mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. The Corporation’s shares have been listed on the Taiwan Stock Exchange since September 20, 2016.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 10, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income or loss of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

See the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022 except for the information below.

1) Retirement 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 financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The accounting judgments and key sources of estimation uncertainty of these consolidated financial statements are the same as the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 10,980	\$ 75,100	\$ 8,912
Checking accounts and demand deposits	843,662	922,841	737,872
Time deposits	<u>-</u>	<u>122,840</u>	<u>-</u>
	<u>\$ 854,642</u>	<u>\$ 1,120,781</u>	<u>\$ 746,784</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Financial assets held for trading			
Limited partnership			
Changneng Capital Limited Partnership	\$ 16,848	\$ 568	\$ -
Derivative financial assets (not under hedge accounting)			
Cross-currency swap contracts	<u>-</u>	<u>3,171</u>	<u>34,733</u>
	<u>\$ 16,848</u>	<u>\$ 3,739</u>	<u>\$ 34,733</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible promissory notes (Note 14)	<u>\$ 154,542</u>	<u>\$ 147,071</u>	<u>\$ 159,514</u>
<u>Financial liabilities - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Convertible bonds options (Note 21)	<u>\$ -</u>	<u>\$ 25,305</u>	<u>\$ 27,905</u>

At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Cross-currency swap contracts	NTD/USD	2023.01.03	NTD27,539/USD1,000
<u>September 30, 2022</u>			
Cross-currency swap contracts	NTD/USD	2022.11.10-2023.01.03	NTD234,765/USD8,500

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Domestic investments			
Listed private placement shares	\$ 11,759	\$ 11,759	\$ 11,760
Unlisted ordinary shares	9,915	9,915	13,290
Foreign investments			
Unlisted ordinary shares	<u>44,029</u>	<u>44,023</u>	<u>45,615</u>
	<u>\$ 65,703</u>	<u>\$ 65,697</u>	<u>\$ 70,665</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Restricted deposits (a.)	\$ 24,378	\$ 240,578	\$ 157,829
Bank debenture (b.)	32,270	-	-
Redeemable GICs (c.)	<u>29,875</u>	<u>-</u>	<u>-</u>
	<u>\$ 86,523</u>	<u>\$ 240,578</u>	<u>\$ 157,829</u>
<u>Non-current</u>			
Bank debenture (b.)	<u>\$ 6,454</u>	<u>\$ 30,710</u>	<u>\$ 31,750</u>

- a. The market interest rates of cash in bank at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted deposits	3.45%-5.00%	0.60%-4.83%	0.47%-2.90%

- b. In June 2022, the Group purchased 1.5-year financial debentures of Mega International Commercial Bank at a face value of \$21,784 thousand (US\$750 thousand), with a maturity date of January 5, 2024. The coupon rate and effective interest rate are both 2.5%. In September 2022, the Group purchased 2-year financial debentures of Mega International Commercial Bank at a face value of \$7,609 thousand (US\$250 thousand), with a maturity date of September 15, 2024. The coupon rate and effective interest rate are both 3.05%. In March 2023, the Group purchased 2.5-year financial debentures of Mega International Commercial Bank at a face value of \$6,096 thousand (US\$200 thousand), with a maturity date of October 3, 2025. The coupon rate and effective interest rate are both 4.3%.
- c. In May 2023, the Group purchased redeemable GICs issued by Bank of Montreal of \$29,350 thousand (CAD1,250 thousand). The period is from May 17, 2023 to May 15, 2024 at an interest rate of 4.25%.
- d. The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment of whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the current financial condition of debtors and the future prospects of the industries.

The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since the initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group assesses the counterparty has a low risk of default and a strong capacity to meet contractual cash flows. As of September 30, 2023, December 31, 2022 and September 30, 2022, there was no expected credit loss for an investment in debt instruments.

- e. The financial assets at amortized cost pledged as collateral are set out in Note 37.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable (a)</u>			
At amortized cost			
Gross carrying amount	\$ 2,112	\$ 940	\$ 872
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,112</u>	<u>\$ 940</u>	<u>\$ 872</u>
<u>Accounts receivable (b)</u>			
At amortized cost			
Gross carrying amount	\$ 1,065,456	\$ 1,333,623	\$ 1,367,573
Less: Allowance for impairment loss	<u>186,101</u>	<u>238,231</u>	<u>204,942</u>
	<u>\$ 879,355</u>	<u>\$ 1,095,392</u>	<u>\$ 1,162,631</u>
<u>Other receivables (c)</u>			
Tax refund receivables	\$ 29,577	\$ 13,165	\$ 27,950
Compensation advance payment receivables	-	49,818	-
Others	<u>3,909</u>	<u>2,193</u>	<u>3,660</u>
	<u>\$ 33,486</u>	<u>\$ 65,176</u>	<u>\$ 31,610</u>

a. Notes receivable

The average credit period of sales of goods is 30 to 120 days. In the determination of credit risk, the Group takes into consideration any change in credit quality from the invoice date to the reporting date. The Group recognizes 100% allowance for impairment loss if notes receivable become overdue.

At the end of the reporting period, there were no overdue notes receivable for which the Group recognized allowance for impairment loss.

b. Accounts receivable

The average credit period of sales of goods was 30 to 120 days. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of concluded transactions is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee periodically.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As there are different loss patterns for various customer segments, the Group uses different provision matrixes based on operating area of subsidiaries and determines the provision for loss allowance is based on past due status.

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

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

September 30, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.65%	0%-27.80%	0%-57.50%	5.26%-51.13%	5%-100%	100%	
Gross carrying amount	\$ 653,736	\$ 191,669	\$ 97,216	\$ 28,393	\$ 26,391	\$ 68,051	\$ 1,065,456
Loss allowance (Lifetime ECLs)	<u>(3,066)</u>	<u>(30,663)</u>	<u>(51,361)</u>	<u>(13,241)</u>	<u>(19,719)</u>	<u>(68,051)</u>	<u>(186,101)</u>
Amortized cost	<u>\$ 650,670</u>	<u>\$ 161,006</u>	<u>\$ 45,855</u>	<u>\$ 15,152</u>	<u>\$ 6,672</u>	<u>\$ -</u>	<u>\$ 879,355</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.65%	0%-36.04%	4.19%-57.50%	5.26%-58.75%	5%-100%	100%	
Gross carrying amount	\$ 865,336	\$ 167,372	\$ 103,311	\$ 14,155	\$ 31,576	\$ 151,873	\$ 1,333,623
Loss allowance (Lifetime ECLs)	<u>(3,323)</u>	<u>(16,122)</u>	<u>(32,969)</u>	<u>(6,537)</u>	<u>(27,407)</u>	<u>(151,873)</u>	<u>(238,231)</u>
Amortized cost	<u>\$ 862,013</u>	<u>\$ 151,250</u>	<u>\$ 70,342</u>	<u>\$ 7,618</u>	<u>\$ 4,169</u>	<u>\$ -</u>	<u>\$ 1,095,392</u>

September 30, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-0.56%	0%-27.21%	1.84%-48.87%	12.03%-61.3%	20.33%-100%	100%	
Gross carrying amount	\$ 706,219	\$ 423,494	\$ 44,262	\$ 15,731	\$ 25,484	\$ 152,383	\$ 1,367,573
Loss allowance (Lifetime ECLs)	<u>(2,096)</u>	<u>(21,959)</u>	<u>(8,121)</u>	<u>(4,461)</u>	<u>(15,922)</u>	<u>(152,383)</u>	<u>(204,942)</u>
Amortized cost	<u>\$ 704,123</u>	<u>\$ 401,535</u>	<u>\$ 36,141</u>	<u>\$ 11,270</u>	<u>\$ 9,562</u>	<u>\$ -</u>	<u>\$ 1,162,631</u>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of December 31, 2022 and September 30, 2022, accounts receivable from New Level UK Ltd. amounted to \$108,645 thousand and \$109,638 thousand, respectively. Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance. The customer has completed the liquidation in March 2023 and returned \$8,568 thousand, and for the remaining uncollectible accounts, all relevant accounts receivable and loss allowance shall be written off.

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 238,231	\$ 160,010
Add: Net remeasurement of loss allowance	47,657	36,825
Less: Amounts written off	(103,072)	(209)
Foreign exchange gains and losses	<u>3,285</u>	<u>8,316</u>
Ending balance	<u>\$ 186,101</u>	<u>\$ 204,942</u>

c. Other receivables

Other receivables consist of compensation advance payment receivables, tax refund receivables, deposit refund receivables, and others (including disposal of investments etc.)

Due to the overdue deposit refund receivables of the Group and debtor's current weak financial status, the unrecovered amount of NT\$39,500 thousand has been fully determined as expected credit loss before the release date for the three months ended March 31, 2022, but the Group will continue to pursue recourse against the debtor.

The advance payment receivable is from a subsidiary of the Group, Fitness Equipment Services, LLC, due to the discrepancy between the horsepower measurement value of the treadmill products and the consumer's perception, the consumer filed a class action lawsuit. In 2022, the Group reached a settlement with the consumer and paid the compensation of NT\$108,788 thousand (US\$3,650 thousand). However, in 2020, according to the acquisition agreement with the original shareholder when acquiring Fitness Equipment Services, LLC., there is compensation for the aforementioned disputes with consumers, two-thirds of the compensation must be paid by the original three shareholders, and the advance payment of the Group as of the year ended December 31, 2022 accounts for other receivables of \$49,818 thousand (US\$1,622 thousand) and other receivables - related parties \$24,909 thousand (US\$811 thousand). As of the date of the accountant's audit report, the advance payment of the compensation has been recovered in full, and the Group has recognized a compensation loss of \$36,263 thousand in the end of 2022.

11. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 2,303,989	\$ 2,226,015	\$ 2,082,849
Merchandise	283,085	346,970	415,345
Work in progress	156,281	227,624	270,956
Raw materials	<u>155,185</u>	<u>188,847</u>	<u>198,081</u>
	<u>\$ 2,898,540</u>	<u>\$ 2,989,456</u>	<u>\$ 2,967,231</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Cost of inventories sold	\$ 1,049,595	\$ 948,280	\$ 3,453,790	\$ 3,554,271
Inventory write-downs and loss for market price	3,350	12,167	66,552	48,138
Warranties	<u>17,214</u>	<u>19,288</u>	<u>58,473</u>	<u>74,646</u>
	<u>\$ 1,070,159</u>	<u>\$ 979,735</u>	<u>\$ 3,578,815</u>	<u>\$ 3,677,055</u>

The inventories pledged as collateral for bank borrowings are set out in Note 37.

12. PREPAYMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Prepaid expenses	\$ 129,525	\$ 63,671	\$ 45,421
Prepayments for goods	94,040	113,169	57,285
Tax overpayment retained for offsetting future tax payable	28,389	30,002	28,406
Others	<u>11,109</u>	<u>8,058</u>	<u>4,379</u>
	<u>\$ 263,063</u>	<u>\$ 214,900</u>	<u>\$ 135,491</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	100	Note 8
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	100	Note 7
	Wing Long Co., Ltd.	Import, export and selling	100	100	100	-
	Dyaco UK Ltd.	Import, export and selling	97	100	100	Note 9
	SOLE INC.	Investment	100	100	100	Note 10
	President Plastic Products MFG Co., Ltd.	Rental of property	100	100	100	Note 1
	Cikayda Inc.	Manufacturing and selling	100	100	100	-
	CITY SPORTS (THAILAND) CO., LTD.	Fitness equipment selling	44	44	44	Note 2
	Neutron Ventures Ltd.	Sporting goods online selling	-	80	80	Note 3
	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	Note 5
	Dyaco Canada Inc.	Import, export and selling	100	100	100	Note 5
	Iuvo Industry Co., Ltd.	Electric-assisted bicycle manufacturer	92	90	-	Note 6
SOLE INC.	Fitness Equipment Services LLC.	Import, export and selling	100	100	100	-
Dyaco Europe GmbH	CARDIO fitness GmbH & Co. KG	Import, export and selling	100	100	100	-
	CARDIO fitness Verwaltungs GmbH	Investment	100	100	100	-
Dyaco International Holding Limited	Fuel-Spirit International Inc.	Import, export and selling	100	100	100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	60	-
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	-	100	100	Note 11
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	-	-	-	Note 5
	Dyaco Canada Inc.	Import, export and selling	-	-	-	Note 5
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	-	-	-	Note 4
Dyaco UK Ltd.	Neutron Ventures Ltd.	Sporting goods online selling	100	-	-	Note 3
Neutron Ventures Ltd.	Interactive Online Commerce Ltd.	Investment	100	100	100	Note 3
	Neutron Ventures Poland S.p.z.o.o	Service industry	100	100	100	Note 3
	Sweatband.com Ltd.	Sporting goods selling	100	100	100	Note 3
Interactive Online Commerce Ltd.						

Remarks:

- 1) On December 8, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. for NT\$258,640 thousand. As of September 30, 2022, NT\$18,889 was not paid respectively and recognized as other payables. In November 2022, the Group acquired interest in subsidiary, President Plastic Products MFG Co., Ltd. for \$28,000 thousand.
- 2) In November 2021, the Corporation purchased 44% equity of CITY SPORTS (THAILAND) CO., LTD. for THB14,420 thousand (NT\$12,450 thousand), and according to the acquisition agreement, the Group obtained two out of three seats in the board of directors of CITY SPORTS (THAILAND) CO., LTD. as the Group has control over the decision making of the relevant activities of the company; therefore, it is listed as a subsidiary.
- 3) In December 2021, the Corporation purchased 80% equity of Neutron Ventures Ltd. for GBP3,220 thousand (NT\$119,421 thousand). On March 2023, the Group acquired interest for \$69,673 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 80% to 95%, and adjusted unappropriated earnings for \$4,320 thousand. After the Corporation went through a share exchange reorganization on July 1, 2023, Neutron Ventures Ltd. are directly 100% held by Dyaco UK Ltd.
- 4) Dyaco Commercial & Medical North America, LLC. has been completed the liquidation and was eliminated in the first quarter of 2022.
- 5) After the Corporation went through a non-cash reduction reorganization on July 1, 2022, Spirit Manufacturing Inc. and Dyaco Canada Inc. are directly 100% held by Dyaco International Inc.
- 6) On August 24, 2022, the Corporation signed a contract with the major shareholder of IUVO Industry Co., Ltd. The Corporation acquired 83% interest for \$55,000 thousand on the base date October 3, 2022 and paid NT\$28,000 thousand as of September 30, 2022 (under prepayments of investments). In December 2022, the Group acquired interest for \$70,000 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 83% to 90%, and adjusted unappropriated earnings for \$7,815 thousand. In August 2022, the Group acquired interest for \$30,000 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 90% to 92%, and adjusted capital surplus for \$1,509 thousand.
- 7) The Corporation acquires interest in subsidiary, Dyaco Japan Co., Ltd. through debt equity swap for \$44,560 thousand in August 2022.
- 8) The Group acquires interest in subsidiary, Dyaco Europe GmbH through debt equity swap for \$126,368 thousand in August 2022. In March 2023, the Group acquired interest of subsidiary, Dyaco Europe GmbH for \$61,332 thousand.
- 9) The Group acquires interest in subsidiary, Dyaco UK Ltd. through debt equity swap for \$182,850 thousand in August 2022. Dyaco UK Ltd. issued additional new shares for \$121,145 in July 2023, with parent company and Neutron Ventures Ltd.'s non-controlling interests exchange for 100% equity of Neutron Ventures Ltd. Parent company did not subscribe according to its shareholding ratio. Thus, and adjusted capital surplus for \$510 thousand. After the Corporation went through reorganization, the Group held the Dyaco UK Ltd. shareholding ratio decreased from 100% to 97%, and adjusted capital surplus for \$702 thousand.
- 10) The Group acquires interest in subsidiary, SOLE INC. through debt equity swap for \$694,235 thousand in November 2022.

11) Dyaco Health Technology (Beijing) Co., Ltd. as been completed the liquidation and was eliminated in July 2023.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2023	December 31, 2022	September 30, 2022
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

Refer to Table 7 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Shelton Corporation (Jiaxing), Ltd.	\$ (25,068)	\$ (2,136)	\$ (2,721)	\$ (1,146)	\$ 369,368	\$ 368,858	\$ 364,213

The summarized financial information below represents amounts before intragroup eliminations and after consideration of acquisition premium amortization.

	September 30, 2023	December 31, 2022	September 30, 2022	
Current assets	\$ 1,068,812	\$ 1,258,962	\$ 1,212,701	
Non-current assets	844,939	880,495	899,908	
Current liabilities	(698,815)	(928,405)	(905,975)	
Non-current liabilities	(129,507)	(134,168)	(137,197)	
Equity	<u>\$ 1,085,429</u>	<u>\$ 1,076,884</u>	<u>\$ 1,069,437</u>	
Equity attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 716,061	\$ 708,026	\$ 705,224	
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>369,368</u>	<u>368,858</u>	<u>364,213</u>	
	<u>\$ 1,085,429</u>	<u>\$ 1,076,884</u>	<u>\$ 1,069,437</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue	<u>\$ 392,273</u>	<u>\$ 347,040</u>	<u>\$ 1,608,056</u>	<u>\$ 1,480,215</u>
Net (loss) profit from continuing operations (Note)	\$ (62,668)	\$ (5,339)	\$ 6,804	\$ (2,864)
Other comprehensive income (loss) for the period	<u>28,656</u>	<u>(1,943)</u>	<u>(5,526)</u>	<u>11,447</u>
Total comprehensive (loss) income for the period	<u>\$ (34,012)</u>	<u>\$ (7,282)</u>	<u>\$ 1,278</u>	<u>\$ 8,583</u>

(Continued)

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	2023	2022	2023	2022
Profit (loss) attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (37,600)	\$ (3,203)	\$ 4,083	\$ (1,718)
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(25,068)</u>	<u>(2,136)</u>	<u>2,721</u>	<u>(1,146)</u>
	<u>\$ (62,668)</u>	<u>\$ (5,339)</u>	<u>\$ 6,804</u>	<u>\$ (2,864)</u>
Total comprehensive (loss) income attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (20,407)	\$ (4,369)	\$ 767	\$ 5,150
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(13,605)</u>	<u>(2,913)</u>	<u>511</u>	<u>3,433</u>
	<u>\$ (34,012)</u>	<u>\$ (7,282)</u>	<u>\$ 1,278</u>	<u>\$ 8,583</u> (Concluded)

	<u>For the Nine Months Ended</u> <u>September 30</u>	
	2023	2022
Net cash (outflow) inflow from:		
Operating activities	\$ 98,865	\$ 236,658
Investing activities	(9,474)	(4,323)
Financing activities	<u>(111,269)</u>	<u>(203,916)</u>
Net cash (outflow) inflow	<u>\$ (21,878)</u>	<u>\$ 28,419</u>

Note: Net profit was \$17,100 thousand less amortization of \$10,296 thousand for the nine months ended September 30, 2023. Net profit was \$7,512 thousand less amortization of \$10,376 thousand for the nine months ended September 30, 2022.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates	<u>\$ 6,535</u>	<u>\$ 6,823</u>	<u>\$ 21,792</u>
Associates that are not individually material			
Hongdaxin Projection Co., Ltd.	\$ 3,788	\$ 3,889	\$ 3,926
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	2,747	2,934	2,944
Morsel, Inc.	<u>-</u>	<u>-</u>	<u>14,922</u>
	<u>\$ 6,535</u>	<u>\$ 6,823</u>	<u>\$ 21,792</u>

The Group acquired 40% equity of Hongdaxin Projection Co., Ltd. for \$4,000 thousand in March 2022. It provides investment in domestic film and television production.

On August 11, 2021, the board of directors resolved to invest in Morsel Inc., an intelligent fitness content production company, with a total amount of US\$6,000 thousand. The ordinary shares were acquired for US\$1,000 thousand (approximately NT\$27,750 thousand), which accounted for 11% of Morsel Inc.'s total equity; and in accordance with the investment agreement, the parent company has the right to appoint one third of the director seats and the ability to exercise significant influence over Morsel Inc. In addition, the three-year convertible promissory notes issued by Morsel Inc. were acquired for US\$5,000 thousand (approximately NT\$138,750 thousand) at an annual interest rate of 1%, which was recognized as financial assets at fair value through profit or loss and gain on fair value changes to NT\$14,279 thousand and NT\$20,479 thousand were recognized on September 30, 2023 and 2022, respectively, refer to Note 7.

Morsel Inc., an investment associate recognized by the Group using the equity method, is expected to decrease the operating cash inflows in the future due to poor sales in the market. As a result, the recoverable amount of the associate in value-in-use calculations is less than the carrying amount of the Group's investment. After the evaluation, the Group recognized the impairment losses of \$24,882 thousand in 2022.

Refer to Tables 6 and 7 for the principal places of business and countries of incorporation.

Aggregate information of associates that are not individually material:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Loss from continuing operations	\$ (38)	\$ (3,626)	\$ (221)	\$ (7,940)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (38)</u>	<u>\$ (3,626)</u>	<u>\$ (221)</u>	<u>\$ (7,940)</u>

The share of profit and loss enjoyed by an investment and consolidation company using the equity method is calculated in the financial statements reviewed by the accountant.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Cost								
Balance at January 1, 2023	\$ 1,659,253	\$ 2,230,479	\$ 687,066	\$ 51,805	\$ 83,920	\$ 25,409	\$ 317,724	\$ 5,055,656
Additions	-	1,926	61,876	640	4,957	679	124,575	194,653
Disposals	-	(1,943)	(55,549)	(5,985)	(5,719)	(261)	-	(69,457)
Reclassification	-	6,626	-	-	-	-	-	6,626
Effects of foreign currency exchange differences	<u>1,104</u>	<u>33,534</u>	<u>3,727</u>	<u>363</u>	<u>1,518</u>	<u>625</u>	<u>-</u>	<u>40,871</u>
Balance at September 30, 2023	<u>1,660,357</u>	<u>2,270,622</u>	<u>697,120</u>	<u>46,823</u>	<u>84,676</u>	<u>26,452</u>	<u>442,299</u>	<u>5,228,349</u>
Accumulated depreciation								
Balance at January 1, 2023	-	748,313	497,003	35,340	68,853	14,318	-	1,363,827
Depreciation expenses	-	56,345	49,289	3,881	5,122	2,261	-	116,898
Disposals	-	(1,943)	(55,280)	(5,976)	(5,705)	(261)	-	(69,165)
Reclassification	-	4,630	-	-	-	-	-	4,630
Effects of foreign currency exchange differences	<u>-</u>	<u>5,889</u>	<u>2,766</u>	<u>216</u>	<u>1,115</u>	<u>411</u>	<u>-</u>	<u>10,397</u>
Balance at September 30, 2023	<u>-</u>	<u>813,234</u>	<u>493,778</u>	<u>33,461</u>	<u>69,385</u>	<u>16,729</u>	<u>-</u>	<u>1,426,587</u>
Carrying amounts at September 30, 2023	<u>\$ 1,660,357</u>	<u>\$ 1,457,388</u>	<u>\$ 203,342</u>	<u>\$ 13,362</u>	<u>\$ 15,291</u>	<u>\$ 9,723</u>	<u>\$ 442,299</u>	<u>\$ 3,801,762</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 1,659,253</u>	<u>\$ 1,482,166</u>	<u>\$ 190,063</u>	<u>\$ 16,465</u>	<u>\$ 15,067</u>	<u>\$ 11,091</u>	<u>\$ 317,724</u>	<u>\$ 3,691,829</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022								
(retrospectively adjusted)	\$ 1,283,139	\$ 1,906,647	\$ 626,529	\$ 51,566	\$ 78,641	\$ 21,986	\$ 150,758	\$ 4,119,266
Additions	-	1,312	32,679	1,859	1,673	1,325	122,812	161,660
Disposals	-	-	(14,090)	(2,678)	(1,183)	(162)	-	(18,113)
Reclassification	-	15,818	-	-	-	-	-	15,818
Effects of foreign currency exchange differences	2,878	70,582	21,133	1,183	1,406	95	28,765	126,042
Balance at September 30, 2022	<u>1,286,017</u>	<u>1,994,359</u>	<u>666,251</u>	<u>51,930</u>	<u>80,537</u>	<u>23,244</u>	<u>302,335</u>	<u>4,404,673</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022								
(retrospectively adjusted)	-	663,820	420,878	33,376	65,616	11,738	-	1,195,428
Depreciation expenses	-	51,169	50,394	3,336	4,699	1,861	-	111,459
Disposals	-	-	(1,172)	(1,673)	(1,161)	(121)	-	(4,127)
Reclassification	-	2,055	-	-	-	-	-	2,055
Effects of foreign currency exchange differences	-	21,581	16,023	703	1,424	132	-	39,863
Balance at September 30, 2022	<u>-</u>	<u>738,625</u>	<u>486,123</u>	<u>35,742</u>	<u>70,578</u>	<u>13,610</u>	<u>-</u>	<u>1,344,678</u>
Carrying amounts at September 30, 2022	<u>\$ 1,286,017</u>	<u>\$ 1,255,734</u>	<u>\$ 180,128</u>	<u>\$ 16,188</u>	<u>\$ 9,959</u>	<u>\$ 9,634</u>	<u>\$ 302,335</u>	<u>\$ 3,059,995</u>

(Concluded)

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

Buildings	
Main buildings	15-50 years
Decoration	2-49 years
Machinery equipment	1-11 years
Transportation equipment	2-11 years
Office equipment	1-15 years
Leasehold improvements	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 37.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Land	\$ 271,532	\$ 273,046	\$ 280,168
Buildings	23,227	32,052	30,391
Transportation equipment	<u>3,016</u>	<u>6,359</u>	<u>7,711</u>
	<u>\$ 297,775</u>	<u>\$ 311,457</u>	<u>\$ 318,270</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions for right-of-use assets			<u>\$ 5,173</u>	<u>\$ 1,738</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,375	\$ 2,344	\$ 7,508	\$ 7,563
Buildings	3,095	2,677	9,544	7,913
Transportation equipment	<u>1,126</u>	<u>1,574</u>	<u>3,418</u>	<u>4,909</u>
	<u>\$ 6,596</u>	<u>\$ 6,595</u>	<u>\$ 20,470</u>	<u>\$ 20,385</u>

Right-of-use assets used by the Group and pledged as collateral for bank borrowings are set out in Note 37.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 13,661</u>	<u>\$ 16,522</u>	<u>\$ 16,930</u>
Non-current	<u>\$ 16,181</u>	<u>\$ 23,708</u>	<u>\$ 23,567</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	5.84%	5.84%	5.84%
Buildings	1.36%-4.90%	1.36%-4.90%	1.56%-4.90%
Transportation equipment	1.66%-3.99%	1.65%-2.50%	1.66%-4.07%

c. Material lease-in activities and terms

The Group leases certain buildings and office equipment for the use of plants, offices and retail stores with lease terms of 2 to 13 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

The Group leases transportation equipment for the use of business with lease terms of 3 to 4 years.

The land use rights of the Group are amortized over 50 years.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 8,052	\$ 9,802	\$ 26,547	\$ 30,551
Expenses relating to low-value asset leases	\$ 111	\$ 142	\$ 328	\$ 368
Total cash outflow for leases	\$ 12,329	\$ 15,461	\$ 44,596	\$ 46,693

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

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2023	\$ 54,456
Reclassification	(6,626)
Effects of foreign currency exchange differences	16
Balance at September 30, 2023	<u>47,846</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	25,909
Depreciation expenses	1,467
Reclassification	(4,630)
Effects of foreign currency exchange differences	14
Balance at September 30, 2023	<u>22,760</u>
Carrying amount at September 30, 2023	<u>\$ 25,086</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 28,547</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 78,917
Reclassification	(15,818)
Effects of foreign currency exchange differences	1,444
Balance at September 30, 2022	<u>64,543</u>

(Continued)

	Completed Investment Properties
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 25,436
Depreciation expenses	2,323
Reclassification	(2,055)
Effects of foreign currency exchange differences	<u>619</u>
Balance at September 30, 2022	<u>26,323</u>
Carrying amount at September 30, 2022	<u>\$ 38,220</u> (Concluded)

The investment properties were leased out for 1 to 7 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 1,748	\$ 4,255	\$ 2,446
Year 2	671	675	676
Year 3	671	675	676
Year 4	447	675	676
Year 5	<u>-</u>	<u>281</u>	<u>282</u>
	<u>\$ 3,537</u>	<u>\$ 6,561</u>	<u>\$ 4,756</u>

The investment properties used by the Group are depreciated on a straight-line basis over 20 to 33 years.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the fair value of investment property located in Zhongshan District, Taipei City were \$23,925 thousand, \$23,925 thousand and \$21,642 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

The investment properties pledged as collateral for bank borrowings were set out in Note 37.

18. GOODWILL

	For the Nine Months Ended September 30	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 566,722	\$ 501,442
Effect of foreign currency exchange differences	<u>23,860</u>	<u>51,810</u>
Balance at September 30	<u>590,582</u>	<u>553,252</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	8,345	7,987
Effect of foreign currency exchange differences	<u>302</u>	<u>(16)</u>
Balance at September 30	<u>8,647</u>	<u>7,971</u>
Carrying amounts at September 30	<u>\$ 581,935</u>	<u>\$ 545,281</u>

19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Copyright	Total
<u>Cost</u>									
Balance at January 1, 2023	\$ 101,405	\$ 82,454	\$ 107,029	\$ 7,685	\$ 293,407	\$ 749,481	\$ 1,106	\$ -	\$ 1,342,567
Additions	11,535	-	-	-	-	3,066	-	17,026	31,627
Disposals	-	-	-	(7,685)	-	-	-	-	(7,685)
Effects of foreign currency exchange differences	<u>1,066</u>	<u>3,652</u>	<u>5,354</u>	<u>-</u>	<u>2,702</u>	<u>38,434</u>	<u>56</u>	<u>-</u>	<u>51,264</u>
Balance at September 30, 2023	<u>114,006</u>	<u>86,106</u>	<u>112,383</u>	<u>-</u>	<u>296,109</u>	<u>790,981</u>	<u>1,162</u>	<u>17,026</u>	<u>1,417,773</u>
<u>Accumulated amortization</u>									
Balance at January 1, 2023	78,572	74,691	78,330	7,685	202,478	103,109	835	-	545,700
Amortization expenses	8,749	4,079	2,213	-	18,762	26,367	203	1,419	61,792
Effects of foreign currency exchange differences	<u>660</u>	<u>3,374</u>	<u>4,270</u>	<u>-</u>	<u>2,647</u>	<u>6,320</u>	<u>52</u>	<u>-</u>	<u>17,323</u>
Balance at September 30, 2023	<u>87,981</u>	<u>82,144</u>	<u>84,813</u>	<u>-</u>	<u>223,887</u>	<u>135,796</u>	<u>1,090</u>	<u>1,419</u>	<u>617,130</u>
Carrying amounts at September 30, 2023	<u>\$ 26,025</u>	<u>\$ 3,962</u>	<u>\$ 27,570</u>	<u>\$ -</u>	<u>\$ 72,222</u>	<u>\$ 655,185</u>	<u>\$ 72</u>	<u>\$ 15,607</u>	<u>\$ 800,643</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 22,833</u>	<u>\$ 7,763</u>	<u>\$ 28,699</u>	<u>\$ -</u>	<u>\$ 90,929</u>	<u>\$ 646,372</u>	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 796,867</u>
<u>Cost</u>									
Balance at January 1, 2022 (retrospectively adjusted)	\$ 86,724	\$ 78,105	\$ 94,338	\$ 7,685	\$ 288,159	\$ 680,676	\$ 996	\$ -	\$ 1,236,683
Additions	6,530	-	-	-	-	4,002	-	-	10,532
Effects of foreign currency exchange differences	<u>347</u>	<u>3,507</u>	<u>8,865</u>	<u>-</u>	<u>7,050</u>	<u>90,305</u>	<u>147</u>	<u>-</u>	<u>110,221</u>
Balance at September 30, 2022	<u>93,601</u>	<u>81,612</u>	<u>103,203</u>	<u>7,685</u>	<u>295,209</u>	<u>774,983</u>	<u>1,143</u>	<u>-</u>	<u>1,357,436</u>
<u>Accumulated amortization</u>									
Balance at January 1, 2022 (retrospectively adjusted)	66,957	63,742	72,556	7,685	172,830	60,767	501	-	445,038
Amortization expenses	8,082	5,392	1,271	-	18,641	26,405	203	-	59,994
Effects of foreign currency exchange differences	<u>343</u>	<u>2,894</u>	<u>5,769</u>	<u>-</u>	<u>6,432</u>	<u>10,605</u>	<u>91</u>	<u>-</u>	<u>26,134</u>
Balance at September 30, 2022	<u>75,382</u>	<u>72,028</u>	<u>79,596</u>	<u>7,685</u>	<u>197,903</u>	<u>97,777</u>	<u>795</u>	<u>-</u>	<u>531,166</u>
Carrying amounts at September 30, 2022	<u>\$ 18,219</u>	<u>\$ 9,584</u>	<u>\$ 23,607</u>	<u>\$ -</u>	<u>\$ 97,306</u>	<u>\$ 677,206</u>	<u>\$ 348</u>	<u>\$ -</u>	<u>\$ 826,270</u>

- a. The Group signed royalty agreements of authorization with several foreign well-known sports brands to manufacture and sell products. The discounted cost was recognized as royalty and included in intangible assets at the beginning of authorization period, and the related liability was recognized as long-term payable as well as current and non-current payables for royalties. The interest expenses were calculated by the effective interest method.

b. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-13 years
Patents	5-15 years
Customer relationship	7-16 years
Existing technologies	3-5 years
Royalty	2-6 years
Brand value	3-23 years
Website	4 years
Copyright	3 years

20. BORROWINGS

a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings	\$ 681,925	\$ 1,182,395	\$ 1,109,596
Secured borrowings	<u>1,236,692</u>	<u>1,208,520</u>	<u>1,070,590</u>
	<u>\$ 1,918,617</u>	<u>\$ 2,390,915</u>	<u>\$ 2,180,186</u>
Range of interest rates			
Unsecured borrowings	1.81%-4.50%	1.43%-4.50%	1.41%-5.01%
Secured borrowings	1.85%-7.34%	1.60%-3.85%	1.14%-4.20%

b. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Mega Bank	\$ 911,700	\$ 580,100	\$ 605,450
Taiwan Cooperative Bank	481,069	488,875	163,764
Bank SinoPac	325,480	90,974	96,120
Taiwan Business Bank	222,385	121,320	-
First Horizon Bank	158,412	153,550	-
Taishin Bank	146,250	157,500	161,250
Cathay United Bank	39,300	39,300	-
CTBC Bank	-	30,000	-
Bank of Montreal	-	36,390	37,830
Chang Hua Bank	-	4,740	7,567
	<u>2,284,596</u>	<u>1,702,749</u>	<u>1,071,981</u>
Less: Current portion	<u>295,680</u>	<u>218,987</u>	<u>250,617</u>
Long-term borrowings	<u>\$ 1,988,916</u>	<u>\$ 1,483,762</u>	<u>\$ 821,364</u>

- 1) Secured borrowings from Mega Bank: In 2007, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2007 to December 2022. As of September 30, 2022, the amount of borrowings was \$2,550 thousand, at the annual borrowing interest rate was 1.91%. In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amount of borrowings were \$53,600 thousand, \$92,300 thousand and \$105,200 thousand, respectively, at the annual borrowing interest rate were 2.15%, 2.03% and 1.90%, respectively. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amount of borrowings were \$58,100 thousand, \$87,800 thousand and \$97,700 thousand, at the annual borrowing interest rates of 2.2%, 2.08% and 1.95%, respectively. In July 2022, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from July 2025 to July 2027 after three years of interest payments. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amount of borrowings were both \$300,000 thousand, at annual borrowing interest rates of 2.15%, 2.05% and 2.05%, respectively. In July 2022, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly from January 2024 to July 2027 after 1.5 years of interest payments. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amount of borrowing were both \$100,000 thousand, at an annual borrowing interest rate of 2.30%, 2.05% and 2.05%, respectively. In March 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly from January 2024 to July 2027. As of September 30, 2023, the amounts of borrowing was \$100,000 thousand, at an annual borrowing interest rate of 2.30%. In June 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly from January 2024 to July 2027. As of September 30, 2023, the amount of borrowing was \$100,000 thousand, at an annual borrowing interest rate of 2.30%. In July 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly from January 2024 to July 2027. As of September 30, 2023, the amount of borrowing was \$200,000 thousand, at an annual borrowing interest rate of 2.30%.
- 2) Secured borrowings from Taiwan Cooperative Bank: In November 2018, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2020 to November 2038 after two years of interest payments. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of borrowings were \$155,096 thousand, \$161,579 thousand and \$163,764 thousand, respectively, at annual borrowing interest rates of 2.10%, 1.60% and 1.60%, respectively. In 2021, IUVO Industry Co., Ltd. signed a contract for borrowings under which the interest was repayable monthly until December 2024. As of September 30, 2023 and December 31, 2022, the borrowings were both \$266,400 thousand at the annual borrowing interest rates of 2.208% and 1.956%, respectively. In 2022, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until March 2029. As of September 30, 2023 and December 31, 2022, the amounts of borrowings were \$12,007 thousand and \$13,330 thousand, at the annual borrowing interest rates of 2.598% and 2.346%, respectively. In 2022, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until December 2024. As of September 30, 2023 and December 31, 2022, the amounts of borrowings were both \$47,566 thousand, at the annual borrowing interest rates of 2.208% and 1.956%, respectively.

- 3) Secured borrowings from Bank SinoPac: In 2009, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of September 30, 2023, December 31, 2022 and September 30, 2022, the borrowings were \$9,231 thousand, \$16,154 thousand and \$17,692 thousand, respectively, at annual borrowing interest rate were 2.24%, 2.10% and 1.97%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2030. As of September 30, 2023, December 31, 2022 and September 30, 2022, the borrowings were \$65,702 thousand, \$71,808 thousand and \$74,869 thousand, respectively, at annual borrowing interest rate were 2.01%, 1.89% and 1.76%, respectively. In 2016, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of September 30, 2023, December 31, 2022 and September 30, 2022, the borrowings were \$547 thousand, \$3,012 thousand and \$3,559 thousand, respectively, at annual borrowing interest rates of 2.12%, 1.99% and 1.86%, respectively. In September 2023, the Corporation signed a contract for borrowings, under which the principal are repayable quarterly, and interest are repayable monthly until December 2026. As of September 30, 2023, the borrowing was \$250,000 thousand, at annual borrowing interest rates of 2.60%.
- 4) Secured borrowings from Taiwan Business Bank: In December 2022, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until December 2032. As of September 30, 2023 and December 31, 2022, the amounts of borrowings were \$112,221 thousand and \$121,320 thousand, respectively, at an annual borrowing interest rate of 1.55% and 1.43%, respectively. In February 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until December 2032. As of September 30, 2023, the amount of borrowing was \$54,773 thousand, at an annual borrowing interest rate of 1.55%. In March 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until December 2026. As of September 30, 2023, the amount of borrowing was \$8,278 thousand, at an annual borrowing interest rate of 1.55%. In March 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until December 2032. As of September 30, 2023, the amount of borrowing was \$2,301 thousand, at an annual borrowing interest rate of 1.55%. In May 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until December 2032. As of September 30, 2023, the amount of borrowing was \$2,341 thousand, at an annual borrowing interest rate of 1.55%. In July 2023, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until September 2032. As of September 30, 2023, the amount of borrowing was \$42,471 thousand, at an annual borrowing interest rate of 1.55%.
- 5) Secured borrowings from First Horizon Bank: In 2022, Spirit Manufacturing Inc. signed a contract for borrowings under which the principal and interest are repayable monthly from December 2022 to December 2042, at an annual borrowing interest rate of 6.50%.
- 6) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly until June 2034. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of borrowings were \$139,500 thousand, \$144,000 thousand and \$145,500 thousand, respectively, at the annual borrowing interest rates of 2.20%, 1.96% and 1.59%, respectively. In June 2019, the Corporation signed a contract for borrowings under which the principal and interest are repayable monthly to June 2024. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of borrowings were \$6,750 thousand, \$13,500 thousand and \$15,750 thousand, respectively, at the annual borrowing interest rates of 2.20%, 1.96% and 1.59%, respectively.
- 7) Secured borrowings from Cathay United Bank: In 2022, IUVO Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2024 to April 2027. As of September 30, 2023 and December 31, 2022, the annual borrowing interest rates were 1.40% and 1.15%, respectively.

- 8) Secured borrowings from CTBC Bank: In 2021, IUVO Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2021 to December 2023. The Secured borrowings had been settled on September 2023. As of December 31, 2022, the annual borrowing interest rates was 2.95%.
- 9) Secured borrowings from Bank of Montreal: In 2016, Dyaco Canada Inc. signed a contract for borrowings, under which the principal and interest are repayable monthly from May 2016 to April 2023. As of December 31, 2022 and September 30, 2022, the annual borrowing interest rate were 4.07%.
- 10) Secured borrowings from Chang Hua Bank: In May 2008, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to May 2023. As of December 31, 2022 and September 30, 2022, the annual borrowing interest rates were 2.51% and 1.88%, respectively.

21. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Secured domestic convertible bonds	\$ -	\$ 421,580	\$ 420,594
Unsecured domestic convertible bonds	1,200	976,957	973,141
Less: Current portion	<u>(1,200)</u>	<u>(1,398,537)</u>	<u>(1,393,735)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- a. On August 24, 2020, the Corporation issued 0% three-year secured domestic convertible bonds at 100.5% of face value of \$600,000 thousand for the second time, with maturity date of August 24, 2023, totaling \$603,000 thousand. The convertible bonds are guaranteed by Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$89.9. Conversion may occur at any time between November 25, 2020 and August 24, 2023.

According to restrictions for second-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from November 25, 2020 to July 15, 2023, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.93% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$8,352 thousand)	\$ 594,648
Equity component (less transaction costs allocated to the equity component of \$178 thousand)	(12,666)
Financial assets at fair value through profit or loss - call options	<u>1,487</u>
Liability component at the date of issue	583,469
Interest charged at an effective interest rate of 0.93%	1,936
Convertible bonds converted into ordinary shares	<u>(123,033)</u>
Liability component at December 31, 2020	462,372
Interest charged at an effective interest rate of 0.93%	3,985
Convertible bonds converted into ordinary shares	<u>(48,701)</u>
Liability component at December 31, 2021	417,656
Interest charged at an effective interest rate of 0.93%	<u>3,924</u>
Liability component at December 31, 2022	421,580
Interest charged at an effective interest rate of 0.93%	2,520
Principle is repaid at maturity at August 24, 2023	<u>(424,100)</u>
Liability component at September 30, 2023	<u>\$ -</u>

Financial assets at fair value through profit or loss - call options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$0 thousand and \$42 thousand for the nine months ended September 30, 2023 and 2022, respectively.

- b. On June 28, 2021, the Corporation issued 0% three-year unsecured domestic convertible bonds at 100.0% of face value of \$1,000,000 thousand for the third time, with maturity date of June 28, 2024, totaling \$1,000,000 thousand, and the trustee is Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$100.6. Conversion may occur at any time between September 29, 2021 and June 28, 2024.

According to restrictions for third-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from September 29, 2021 to May 19, 2024, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The record date that the holder is entitled to sell back the convertible bond in advance is June 28, 2023. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 40-day prior written notice. The Corporation will redeem the convertible bonds based on the face value and accrued interests. The redemption amount of the bonds which have been held for full two years is 101.0% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.57% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,406 thousand)	\$ 994,594
Equity component (less transaction costs allocated to the equity component of \$212 thousand)	(38,988)
Financial liabilities held for trading - call and put options	<u>(1,492)</u>
Liability component at the date of issue	954,114
Interest charged at an effective interest rate of 1.57%	<u>7,666</u>
Liability component at December 31, 2021	961,780
Interest charged at an effective interest rate of 1.57%	<u>15,177</u>
Liability component at December 31, 2022	976,957
Interest charged at an effective interest rate of 1.57%	7,696
Redeem bonds payable	<u>(983,453)</u>
 Liability component at September 30, 2023	 <u>\$ 1,200</u>

Financial assets at fair value through profit or loss - call and put options are measured at FVTPL. Gain (loss) on changes in fair value of financial assets at fair value through profit or loss - options were \$300 thousand and \$(14,500) thousand for the nine months ended September 30, 2022.

In June 2023, a bondholder exercised the right to sell back 9,988 units of convertible bonds with a sale price of \$998,800 thousand and interest compensation of \$9,988 thousand. The Corporation wrote off bonds payable and financial liabilities at FVTPL of \$983,453 thousand and \$25,605 thousand, respectively. The difference between the sale price and the carrying amount of \$270 thousand recognized as a gain on redemption on of convertible bonds (accounted for non-operating income and expenses - other income). The equity components were converted to capital surplus - convertible bonds - expired of \$38,942 thousand. As of September 30, 2023, there were \$1,200 convertible bonds whose face value had not been exercised.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

a. Notes payable

The Group issues notes payable for payment and business expenditure.

b. Accounts payable

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER PAYABLES AND LONG-TERM PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Payables for freight	\$ 87,492	\$ 100,919	\$ 104,858
Payables for salaries and bonuses	51,176	74,952	53,730
Payables for employee benefits	44,949	44,878	45,540
Payables for value added taxes	23,090	36,783	30,162
Payables for advertisements	19,859	35,879	15,071
Payables for royalties (Note 19)	12,247	24,302	23,105
Payables for insurance	11,621	10,309	11,773
Payables for labor costs	11,326	12,908	15,313
Payables for annual leave	5,135	6,771	5,203
Payables for commissions	4,017	6,580	5,949
Payables for purchase of equipment	3,346	2,813	1,651
Payables for employees' compensation	-	5,518	5,518
Others	<u>161,228</u>	<u>135,188</u>	<u>141,297</u>
	<u>\$ 435,486</u>	<u>\$ 497,800</u>	<u>\$ 459,170</u>
<u>Non-current</u>			
Payables for royalties (Note 19)	<u>\$ 82,686</u>	<u>\$ 83,093</u>	<u>\$ 94,920</u>

24. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Warranties	<u>\$ 14,797</u>	<u>\$ 13,927</u>	<u>\$ 21,394</u>
			Warranties
Balance at January 1, 2023			\$ 13,927
Amount used			(58,226)
Additional provisions recognized			58,473
Effect of foreign currency exchange differences			<u>623</u>
Balance at September 30, 2023			<u>\$ 14,797</u>
Balance at January 1, 2022			\$ 19,343
Amount used			(74,161)
Additional provisions recognized			74,646
Effect of foreign currency exchange differences			<u>1,566</u>
Balance at September 30, 2022			<u>\$ 21,394</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., President Plastic Products Mfg. Co., Ltd., Cikayda Inc. and IUVO Industry Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products Mfg. Co., Ltd. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the US, China, Japan, UK, and Germany and Thailand are members of a state-managed retirement benefit plan operated by the government of the US, China, Japan, UK, and Germany and Thailand respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Dyaco International Holding Limited and Fuel-Spirit International Inc. do not have pension plan.

b. Defined benefit plans

The Group calculated the pension obligations of the defined benefit plans for the nine months ended September 30, 2023 and 2022 by using the pension rate based on actuarial valuations as of December 31, 2021 and 2020, respectively. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Operating costs	\$ 26	\$ 27	\$ 79	\$ 79
Operating expenses	<u>66</u>	<u>65</u>	<u>196</u>	<u>196</u>
	<u>\$ 92</u>	<u>\$ 92</u>	<u>\$ 275</u>	<u>\$ 275</u>

26. EQUITY

a. Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>159,610</u>	<u>134,115</u>	<u>134,115</u>
Ordinary shares issued	<u>\$ 1,596,097</u>	<u>\$ 1,341,147</u>	<u>\$ 1,341,147</u>

A holder of issued ordinary shares with par value of \$10 is entitled to vote and to receive dividends.

On March 23, 2023, the Corporation's board of directors resolved to issue 25,000 thousand shares at \$10 per share. On April 27, 2023, the above-mentioned was approved by the FSC. The Corporation's board of directors resolved the base date as June 19, 2023.

The transaction costs for the issuance of new shares, totaling NT\$2,668 thousand, were deducted from the capital surplus as issuance premium.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	\$ 1,914,172	\$ 1,327,831	\$ 1,327,831
Conversion of bonds	613,057	613,057	613,057
Treasury share transaction	127,204	124,774	124,774
<u>May only be used to offset a deficit</u>			
Convertible bonds - expired (2)	47,941	-	-
Conversion of employee share options	19,610	1,460	1,460
Changes in percentage of ownership interests in subsidiaries (3)	2,619	-	-
Gain on disgorgement	140	140	140
<u>May not be used for any purpose</u>			
Conversion of bonds	-	47,941	47,941
Employee share options	2,995	4,678	4,678
Employee share options in subsidiaries	<u>27,433</u>	<u>23,038</u>	<u>18,694</u>
	<u>\$ 2,755,171</u>	<u>\$ 2,142,919</u>	<u>\$ 2,138,575</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the amount that when bondholders exercise the right of conversion, the transaction from "Capital surplus - convertible bond premium" to "Capital surplus - convertible bonds" - will have expired.
- 3) Such capital surplus arises from the effects of changes in percentage of ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

The balance adjustment in capital surplus for the nine months ended September 30 in 2023 and 2022 were as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Convertible Bonds - Expired	Conversion of Employee Share Options	Changes in Ownership Interests in Subsidiaries	Enforce Disorgement	Conversion of Bond - Options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2023	\$ 1,327,831	\$ 613,057	\$ 124,774	\$ -	\$ 1,460	\$ -	\$ 140	\$ 47,941	\$ 4,678	\$ 23,038
Exercise of employee share options	14,009	-	-	-	18,150	-	-	-	(19,833)	-
Compensation costs of employee share options (remark)	-	-	-	-	-	-	-	-	5,403	4,395
Treasury shares transferred to employees	-	-	2,430	-	-	-	-	-	(5,403)	-
Issuance of ordinary shares	572,332	-	-	-	-	-	-	-	18,150	-
Repurchase convertible bonds	-	-	-	47,941	-	-	-	(47,941)	-	-
Organization restructure	-	-	-	-	-	(702)	-	-	-	-
Acquisition of subsidiaries interest not subscribe according to shareholding ratio	-	-	-	-	-	3,321	-	-	-	-
Balance at September 30, 2023	<u>\$ 1,914,172</u>	<u>\$ 613,057</u>	<u>\$ 127,204</u>	<u>\$ 47,941</u>	<u>\$ 19,610</u>	<u>\$ 2,619</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 2,995</u>	<u>\$ 27,433</u>
Balance at January 1, 2022	\$ 1,325,152	\$ 613,057	\$ 117,644	\$ -	\$ 1,460	\$ -	\$ 140	\$ 47,941	\$ 4,869	\$ 5,662
Exercise of employee share options	2,679	-	-	-	-	-	-	-	(191)	-
Compensation costs of employee share options (remark)	-	-	-	-	-	-	-	-	19,068	13,032
Treasury shares transferred to employees	-	-	7,130	-	-	-	-	-	(19,068)	-
Balance at September 30, 2022	<u>\$ 1,327,831</u>	<u>\$ 613,057</u>	<u>\$ 124,774</u>	<u>\$ -</u>	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 47,941</u>	<u>\$ 4,678</u>	<u>\$ 18,694</u>

Remark: On January 3, 2023 and January 11, 2022, the Corporation's board of directors resolved to transfer treasury shares to employees. In accordance with the actuarial report, compensation costs recognized by the Corporation were \$5,403 thousand and \$19,068 thousand, respectively. For the nine months ended September 30, 2023 and 2022, the compensation costs of employees' shares recognized were \$22,545 thousand and \$13,032 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings from previous years shall be used by the Corporation's board of directors as the basis for proposing a distribution plan of new issued shares which should be resolved in the shareholders' meeting for the distribution. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 28-d.

The Corporation considered overall business environment, industrial growth, undistributed retained earnings, capital surplus, financial structure, and operating condition for the distribution of earnings in order to maintain stable development and secure equity of investors. The appropriations of earnings should be higher than ten percent of undistributed retained earnings. If the undistributed retained earnings are less than one percent of the paid-in capital, then the earnings shall be transferred to retained earnings and not distributed to shareholders. The Corporation is entitled to distribute bonuses in shares or in cash; cash bonus should not be less than ten percent of total bonuses. If cash bonus will be less than \$1 per share, then the Corporation shall distribute all bonuses in shares.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ -	\$ 44,149		
(Reversal of) special reserve	(111,910)	62,459		
Cash dividends	62,813	317,502	\$ 0.50	\$ 2.50

The above 2022 and 2021 appropriations for cash dividends were resolved by the Corporation's board of directors on March 23, 2023 and March 31, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings on May 26, 2023 and May 27, 2022, respectively.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

The exchange differences on translating the net assets of foreign operations from its functional currency to the Group's presentation currency (NTD) are recognized as exchange differences on translating the financial statements of foreign operations under other comprehensive income.

2) Unrealized (loss) gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ (7,267)	\$ (2,360)
Recognized for the period		
Unrealized gain (loss) on equity instruments	<u>-</u>	<u>-</u>
Balance at September 30	<u>\$ (7,267)</u>	<u>\$ (2,360)</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2023	9,452
Decrease during the period	<u>(489)</u>
Number of shares at September 30, 2023	<u>8,963</u>
Number of shares at January 1, 2022	8,013
Decrease during the period	(899)
Increase during the period	<u>2,338</u>
Number of shares at September 30, 2022	<u>9,452</u>

On May 11, 2023, the Corporation's board of directors resolved to redeem 3,000 thousand shares at \$40 to \$65 per share from May 12, 2022, to July 11, 2022. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation bought back 2,338 thousand shares at the cost of \$96,415 thousand.

On January 3, 2023 and January 11, 2022, the Corporation's board of directors resolved to transfer 489 thousand and 899 thousand shares of treasury shares to employees, respectively. For related information on employees exercised of the treasury share options, refer to Note 31.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 394,852	\$ 394,933
Adjustments relating to changes in capital surplus of granting share options to employees of subsidiaries	418	3,258
Decrease in non-controlling interests	(3,321)	-
Profit for the period attributable to non-controlling interests	(11,205)	(15,651)
Exchange differences on translation of the financial statements of foreign entities	(1,448)	3,962
Organization restructure	<u>702</u>	<u>-</u>
Balance at September 30	<u>\$ 379,998</u>	<u>\$ 386,502</u>

27. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Sporting goods	\$ 1,648,229	\$ 1,352,998	\$ 4,869,173	\$ 4,332,694
Furniture	15,588	22,210	531,941	668,157
Other revenue	<u>1,646</u>	<u>11,189</u>	<u>9,647</u>	<u>25,504</u>
	<u>\$ 1,665,463</u>	<u>\$ 1,386,397</u>	<u>\$ 5,410,761</u>	<u>\$ 5,026,355</u>

a. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Notes receivable (Note 10)	<u>\$ 2,112</u>	<u>\$ 940</u>	<u>\$ 872</u>	<u>\$ 1,490</u>
Accounts receivable (Note 10)	<u>\$ 879,355</u>	<u>\$ 1,095,392</u>	<u>\$ 1,162,631</u>	<u>\$ 1,647,028</u>
Contract liabilities	<u>\$ 188,363</u>	<u>\$ 177,567</u>	<u>\$ 30,021</u>	<u>\$ 21,470</u>

b. Disaggregation of revenue

Refer to Note 42 for information about the disaggregation of revenue.

28. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 40,288	\$ 36,153	\$ 116,898	\$ 111,459
Intangible assets	20,848	22,298	61,792	59,994
Right-of-use assets	6,596	6,595	20,470	20,385
Investment properties	<u>439</u>	<u>681</u>	<u>1,467</u>	<u>2,323</u>
	<u>\$ 68,171</u>	<u>\$ 65,727</u>	<u>\$ 200,627</u>	<u>\$ 194,161</u>
An analysis of depreciation by function				
Operating costs	\$ 23,387	\$ 22,708	\$ 68,524	\$ 70,707
Operating expenses	23,497	20,040	68,844	61,137
Non-operating income and expenses	<u>439</u>	<u>681</u>	<u>1,467</u>	<u>2,323</u>
	<u>\$ 47,323</u>	<u>\$ 43,429</u>	<u>\$ 138,835</u>	<u>\$ 134,167</u>
An analysis of amortization by				
Operating expenses	<u>\$ 20,848</u>	<u>\$ 22,298</u>	<u>\$ 61,792</u>	<u>\$ 59,994</u>

b. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Impairment loss recognized on prepayments for goods	\$ -	\$ (28,118)	\$ -	\$ (28,118)
(Loss) gain on disposal of property, plant and equipment	<u>(51)</u>	<u>(130)</u>	<u>(237)</u>	<u>31</u>
	<u>\$ (51)</u>	<u>\$ (28,248)</u>	<u>\$ (237)</u>	<u>\$ (28,087)</u>

c. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits (Note 25)				
Defined contribution plan	\$ 7,213	\$ 6,778	\$ 21,821	\$ 20,756
Defined benefit plans	<u>92</u>	<u>92</u>	<u>275</u>	<u>275</u>
	<u>7,305</u>	<u>6,870</u>	<u>22,096</u>	<u>21,031</u>
Employees' compensation	252,529	214,925	699,071	670,173
Labor and national health insurance expenses	18,689	17,384	54,484	53,194
Other employee benefits	<u>9,477</u>	<u>7,747</u>	<u>25,994</u>	<u>22,108</u>
	<u>280,695</u>	<u>240,056</u>	<u>779,549</u>	<u>745,475</u>
 Total employee benefits expense	 <u>\$ 288,000</u>	 <u>\$ 246,926</u>	 <u>\$ 801,645</u>	 <u>\$ 766,506</u>
 An analysis of employee benefits expense by function				
Operating costs	\$ 93,644	\$ 75,500	\$ 222,647	\$ 238,867
Operating expenses	<u>194,356</u>	<u>171,426</u>	<u>578,998</u>	<u>527,639</u>
	<u>\$ 288,000</u>	<u>\$ 246,926</u>	<u>\$ 801,645</u>	<u>\$ 766,506</u>

d. Compensation of employees and remuneration of directors

The Corporation accrued employees' compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the nine months ended September 30, 2023 and 2022, there were no estimation for compensation of employees and remuneration of directors due to net loss before tax. For the three months ended March 31, 2021, the compensation of employees and remuneration of directors of 2021 were as follows:

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2021 which had been approved by the Corporation's board of directors on March 31, 2022 was as follows:

	For the Year Ended December 31, 2021	
	Accrual Rate	Amount
Compensation of employees	1.00%	\$ 5,518
Remuneration of directors	0.36%	2,000

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Gains or losses on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 157,640	\$ 325,319	\$ 296,103	\$ 682,825
Foreign exchange losses	<u>(64,815)</u>	<u>(88,683)</u>	<u>(125,964)</u>	<u>(185,961)</u>
Net gains	<u>\$ 92,825</u>	<u>\$ 236,636</u>	<u>\$ 170,139</u>	<u>\$ 496,864</u>

f. Interest expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 21,417	\$ 17,199	\$ 63,923	\$ 47,215
Interest on convertible bonds	557	4,784	10,216	14,299
Interest on lease liabilities	<u>225</u>	<u>323</u>	<u>772</u>	<u>1,075</u>
	<u>\$ 22,199</u>	<u>\$ 22,306</u>	<u>\$ 74,911</u>	<u>\$ 62,589</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Capitalisation of interest amount	\$ 1,776	\$ 409	\$ 4,510	\$ 409
Capitalisation of interest rate	1.95%-2.20%	1.44%-1.86%	1.95%-2.20%	1.44%-1.86%

29. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 31,145	\$ 4,977	\$ 81,034	\$ 9,656
Adjustments for prior periods	<u>4,144</u>	<u>1,601</u>	<u>(1,736)</u>	<u>15,491</u>
	35,289	6,578	79,298	25,147
Deferred tax	<u>(59,436)</u>	<u>(5,500)</u>	<u>(139,502)</u>	<u>(23,844)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (24,147)</u>	<u>\$ 1,078</u>	<u>\$ (60,204)</u>	<u>\$ 1,303</u>

b. Income tax assessments

The income tax returns of the Corporation, the income tax returns of subsidiaries, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., Cikayda Inc., Iuvo Industry Co., Ltd. and President Plastic Products MFG Co., Ltd. through 2021 have been assessed by the tax authorities.

30. EARNINGS (LOSS) PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share are as follows:

Net loss for the period is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
(Loss) profit for the period attributable to owners of the Corporation	\$ <u>24,936</u>	\$ <u>76,690</u>	\$ <u>(124,722)</u>	\$ <u>(28,735)</u>
Earnings used in the computation of basic (loss) earnings per share	\$ 24,936	\$ 76,690	\$ <u>(124,722)</u>	\$ <u>(28,735)</u>
Effect of potentially dilutive ordinary shares				
Interest on convertible bonds (after tax) and valuation gain or loss on financial assets at FVTPL	<u>15</u>	<u>6,124</u>		
Earnings used in the computation of diluted earnings per share	\$ <u>24,936</u>	\$ <u>82,814</u>		

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	150,647	124,885	<u>134,864</u>	<u>126,057</u>
Effect of potentially dilutive ordinary shares				
Compensation of employees	-	124		
Convertible bonds	2,820	14,657		
Employee share options	<u>306</u>	<u>272</u>		
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>153,773</u>	<u>139,938</u>		

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. The Group had a net loss for the nine months ended September 30, 2023 and 2022, therefore the diluted earnings per share was not calculated due to the anti-dilution effect.

31. SHARE-BASED PAYMENT ARRANGEMENTS

- a. Issuance of ordinary shares in 2023 retained employee share options during 2023.

On March 23, 2023, the board of directors of the parent company resolved a cash capital increase to issue 25,000 thousand ordinary shares. According to Article 267 of the Company Act, when a company issues new shares, a portion of such shares shall be reserved for subscription by employees of the company. The grant date was June 5, 2023.

Options retained by cash capital increase were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	June 2023
Grant-date share price	\$40.25
Exercise price	\$33.00
Expected volatility	30.81%
Expected life (in years)	0.02 years
Expected dividend yield	-
Risk-free interest rate	1.03%

Expected volatility was based on the annualized standard deviation of daily returns of the Corporation's historical share price over the expected life of the employee share options.

The Group recognized that the compensation cost for 2023 was \$18,150 thousand.

- b. Employee share options

Qualified employees of the Corporation and its subsidiaries were granted 4,000 options in December 2017. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation. The options granted are valid for 6 years and exercisable at the following schedule after the second anniversary from the grant date.

- 1) The options are exercisable at fifty percent after the second anniversary from the grant date.
- 2) The options are exercisable at seventy five percent after the third anniversary from the grant date.
- 3) The options are fully exercisable after the fourth anniversary from the grant date.

The options were granted at an exercise price equal to the closing price of the Corporation's ordinary shares at the grant date. For any subsequent changes in the Corporation's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options is as follows:

	For the Nine Months Ended September 30			
	2023		2022	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	2,691	\$ 34.90	2,784	\$ 36.90
Options exercised	<u>(495)</u>	34.90	<u>(93)</u>	36.90
Balance at September 30	<u>2,196</u>		<u>2,691</u>	
Options exercisable, end of period	<u>2,196</u>		<u>2,691</u>	

As of the balance sheet date, outstanding options were as follows:

	September 30	
	2023	2022
Range of exercise price (\$)	\$ 34.90	\$ 36.90
Weighted-average remaining contractual life (in years)	0.25 years	1.25 years

Options granted in December 2017 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	December 2017
Grant-date share price	\$42.95
Exercise price	\$42.95
Expected volatility	28.17%
Expected life (in years)	4-5 years
Expected dividend yield	-
Risk-free interest rate	0.63%-0.71%

Expected volatility was based on the annualized standard deviation of daily returns of the Corporation's historical share price over the expected life of the employee share options.

As of September 30, 2023, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$1,683 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$12,326 thousand was recognized on the conversion date.

As of September 30, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$191 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$2,679 thousand was recognized on the conversion date.

c. Treasury shares transferred to employees

1) The fourth treasury shares transferred to employees

Qualified employees of the Group were granted 899 thousand treasury share options on January 11, 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

	For the Nine Months Ended September 30, 2022	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options		
Options granted	899	\$ 29.89
Options operated	<u>(899)</u>	29.89
Balance at September 30	<u>=====</u>	-
Options exercisable, end of period	<u>=====</u>	-

The base date of employee share options was January 14, 2022. Employees exercised the treasury share options from January 12 to January 14, 2022.

Options granted in January 2022 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	January 2022
Grant-date share price	\$51.10
Exercise price	\$29.89
Expected volatility	41.00%
Expected life (in days)	4 days
Risk-free interest rate	0.10%
Weighted-average fair value of options granted	\$21.21

Expected volatility was based on the Corporation's historical share price volatility for the past six months.

As of September 30, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$19,068 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$11,938 thousand was recognized on the conversion date.

2) The fifth treasury shares transferred to employees

Qualified employees of the Group were granted 489 thousand treasury share options on January 3, 2023. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

	For the Nine Months Ended September 30, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options		
Balance at January 1	489	\$ 30.00
Options exercised	<u>(489)</u>	30.00
Balance at September 30	<u>=====</u>	-
Options exercisable, end of period	<u>=====</u>	-

The base date of employee share options was February 8, 2023. Employees exercised the treasury share options from February 6, 2023 to February 8, 2023.

Options granted in January 2023 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	January 2023
Grant-date share price	\$41.05
Exercise price	\$30.00
Expected volatility	3%
Expected life (in days)	37 days
Risk-free interest rate	1.65%
Weighted-average fair value of options granted	\$11.05

Expected volatility was based on the Corporation's historical share price volatility for the past six months.

As of September 30, 2023, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$5,403 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$2,973 thousand was recognized on the conversion date.

d. Granting treasury share options to employees of subsidiaries

In the board meeting on March 9, 2022, the Corporation approved the granting of 2,000 thousand options to employees of indirectly held subsidiaries; the duration is set to retroactively expire after 4 years from the issuance date of November 30, 2021 when the employees begin their employments. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation. The options granted are valid for 1 years and exercisable at the following schedule after the second anniversary from the grant date.

- 1) The options are exercisable at fifty percent after the first anniversary from the grant date.
- 2) The options are exercisable at seventy five percent after the second anniversary from the grant date.
- 3) The options are fully exercisable after the third anniversary from the grant date.

Note: According to the above schedule, seventy five percent of every subscription should be lock-up for six months, rest of them are no restriction.

According to the regulations on the transfer of treasury shares of the Corporation, if there is an increase in the issued ordinary shares before the transfer, the execution price may be adjusted according to the ratio of the increase in the issued shares.

Above options are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Lock-up for Six Months	No Lock-up
Grant-date share price	\$40.11	\$44.00
Exercise price	\$30.05	\$30.05
Expected volatility	39.53%-46.21%	39.53%-46.21%
Expected life (in years)	2.23-3.23 years	2.23-3.23 years
Expected dividend yield	-	-
Risk-free interest rate	0.44%-0.51%	0.44%-0.51%

Expected volatility is based on the Corporation's rate of return on historical daily share price during the expected duration of the treasury share option, and then annualized standard deviation is calculated.

Compensation cost recognized by the subsidiaries was \$4,395 thousand and \$13,032 thousand for the nine months ended September 30, 2023 and 2022, respectively.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Iuvo Industry Co., Ltd.	Electric-assisted bicycle manufacturer	October 3, 2022	83	<u>\$ 55,000</u>

In order to expand the sales market of electric-assisted bicycles, the Group acquired 83% equity of IUVO Industry Co., Ltd.

b. Assets acquired and liabilities assumed at the date of acquisition

Acquired IUVO Industry Co., Ltd.

	Iuvo Industry Co., Ltd.
Current assets	
Cash	\$ 5,049
Notes receivables	279
Accounts receivable	4,491
Other receivables	194
Inventories	104,697
Prepayments	31,251
Non-current assets	
Property, plant and equipment	493,756
Right-of-use assets	3,903
Customer relationship	6,592
Deferred tax asset	22
Refundable deposits	6,993
Other non-current assets	10,454
Current liabilities	
Short-term borrowings	(15,000)
Contract liabilities	(134,634)
Notes payable	(46,440)
Accounts payable	(31,085)
Other payables	(49,091)
Lease liabilities	(1,605)
Current portion of long-term borrowings	(31,985)
Non-current liabilities	
Long-term borrowings	(317,741)
Deferred tax liabilities	(1,319)
Lease liabilities	<u>(2,312)</u>
	<u>\$ 36,469</u>

c. Non-controlling interests

The non-controlling interests of IUVO Industry Co., Ltd. at the acquisition date were recognized according to the fair value of identifiable net assets.

d. Goodwill recognized on acquisitions

Acquired IUVO Industry Co., Ltd.

	Iuvo Industry Co., Ltd.
Consideration transferred	\$ 55,000
Add: Non-controlling interests (17% in Iuvo Industry Co., Ltd.)	6,200
Less: Fair value of identifiable net assets acquired	<u>(36,469)</u>
Goodwill recognized on acquisitions	<u>\$ 24,731</u>

The goodwill recognized in the acquisition of IUVO Industry Co., Ltd. mainly included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Impact of acquisitions on the results of the Group

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$5,139,906 thousand, and the loss would have been \$157,295 thousand for the nine months ended and September 30, 2022. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future results.

33. PARTIAL CASH TRANSACTIONS

For the nine months ended September 30, 2023 and 2022, the Corporation entered into the following partial cash investing and financing activities:

a. From cash investing activities

	For the Nine Months Ended September 30	
	2023	2022
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 194,653	\$ 161,660
Changes in prepayments for purchases of equipment	(7,051)	(4,551)
Changes in payables for purchase of equipment and construction	<u>(533)</u>	<u>2,222</u>
Cash paid	<u>\$ 187,069</u>	<u>\$ 159,331</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 31,627	\$ 10,532
Changes in payables for royalties	12,462	10,314
Changes in other payables	(22,421)	-
Changes in prepayments for purchases of equipment	<u>252</u>	<u>-</u>
Cash paid	<u>\$ 21,920</u>	<u>\$ 20,846</u>
Subsidiaries acquired		
Changes in payables for investments	<u>\$ -</u>	<u>\$ 57,107</u>
Cash paid	<u>\$ -</u>	<u>\$ 57,107</u>

b. Changes in liabilities arising from financing activities

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2023	\$ 2,390,915	\$ 1,398,537	\$ 1,702,749	\$ 3,140	\$ 40,230
Cash flows	(502,078)	(1,407,553)	603,639	(1,452)	(16,949)
Non-cash changes					
Reclassification	30,000	-	(30,000)	-	-
New leases	-	-	-	-	5,173
Interests	-	10,216	-	-	-
Exchange rate impact	<u>(220)</u>	<u>-</u>	<u>8,208</u>	<u>45</u>	<u>1,388</u>
Balance at September 30, 2023	<u>\$ 1,918,617</u>	<u>\$ 1,200</u>	<u>\$ 2,284,596</u>	<u>\$ 1,733</u>	<u>\$ 29,842</u>
Balance at January 1, 2022	\$ 2,866,075	\$ 1,379,436	\$ 790,427	\$ 2,732	\$ 52,479
Cash flows	(729,844)	-	278,836	(102)	(14,699)
Non-cash changes					
New leases	-	-	-	-	1,738
Interests	-	14,299	-	-	-
Exchange rate impact	<u>43,955</u>	<u>-</u>	<u>2,718</u>	<u>282</u>	<u>979</u>
Balance at September 30, 2022	<u>\$ 2,180,186</u>	<u>\$ 1,393,735</u>	<u>\$ 1,071,981</u>	<u>\$ 2,912</u>	<u>\$ 40,497</u>

34. CAPITAL MANAGEMENT

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

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Group believes the carrying amounts of the financial assets and financial liabilities not carried at fair value except for bonds payable are approximately equal to their fair values.

September 30, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Financial bonds	<u>\$ 38,724</u>	<u>\$ -</u>	<u>\$ 35,489</u>	<u>\$ -</u>	<u>\$ 38,489</u>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 1,200</u>

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Financial bonds	\$ 30,710	\$ -	\$ 27,539	\$ -	\$ 27,539
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,398,537	\$ -	\$ 1,388,326	\$ -	\$ 1,388,326

September 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,393,735	\$ -	\$ 1,379,723	\$ -	\$ 1,379,723

The fair values of the financial liabilities included in the Level 2 categories above have been determined in accordance with a binomial-tree model for convertible bond pricing.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Limited partnership	\$ -	\$ -	\$ 16,848	\$ 16,848
Hybrid financial assets convertible bonds				
Convertible bonds options	\$ -	\$ -	\$ 154,542	\$ 154,542
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 9,915	\$ 9,915
Foreign unlisted shares	-	-	44,029	44,029
Domestic listed private placement shares	-	-	11,759	11,759
	\$ -	\$ -	\$ 65,703	\$ 65,703

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u> (Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 3,171	\$ -	\$ 3,171
Limited partnership	<u>-</u>	<u>-</u>	<u>568</u>	<u>568</u>
	<u>\$ -</u>	<u>\$ 3,171</u>	<u>\$ 568</u>	<u>\$ 3,739</u>
Hybrid financial assets convertible bonds				
Convertible bonds option	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,071</u>	<u>\$ 147,071</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 9,915	\$ 9,915
Foreign unlisted shares	-	-	44,023	44,023
Domestic listed private placement shares	<u>-</u>	<u>-</u>	<u>11,759</u>	<u>11,759</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,697</u>	<u>\$ 65,697</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	<u>\$ -</u>	<u>\$ 25,305</u>	<u>\$ -</u>	<u>\$ 25,305</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	<u>\$ -</u>	<u>\$ 34,733</u>	<u>\$ -</u>	<u>\$ 34,733</u>
Hybrid financial assets convertible bonds				
Convertible bonds options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,514</u>	<u>\$ 159,514</u> (Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 13,290	\$ 13,290
Foreign unlisted shares	-	-	45,615	45,615
Domestic listed private placement shares	<u>-</u>	<u>-</u>	<u>11,760</u>	<u>11,760</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,665</u>	<u>\$ 70,665</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	<u>\$ -</u>	<u>\$ 27,905</u>	<u>\$ -</u>	<u>\$ 27,905</u> (Concluded)

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2023	\$ 147,639	\$ 65,697
Purchases	17,400	-
Recognized in profit or loss	6,351	-
Effects of foreign currency exchange differences	<u>-</u>	<u>6</u>
Balance at September 30, 2023	<u>\$ 171,390</u>	<u>\$ 65,703</u>

For the nine months ended September 30, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2022	\$ 139,035	\$ 58,785
Purchases	-	11,760
Recognized in profit or loss	20,479	-
Effects of foreign currency exchange differences	<u>-</u>	<u>120</u>
Balance at September 30, 2022	<u>\$ 159,514</u>	<u>\$ 70,665</u>

3) Valuation techniques and assumptions applied for fair value measurement

Financial Instrument	Valuation Technique and Inputs
Listed private placement shares and unlisted shares	The fair values of non-publicly traded equity investments are mainly determined by using the income approach and asset approach. The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. The asset approach measures the total value of individual assets and individual liabilities included in the valuation objectives.
Convertible promissory notes	The probability-weighted average expected return method is used for value analysis, considering the terms of the purchase agreement and the management's expected probability and rights to future possible scenarios, to calculate the present value of the expected return for each scenario and the analysis results by weighting of scenario against associated probability.
Derivative financial instruments - foreign exchange forward contracts	Swap contracts and foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Derivative financial instruments - call and put options	Binomial-tree model for convertible bond pricing: The fair values are determined using ending observable share price, risk-free interest rate and risk discount rate.
Limited partnership	The limited partnership uses the asset method to calculate the fair value of the investment targets. The asset method is used to evaluate the total value of the individual assets and liabilities covered by the investment.

The use of estimates and hypotheses of the Group's valuation method adopted is consistent with the market participants, when pricing such financial instruments.

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 171,390	\$ 150,810	\$ 194,247
Financial assets at amortized cost (Note 1)	1,854,863	2,574,727	2,142,876
Financial assets at FVTOCI - equity instruments	65,703	65,697	70,665
<u>Financial liabilities</u>			
FVTPL			
Held for trading	-	25,305	27,905
Amortized cost (Note 2)	5,703,207	6,958,910	5,849,993

Note 1: The balances included financial assets measured at amortized cost, which comprised cash, and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, partial other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, notes payable, accounts payable, bonds payable (including current portion), long-term borrowings (including current portion), long-term payables, partial other payables, other payables from related parties and guarantee deposits received.

d. Financial risk management objectives and policies

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

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 40.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars, Renminbi, Euros, British pound and Canadian dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency strengthening (weakening) 5% against the relevant currency.

	USD Impact		RMB Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2023	2023	2023
Profit or loss	\$ (174,214)	\$ (159,952)	\$ 30,812	\$ 16,772

	EUR Impact		GBP Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2023	2023	2023
Profit or loss	\$ (11,729)	\$ (10,536)	\$ (7,956)	\$ (13,425)

	CAD Impact	
	For the Nine Months Ended	
	September 30	
	2023	2023
Profit or loss	\$ (341)	\$ -

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 92,977	\$ 359,509	\$ 157,829
Financial liabilities	2,071,782	4,043,842	2,809,007
Cash flow interest rate risk			
Financial assets	669,724	795,365	596,122
Financial liabilities	2,257,406	1,595,984	1,995,417

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would increase/decrease by \$2,977 thousand and increase/decrease by \$2,624 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopts a policy of doing business with a counterparty with good reputation.

The credit risk of the Group arises mainly from the top five customers. The accounts receivable from the above customers accounted for 53.52%, 49.32% and 59.61% of total accounts receivable as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had available unutilized short-term bank loan facilities of \$2,114,659 thousand, \$2,365,882 thousand and \$3,708,088 thousand, respectively.

The following table details the Group's contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

September 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 491,958	\$ 803,537	\$ 108,366	\$ -	\$ -
Variable interest rate liabilities	53,967	63,821	308,958	1,306,707	637,062
Fixed interest rate liabilities	351,153	1,097,070	369,558	97,265	143,645
Lease liabilities	<u>1,638</u>	<u>4,055</u>	<u>8,904</u>	<u>16,431</u>	<u>-</u>
	<u>\$ 898,716</u>	<u>\$ 1,968,483</u>	<u>\$ 795,786</u>	<u>\$ 1,420,403</u>	<u>\$ 780,707</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 471,582	\$ 801,934	\$ 85,798	\$ -	\$ -
Variable interest rate liabilities	30,172	26,240	209,360	783,552	546,660
Fixed interest rate liabilities	196,070	606,173	2,964,726	236,643	-
Lease liabilities	<u>1,271</u>	<u>2,943</u>	<u>11,637</u>	<u>24,721</u>	<u>-</u>
	<u>\$ 699,095</u>	<u>\$ 1,437,290</u>	<u>\$ 3,271,521</u>	<u>\$ 1,044,916</u>	<u>\$ 546,660</u>

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 345,297	\$ 649,116	\$ 45,340	\$ 38	\$ -
Variable interest rate liabilities	13,219	476,482	684,849	318,563	534,071
Fixed interest rate liabilities	969	30,536	2,644,861	97,694	-
Lease liabilities	<u>1,480</u>	<u>3,362</u>	<u>14,064</u>	<u>28,723</u>	<u>-</u>
	<u>\$ 360,965</u>	<u>\$ 1,159,496</u>	<u>\$ 3,389,114</u>	<u>\$ 445,018</u>	<u>\$ 534,071</u>

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	<u>\$ -</u>	<u>\$ 12,412</u>	<u>\$ 1,746</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand			
Amount used	\$ 681,925	\$ 1,182,395	\$ 1,109,596
Amount unused	<u>1,099,050</u>	<u>1,307,750</u>	<u>1,955,701</u>
	<u>\$ 1,780,975</u>	<u>\$ 2,490,145</u>	<u>\$ 3,065,297</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
Secured bank overdraft facilities			
Amount used	\$ 3,521,288	\$ 2,911,269	\$ 2,141,571
Amount unused	<u>1,015,609</u>	<u>1,058,132</u>	<u>1,752,387</u>
	<u>\$ 4,536,897</u>	<u>\$ 3,969,401</u>	<u>\$ 3,893,958</u> (Concluded)

36. RELATED PARTY TRANSACTIONS

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

a. Related parties and relationships

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Associates	
Morsel Inc.	Associate invested using the equity method
Other related parties	
Houli Construction Co., Ltd.	Director of the Company (is no longer the director of the Corporation since May 2023)
William MacFarland	Management of Fitness Equipment Services, LLC.
LIOU, YI-CHENG	Shareholder of CITY SPORTS (THAILAND) CO., LTD.

b. Other receivables

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties			
William MacFarlane	\$ _____	\$ 24,909	\$ _____

Refer to Note 10 for the repayment compensation receivables of the unrecovered amount.

c. Other payables - current

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Associates	\$ 12,908	\$ _____	\$ _____

The outstanding amount of \$23,234 thousand was presented primarily for the acquisition of other intangible assets from Morsel Inc. by the parent company, representing the current and non-current accounts.

d. Other payables - non-current

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 10,326</u>	<u>\$ -</u>	<u>\$ -</u>

e. Purchase of property, plant and equipment

Related Party Category/Name	Acquisition of Property, Plant and Equipment	
	For the Nine Months Ended September 30	
	2023	2022
Other related parties		
Houli Construction Co., Ltd.	<u>\$ 50,550</u>	<u>\$ 32,095</u>

The Group signed a construction project contract with a related party and entrusted it to build a factory. The construction cost was paid on schedule according to the contract. The terms of the transaction are negotiated by both the parties.

f. Purchase of intangible assets

Related Party Category/Name	Acquisition of Property, Plant and Equipment	
	For the Nine Months Ended September 30	
	2023	2022
Associates	<u>\$ 20,139</u>	<u>\$ -</u>

The parent company primarily acquires other intangible assets from Morsel Inc.

g. Loans from related parties

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties	<u>\$ 4,411</u>	<u>\$ -</u>	<u>\$ 2,536</u>

The Group obtained loans from related parties. The loans from the ultimate parent, Dyaco International Inc., are unsecured.

h. Compensation of key management personnel

The details of the compensation of key management personnel for the nine months ended September 30, 2023 and 2022 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 29,091	\$ 29,805	\$ 84,605	\$ 84,932
Post-employment benefits	<u>283</u>	<u>243</u>	<u>848</u>	<u>716</u>
	<u>\$ 29,374</u>	<u>\$ 30,048</u>	<u>\$ 85,453</u>	<u>\$ 85,648</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	\$ 2,012,516	\$ 2,276,801	\$ 1,966,056
Right-of-use assets	267,172	273,046	279,170
Pledged deposits - current	24,378	240,578	157,829
Investment properties	18,909	19,569	19,788
Inventories	<u>-</u>	<u>118,039</u>	<u>-</u>
	<u>\$ 2,322,975</u>	<u>\$ 2,928,033</u>	<u>\$ 2,422,843</u>

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to other notes, the Group has the following significant commitments on its balance sheet.

The unrecognized contractual commitments of the Group are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment			
Property under construction	<u>\$ 84,638</u>	<u>\$ 193,525</u>	<u>\$ 357,126</u>

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 104,636	32.27 (USD:NTD)	\$ 3,376,627
USD	6,498	7.3092 (USD:RMB)	209,717
USD	388	1.3502 (USD:CAD)	12,532
USD	23	149.2599 (USD:JPY)	732
RMB	7,663	4.415 (RMB:NTD)	33,834
RMB	886	0.1368 (RMB:USD)	3,914
EUR	6,791	33.91 (EUR:NTD)	230,277
EUR	127	1.0508 (EUR:USD)	4,296
GBP	3,922	39.23 (GBP:NTD)	153,865
GBP	128	1.1569 (GBP:EUR)	5,011
GBP	77	1.2157 (GBP:USD)	3,022
CAD	286	23.9 (CAD:NTD)	6,828
Non-monetary items			
HKD	265,224	4.123 (HKD:NTD)	1,093,519
USD	6,383	7.8268 (USD:HKD)	205,989
USD	19,381	32.27 (USD:NTD)	625,415
RMB	193,876	1.0708 (RMB:HKD)	855,960
CAD	10,381	23.9 (CAD:NTD)	248,099
EUR	5,489	33.91 (EUR:NTD)	186,128
GBP	3,120	39.23 (GBP:NTD)	122,411
<u>Financial liabilities</u>			
Monetary items			
USD	2,144	32.27 (USD:NTD)	69,175
USD	412	1.3502 (USD:CAD)	13,299
USD	971	149.2599 (USD:JPY)	31,339
USD	47	7.3092 (USD:RMB)	1,524
RMB	141,422	4.415 (RMB:NTD)	624,379
RMB	6,707	0.1368 (RMB:USD)	29,612
GBP	71	1.1569 (GBP:EUR)	2,781
Non-monetary items			
JPY	33,550	0.2162 (JPY:NTD)	7,253
THB	682	0.8822 (THB:NTD)	601

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 96,470	30.71 (USD:NTD)	\$ 2,962,612
USD	11,938	6.9669 (USD:RMB)	366,596
USD	274	1.3547 (USD:CAD)	8,424
RMB	16,182	4.408 (RMB:NTD)	71,330
RMB	219	0.1435 (RMB:USD)	964
EUR	3,228	32.72 (EUR:NTD)	105,617
EUR	38	1.0655 (EUR:USD)	1,259
EUR	8	0.8822 (EUR:GBP)	252
GBP	4,338	37.09 (GBP:NTD)	160,913
GBP	74	1.1336 (GBP:EUR)	2,737
CAD	633	22.67 (CAD:NTD)	14,355
Non-monetary items			
USD	33,167	30.71 (USD:NTD)	1,018,573
USD	6,039	7.7984 (USD:HKD)	185,453
HKD	267,322	3.938 (HKD:NTD)	1,052,713
RMB	193,404	1.1193 (RMB:HKD)	852,524
GBP	2,803	37.09 (GBP:NTD)	103,962
THD	3,553	0.8347 (THD:NTD)	2,966
JPY	6,517	0.2324 (JPY:NTD)	1,514
EUR	5,179	32.72 (EUR:NTD)	169,444
CAD	11,577	22.67 (CAD:NTD)	262,457
<u>Financial liabilities</u>			
Monetary items			
USD	1,915	30.71 (USD:NTD)	58,808
USD	376	1.3547 (USD:CAD)	11,547
USD	828	132.1429 (USD:JPY)	25,434
USD	402	6.9669 (USD:RMB)	12,357
RMB	91,370	4.408 (RMB:NTD)	402,759
RMB	6,328	0.1435 (RMB:USD)	27,895

September 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 93,011	31.75 (USD:NTD)	\$ 2,953,089
USD	11,665	7.0981 (USD:RMB)	370,363
USD	145	1.3662 (USD:CAD)	4,619
RMB	17,577	4.473 (RMB:NTD)	78,621
RMB	346	0.1409 (RMB:USD)	1,547
EUR	6,639	31.26 (EUR:NTD)	207,542
EUR	88	0.9846 (EUR:USD)	2,751
EUR	14	0.8798 (EUR:GBP)	426
GBP	7,539	35.53 (GBP:NTD)	267,873
GBP	71	1.1366 (GBP:EUR)	2,507
GBP	20	1.1191 (GBP:USD)	705
Non-monetary items			
HKD	212,914	4.044 (HKD:NTD)	861,025
USD	5,936	7.8511 (USD:HKD)	188,477
USD	9,051	31.75 (USD:NTD)	287,380
RMB	189,289	1.1061 (RMB:HKD)	846,692
CAD	353	23.24 (CAD:NTD)	8,205
EUR	5,705	31.26 (EUR:NTD)	178,338
GBP	3,540	35.53 (GBP:NTD)	125,784
THD	10,440	0.8452 (THD:NTD)	8,824
<u>Financial liabilities</u>			
Monetary items			
USD	842	31.75 (USD:NTD)	26,738
USD	245	1.3662 (USD:CAD)	7,765
USD	1,263	144.2526 (USD:JPY)	40,091
USD	1,715	7.0981 (USD:RMB)	54,445
RMB	86,738	4.473 (RMB:NTD)	387,980
RMB	6,177	0.1409 (RMB:USD)	27,631
GBP	73	1.1366 (GBP:EUR)	2,585
Non-monetary items			
JPY	3,645	0.2201 (JPY:NTD)	802

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, (realized and unrealized) net foreign exchange gains were \$92,825 thousand, \$236,636 thousand, \$170,139 thousand and \$496,864 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
 - 9) Trading in derivative instruments: Notes 7 and 35
- b. Information on investees (excluding investees in mainland China): Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Intercompany relationships and significant intercompany transactions: Table 9
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10

42. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments were Asia, Americas and Europe, which mainly manufacture and sell treadmills, elliptical machines, and outdoor furniture.

a. Segment revenues and results

	Asia	Americas	Europe	Eliminations	Total
For the nine months ended <u>September 30, 2023</u>					
Revenues from external customers	\$ 664,989	\$ 4,040,323	\$ 705,449	\$ -	\$ 5,410,761
Intersegment revenues	<u>3,478,030</u>	<u>18,685</u>	<u>48,594</u>	<u>(3,545,309)</u>	<u>-</u>
Consolidated revenues	<u>\$ 4,143,019</u>	<u>\$ 4,059,008</u>	<u>\$ 754,043</u>	<u>\$ (3,545,309)</u>	<u>\$ 5,410,761</u>
Segment income (loss)	<u>\$ 213,692</u>	<u>\$ (286,958)</u>	<u>\$ (168,405)</u>	<u>\$ 45,540</u>	<u>\$ (196,131)</u>
For the nine months ended <u>September 30, 2022</u>					
Revenues from external customers	\$ 1,232,830	\$ 3,206,827	\$ 586,698	\$ -	\$ 5,026,355
Intersegment revenues	<u>2,106,071</u>	<u>21,077</u>	<u>23,214</u>	<u>(2,150,362)</u>	<u>-</u>
Consolidated revenues	<u>\$ 3,338,901</u>	<u>\$ 3,227,904</u>	<u>\$ 609,912</u>	<u>\$ (2,150,362)</u>	<u>\$ 5,026,355</u>
Segment income (loss)	<u>\$ 538,717</u>	<u>\$ (398,432)</u>	<u>\$ (123,075)</u>	<u>\$ (60,293)</u>	<u>\$ (43,083)</u>

b. Segment assets and liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Segment assets</u>			
Asia	\$ 6,823,488	\$ 7,263,516	\$ 6,352,604
Americas	4,012,841	3,814,410	3,878,276
Europe	<u>677,873</u>	<u>886,673</u>	<u>632,783</u>
Total segment assets	<u>\$ 11,514,202</u>	<u>\$ 11,964,599</u>	<u>\$ 10,863,663</u>
<u>Segment liabilities</u>			
Asia	\$ 2,845,136	\$ 4,337,828	\$ 2,624,239
Americas	3,482,566	2,937,361	3,735,331
Europe	<u>344,108</u>	<u>625,450</u>	<u>342,506</u>
Total segment liabilities	<u>\$ 6,671,810</u>	<u>\$ 7,900,639</u>	<u>\$ 6,702,076</u>

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 6)	Ending Balance (Note 6)	Actual Borrowing Amount (Note 7)	Interest Rate	Nature of Financing	Business Transaction Amount (Note 4)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits	Note	
													Item	Value				
0	Dyaco International Inc.	Dyaco Japan Co., Ltd.	Other receivables from related parties	Yes	\$ 6,734 (JPY 31,147 thousand)	\$ -	\$ -	-	Business transaction	\$ 10,744	-	\$ -	-	\$ -	\$ 10,744 (Note 2)	\$ 1,784,958 (Note 5)		
		Dyaco Europe GmbH	Other receivables from related parties	Yes	3,458 (EUR 102 thousand)	-	-	-	Business transaction	5,528	-	-	-	-	5,528 (Note 2)	1,784,958 (Note 5)		
		Dyaco UK Ltd.	Other receivables from related parties	Yes	46,988 (GBP 1,198 thousand)	46,988 (GBP 1,198 thousand)	46,988 (GBP 1,198 thousand)	-	Business transaction	80,677	-	-	-	-	80,677 (Note 2)	1,784,958 (Note 5)		
		Spirit Manufacturing Inc.	Other receivables from related parties	Yes	266,564 (US\$ 8,260 thousand)	173,336 (US\$ 5,371 thousand)	173,336 (US\$ 5,371 thousand)	-	Business transaction	672,194	-	-	-	-	672,194 (Note 2)	1,784,958 (Note 5)		
		Fitness Equipment Service LLC.	Other receivables from related parties	Yes	489,054 (US\$ 15,155 thousand)	260,474 (US\$ 8,072 thousand)	260,474 (US\$ 8,072 thousand)	-	Business transaction	1,920,666	-	-	-	-	1,784,958 (Note 2)	1,784,958 (Note 5)		
		Spirit Direct, LLC.	Other receivables from related parties	Yes	15,381 (US\$ 477 thousand)	11,665 (US\$ 361 thousand)	11,665 (US\$ 361 thousand)	-	Business transaction	38,431	-	-	-	-	38,431 (Note 2)	1,784,958 (Note 5)		
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	49,843 (EUR 1,470 thousand)	-	-	-	Business transaction	1,486	-	-	-	-	49,843 (Note 2)	1,784,958 (Note 5)		
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	33,910 (EUR 1,000 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	-	1,784,958 (Note 1)	1,784,958 (Note 5)	
		CITY SPORTS (THAILAND) CO., LTD	Other receivables from related parties	Yes	52,932 (THB 60,000 thousand)	52,932 (THB 60,000 thousand)	32,941 (THB 37,340 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	892,479 (Note 1)	1,784,958 (Note 5)	
		Wing Long Co., Ltd.	Other receivables from related parties	Yes	5,000	5,000	4,000	-	Short-term financing	-	Operating turnover	-	-	-	-	1,784,958 (Note 1)	1,784,958 (Note 5)	
	Sweatband. Com Ltd.	Other receivables from related parties	Yes	62,768 (GBP 1,600 thousand)	23,538 (GBP 600 thousand)	11,769 (GBP 300 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	1,784,958 (Note 1)	1,784,958 (Note 5)		
1	Cikayda Inc.	Iuvo Industry Co., Ltd.	Other receivables from related parties	Yes	7,000	7,000	6,500	-	Short-term financing	-	Operating turnover	-	-	-	6,759 (Note 3)	6,759 (Note 3)		

Note 1: The maximum financing of a parent to a subsidiary in which the parent entity directly and indirectly holds over 90% voting shares is limited to 40% of the net value of the parent entity; the maximum financing to other individual corporations is limited to 20% of the net value of the parent entity.

Note 2: The amount of financing provided to companies with which the parent entity has business transactions is limited to the transaction amount.

Note 3: The maximum financing of a parent to a subsidiary in which the lending company directly and indirectly holds over 100% voting shares is limited to 100% of the net value of the lending company; the maximum financing to other individual corporations is limited to 40% of the net value of the lending company.

Note 4: The business transaction amount refers to the recent year's transaction amount between the lending company and the lender.

Note 5: The maximum financing allowed is limited to 40% of the net value of the parent entity.

Note 6: The maximum balance for the period and ending balances were approved by the board of directors.

Note 7: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)	Note
		Name	Relationship											
0	Dyaco International Inc.	Shelton Corporation (Jiaxing), Ltd.	Indirectly held subsidiary	\$ 446,239	\$ 120,570 (US\$ 1,000 thousand and RMB 20,000 thousand)	\$ -	\$ -	\$ -	-	\$ 446,239	Y	-	Y	
		Wing Long Co., Ltd.	Directly held subsidiary	2,231,197	5,000	5,000	-	-	0.11	2,231,197	Y	-	-	
1	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	Ultimate parent	2,231,197	300,000	300,000	300,000	300,000	6.72	2,231,197	-	Y	-	

Note 1: The maximum amount of endorsement provided to a subsidiary in which the guarantor directly and indirectly holds over 90% voting shares is limited to 50% of the net value of the guarantor the maximum amount of endorsement provided to other individual corporations is limited to 10% of the net value of the guarantor and the total amount provided is limited to 50% of net value of the guarantor.

Note 2: The maximum balance for the period and ending balances were approved by the board of directors.

Note 3: "Y" means the endorsement/guarantee is given by a parent entity on behalf of subsidiaries, or given by subsidiaries on behalf of a parent entity or on behalf of corporations in mainland China.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	September 30, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	<u>Stock</u> INALWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income (FVTOCI)	588,000	\$ 11,759	1.18	\$ 11,759	Note 1
	Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	300,000	2,433	0.74	2,433	Note 1
	Firenze Cultural Exchange International Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	750,000	7,482	7.50	7,482	Note 1
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	9,179 (US\$ 299 thousand)	2.50	9,179 (US\$ 299 thousand)	Note 1
	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	30,971 (US\$ 1,008 thousand)	10.00	30,971 (US\$ 1,008 thousand)	Note 1
	<u>Limited partnership</u> Changneng Capital Limited Partnership	-	Financial assets at fair value through profit or loss (FVTPL)	-	16,848	-	16,848	Note 1
	<u>Convertible bonds</u> 1.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	24,202 (US\$ 750 thousand)	-	24,202 (US\$ 750 thousand)	
	2-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	8,068 (US\$ 250 thousand)	-	8,068 (US\$ 250 thousand)	
	2.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	6,454 (US\$ 200 thousand)	-	6,454 (US\$ 200 thousand)	
	<u>Convertible promissory note</u> Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	154,542 (US\$ 4,789 thousand)	-	154,542 (US\$ 4,789 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	<u>Stock</u> Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	3,879 (RMB 879 thousand)	9.00	3,879 (RMB 879 thousand)	Note 1

Note 1: Unlisted shares and convertible promissory note without quoted price were calculated by fair value method.

Note 2: For the information on investments and associates in subsidiaries, refer to Tables 6 and 7.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note 3)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	\$ 1,485,301	54	Flexible	Based on mutual agreement	Flexible	\$ 1,325,979	60	Note 2
	Spirit Manufacturing Inc.	Directly held subsidiary	Sales	531,396	19	Flexible	Based on mutual agreement	Flexible	528,325	24	Note 2
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	992,334	54	Flexible	Based on mutual agreement	Flexible	(624,594)	57	
	Dyaco Canada Inc.	Directly held subsidiary	Sales	150,738	5	Flexible	Based on mutual agreement	Flexible	78,438	4	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	1,485,301	99	Flexible	Based on mutual agreement	Flexible	(1,325,979)	68	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	531,396	100	Flexible	Based on mutual agreement	Flexible	(528,325)	57	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	992,334	62	Flexible	Based on mutual agreement	Flexible	624,594	77	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	150,738	64	Flexible	Based on mutual agreement	Flexible	(78,438)	89	

Note 1: The rate is calculated in accordance with individual financial statements.

Note 2: Excluding accounts receivable exceeded the credit period which were transferred to other receivables.

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Receivables From Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance (Note 2)		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC. Spirit Manufacturing Inc.	Indirectly held subsidiary Directly held subsidiary	Accounts receivable	\$ 1,325,979	1.74%	\$ -	-	\$ -	\$ -
			Accounts receivable	528,325	1.02%	-	-	-	-
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	624,594	2.58%	-	-	103,992	-
Dyaco International Inc.	Fitness Equipment Services, LLC. Spirit Manufacturing Inc.	Indirectly held subsidiary Directly held subsidiary	Other receivables	634,156	Note 1	-	-	98,219	-
			Other receivables	271,006	Note 1	-	-	56,366	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Fellow subsidiary	Accounts receivable	106,491	-	-	-	-	-

Note 1: Other receivables refer to financing provided of which the accounts receivable were transferred due to exceeding the credit period for a certain period of time.

Note 2: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 10)
				September 30, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 10)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 505,957	\$ 505,957	290,634,628	100	\$ 1,093,519	\$ 14,370	\$ 24,167 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	545,861	484,529	-	100	186,128	(68,141)	(68,141)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	8,782	321	321
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	72,964	72,964	201,020	100	(7,253)	(7,663)	(7,663)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100	2,069	(71)	(71)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	263,424	263,424	-	97	122,411	(49,664)	(48,821)
	SOLE INC.	America	Investment	1,642,866	1,642,866	-	100	399,690	(302,289)	(319,966) (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	286,640	286,640	391,000	100	288,865	329	332 (Note 4)
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100	16,898	(1,141)	(1,141)
	CITY SPORTS (THAILAND) CO., LTD.	Thailand	Fitness equipment selling	12,450	12,450	176,000	44	(601)	(7,400)	(3,402)
				(THB 14,420 thousand)	(THB 14,420 thousand)			(THB -682 thousand)	(THB -8,212 thousand)	(THB -3,775 thousand) (Note 5)
	Neutron Ventures Ltd.	United Kingdom	Investment	-	119,581	-	-	-	(41,095)	(25,268)
					(GBP 3,220 thousand)			(Note 9)	(GBP -1,083 thousand)	(GBP -671 thousand) (Note 6)
	Morsel Inc.	America	Intelligent fitness content production company	27,750	27,750	909,090	11	-	(37)	-
				(US\$ 10,000 thousand)	(US\$ 10,000 thousand)				(US\$ -1 thousand)	
Spirit Manufacturing Inc.	America	Import, export and selling	265,734	265,734	1,667.5	100	185,575	(73,244)	(73,244)	
			(US\$ 8,890 thousand)	(US\$ 8,890 thousand)			(US\$ 5,751 thousand)	(US\$ -2,368 thousand)	(US\$ -2,368 thousand)	
Dyaco Canada Inc.	Canada	Import, export and selling	271,752	271,752	1,000	100	248,099	(11,000)	(11,000)	
			(US\$ 9,058 thousand)	(US\$ 9,058 thousand)			(US\$ 10,381 thousand)	(US\$ -478 thousand)	(US\$ -478 thousand)	
Hongdaxin Projection Co., Ltd.	Taiwan	Film and television industry investment	4,000	4,000	400,000	40	3,788	(253)	(101)	
Iuvo Industry Co., Ltd.	Taiwan	Electric-assisted bicycle manufacturer	155,000	125,000	183,000,000	92	119,911	(26,619)	(21,615) (Note 7)	
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	274,917	216,813	-	100	95,613	(55,785)	(58,101)
				(EUR 8,906 thousand)	(EUR 6,296 thousand)			(EUR 2,820 thousand)	(EUR -1,664 thousand)	(EUR -1,733 thousand) (Note 8)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977	977	-	100	919	(54)	(54)
			(EUR 29 thousand)	(EUR 29 thousand)			(EUR 27 thousand)	(EUR -2 thousand)	(EUR -2 thousand)	
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262	63,262	-	100	(204,208)	(302,289)	(302,289)
			(US\$ 2,100 thousand)	(US\$ 2,100 thousand)			(US\$ -6,328 thousand)	(US\$ -9,774 thousand)	(US\$ -9,774 thousand)	
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	185,015	185,015	5,848,450	100	205,989	10,653	10,653
			(US\$ 5,848 thousand)	(US\$ 5,848 thousand)			(HK\$ 49,961 thousand)	(HK\$ 2,698 thousand)	(HK\$ 2,698 thousand)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 10)
				September 30, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 10)		
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	\$ 62,118 (US\$ 2,000 thousand)	\$ 62,118 (US\$ 2,000 thousand)	-	100	\$ (7,386) (US\$ -229 thousand)	\$ (13,654) (US\$ -441 thousand)	\$ (13,654) (US\$ -441 thousand)
Neutron Ventures Ltd.	Interactive Online Commerce Ltd.	United Kingdom	Investment	167,250 (GBP 4,532 thousand)	97,577 (GBP 2,632 thousand)	-	100	70,818 (GBP 1,805 thousand)	(40,358) (GBP -1,409 thousand)	(40,358) (GBP -1,409 thousand)
	Neutron Ventures Poland S.p Z.o.o	Poland	Service industry	34 (PLN 5 thousand)	34 (PLN 5 thousand)	-	100	-	(1,302) (PLN -180 thousand)	(1,302) (PLN -180 thousand)
Interactive Online Commerce Ltd.	Sweatband.com Ltd.	United Kingdom	Sporting Goods selling	166,237 (GBP 4,504 thousand)	96,564 (GBP 2,604 thousand)	-	100	70,608 (GBP 1,800 thousand)	(40,358) (GBP -1,049 thousand)	(40,358) (GBP -1,409 thousand)
Dyaco UK Ltd.	Neutron Ventures Ltd.	United Kingdom	Investment	135,026 (GBP 3,429 thousand)	-	308,070	100	125,851 (GBP 3,208 thousand) (Note 9)	(41,095) (GBP -1,083 thousand)	(15,827) (GBP -411 thousand) (Note 6)

Note 1: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.

Note 2: Including share of profit of \$14,370 thousand realized profit of \$11,283 thousand and minus unrealized profit of \$1,486 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$302,289 thousand minus amortization of investment premium of \$17,677 thousand.

Note 4: Including share of profit of \$329 thousand and unrealized expenses of \$3 thousand.

Note 5: Including share of loss of \$3,256 thousand minus amortization of investment premium of \$146 thousand.

Note 6: Including share of loss of \$38,321 thousand minus amortization of investment premium of \$2,774 thousand.

Note 7: Including share of loss of \$20,935 thousand minus amortization of investment premium of \$680 thousand.

Note 8: Including share of loss of \$55,785 thousand minus amortization of investment premium of \$2,316 thousand.

Note 9: After the reorganization, which went by share exchange, it is directly 100% held by Dyaco UK Ltd.

Note 10: Eliminated from the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of September 30, 2023
						Outward	Inward						
Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	\$ 88,780 (US\$ 3,000 thousand)	Through an investment company registered in a third region (Note 1)	\$ 88,780 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ (7,358) (HK\$ -1,864 thousand)	100	\$ (7,358) (HK\$ -1,864 thousand)	\$ 137,334 (HK\$ 33,309 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	568,888 (US\$ 18,800 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (US\$ 21,830 thousand)	17,100 (HK\$ 4,331 thousand)	60	2,443 (HK\$ 691 thousand) (Note 3)	716,061 (HK\$ 173,675 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	3,096 (RMB 702 thousand)	100	3,096 (RMB 702 thousand)	-	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	(301) (RMB -69 thousand)	40	(120) (RMB -27 thousand)	2,747 (RMB 622 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
\$ 748,251 (US\$ 24,830 thousand)	\$ 748,251 (US\$ 24,830 thousand)	\$ -

Note 1: The investment company required in third region is Dyaco International Holding Limited.

Note 2: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.

Note 3: Including 60% share of profits of \$10,260 thousand minus amortization of investment premium of \$6,177 thousand and unrealized profits of \$998 thousand from upstream intercompany transactions and unrealized profits of \$642 thousand from side stream intercompany transactions.

Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd., Dyaco Health Technology (Beijing) Co., Ltd. has been completed liquidation and cancellation in the first quarter of July 2023.

Note 5: Reinvested RMB1,200 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.

Note 6: According to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China announced by Ministry of Economic Affairs (MOEA), the Corporation is not subject to an upper limit due to obtaining supporting document for operation headquarters of the company issued by Industrial Development Bureau, MOEA.

Note 7: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)**

No.	Investor Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount (Note 2)	% (Note 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance (Note 2)	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ 55,217 992,334	2 54	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 30,172 (624,594)	1 57	\$ (4,837) 1,486	

Note 1: The rate is calculated in accordance with individual financial statements of each company.

Note 2: Eliminated from the consolidated financial statements.

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			Fitness Equipment Services, LLC.	a	Accounts receivable from related parties	\$ 1,325,979	-	12
					Other receivables from related parties	634,156	-	6
			President Plastic Products MFG Co., Ltd.	a	Sales	1,485,301	-	27
					Refundable deposits	900	-	-
					Other payables to related parties	2,650	-	-
					Lease liabilities	4,205	-	-
					Right-of-use assets	4,000	-	-
					Interest expense	45	-	-
					Depreciation	387	-	-
			Cikayda Inc.	a	Other receivables from related parties	260	-	-
					Other payables to related parties	1,200	-	-
					Rental revenue	300	-	-
					Other expenses	190	-	-
			CITY SPORTS (THAILAND) CO., LTD.	a	Accounts receivable from related parties	2,556	-	-
					Other receivables from related parties	34,738	-	-
			Sweatband.com Ltd.	a	Other receivables from related parties	11,769	-	-
					Accounts receivable from related parties	11,527	-	-
					Sales	12,062	-	-
					Other operating revenue	395	-	-
	1	Spirit Direct, LLC.	Spirit Manufacturing Inc.	c	Accounts receivable from related parties	457	-	-
	2	Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	c	Accounts receivable from related parties	106,491	-	-
			Dyaco Canada Inc.	c	Other operating revenue	58	-	-
			CITY SPORTS (THAILAND) CO., LTD.	c	Accounts payables to related parties	355	-	-
			Shelton Corporation (Jiaxing), Ltd.	c	Accounts receivable from related parties	2,513	-	-
				c	Cost of goods sold	57,529	-	1
					Accounts payable to related parties	29,612	-	-
	3	Dyaco (Shanghai) Trading Co., Ltd.	Shelton Corporation (Jiaxing), Ltd.	c	Inventories	31,896	-	-
					Accounts payable to related parties	23,627	-	-
	4	Spirit Manufacturing Inc.	Dyaco Canada Inc.	c	Sales	9,591	-	-
			Fitness Equipment Services, LLC.	c	Accounts receivables from related parties	482	-	-
					Sales	8,571	-	-
					Accounts payable to related parties	12,892	-	-
	5	Dyaco Europe GmbH	Sweatband.com Ltd.	c	Accounts receivable from related parties	4,450	-	-
					Sales	4,556	-	-
			CARDIO Fitness GmbH & Co. KG	c	Sales	24,088	-	-
					Other operating revenue	1,923	-	-
					Other expenses	1,703	-	-
					Accounts payable to related parties	97	-	-
	6	Dyaco UK Ltd.	Sweatband.com Ltd.	c	Accounts receivable from related parties	7,978	-	-
					Accounts payable to related parties	3,007	-	-
					Sales	32,110	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	7	Fitness Equipment Services, LLC.	SOLE INC.	c	Other receivables from related parties	\$ 10,068	-	-
	8	Neutron Ventures Ltd.	Interactive Online Commerce Ltd. Sweatband.com Ltd.	c c	Other payables to related parties Other receivables from related parties	8,560 197	- -	- -
	9	Interactive Online Commerce Ltd.	Sweatband.com Ltd.	c	Other payables to related parties	8,349	-	-
	10	Neutron Ventures Poland S.p Z.o.o	Sweatband.com Ltd.	c	Other payables to related parties Other receivables from related parties	804 1,910	- -	- -

Note 1: Companies are numbered as follows:

- a. The parent is numbered as "0."
- b. Subsidiaries are numbered from "1" onward.

Note 2: The flow of transactions is as follows:

- a. From the parent to the subsidiary.
- b. From the subsidiary to the parent.
- c. From the subsidiary to the subsidiary.

Note 3: The prices and payment terms for related-party transactions were based on agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 10**DYACO INTERNATIONAL INC.****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,379,283	6.50
Guang-Ying Limited	10,346,727	6.48
Dyaco International Inc.	8,963,000	5.61
Chuan-Feng Investment Corporation	8,757,882	5.48

Note: The table discloses stockholding information of stockholders whose percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of ordinary shares that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.