

Dyaco International Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 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 referred to as the "Group") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, 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 Statement of Auditing Standards No. 65 "Review of 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, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 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 Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 12, 2021

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, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Retrospectively Adjusted and Reviewed) (Note 32)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 938,206	8	\$ 1,542,324	12	\$ 1,259,177	11
Financial assets at fair value through profit or loss (Note 7)	156	-	2,593	-	5,172	-
Financial assets at amortized cost (Notes 9 and 38)	237,694	2	208,931	1	282,096	3
Notes receivable (Notes 10 and 27)	1,006	-	2,020	-	2,741	-
Accounts receivable (Notes 10 and 27)	2,023,362	16	3,050,265	23	1,821,832	16
Other receivables (Note 10)	28,912	-	86,259	1	78,886	1
Current tax assets	57,715	1	17,980	-	2,855	-
Inventories (Notes 11 and 37)	3,660,768	30	3,141,741	24	2,668,939	24
Prepayments (Note 12)	161,349	1	183,385	1	200,977	2
Other current assets	21,312	-	20,363	-	27,742	-
Total current assets	<u>7,130,480</u>	<u>58</u>	<u>8,255,861</u>	<u>62</u>	<u>6,350,417</u>	<u>57</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	138,750	1	-	-	-	-
Financial assets at fair value through other comprehensive income (Note 8)	63,900	1	51,165	-	51,966	-
Investments accounted for using the equity method (Note 14)	31,076	-	5,252	-	5,123	-
Property, plant and equipment (Notes 15 and 38)	2,831,128	23	2,877,597	22	2,593,996	23
Right-of-use assets (Notes 16 and 38)	330,816	3	350,377	3	342,740	3
Investment properties (Note 17)	54,006	-	57,061	-	56,996	1
Goodwill (Notes 18 and 32)	466,375	4	478,118	4	482,041	4
Other intangible assets (Note 19)	762,128	6	760,552	6	846,157	8
Deferred income tax assets (Note 29)	402,410	3	330,238	3	288,391	3
Prepayments for equipment	9,229	-	15,931	-	9,957	-
Refundable deposits	61,235	1	57,918	-	57,518	1
Prepayments for investments	-	-	-	-	25,919	-
Other non-current assets	4,594	-	11,918	-	11,849	-
Total non-current assets	<u>5,155,647</u>	<u>42</u>	<u>4,996,127</u>	<u>38</u>	<u>4,772,653</u>	<u>43</u>
TOTAL	<u>\$ 12,286,127</u>	<u>100</u>	<u>\$ 13,251,988</u>	<u>100</u>	<u>\$ 11,123,070</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 38)	\$ 2,820,225	23	\$ 1,573,781	12	\$ 1,023,557	9
Financial liabilities at fair value through profit or loss (Note 7)	9,465	-	1,685	-	5,543	-
Notes payable (Note 22)	49,521	1	781,353	6	621,916	6
Accounts payable (Note 22)	1,539,456	13	2,438,687	18	2,075,489	19
Other payables (Note 23)	399,183	3	1,075,723	8	813,467	7
Current income tax liabilities	36,823	-	401,093	3	271,532	3
Provisions (Note 24)	19,280	-	18,359	-	18,118	-
Lease liabilities (Note 16)	17,511	-	19,863	-	18,576	-
Contract liabilities (Note 27)	32,418	-	74,531	1	36,005	-
Current portion of long-term borrowings (Notes 20 and 38)	160,168	1	159,929	1	158,027	1
Other current liabilities	70,356	1	63,901	1	56,291	1
Total current liabilities	<u>5,154,406</u>	<u>42</u>	<u>6,608,905</u>	<u>50</u>	<u>5,098,521</u>	<u>46</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 21)	1,374,706	11	462,372	4	584,043	5
Long-term borrowings (Notes 20 and 38)	669,715	6	790,621	6	829,850	8
Deferred tax liabilities (Note 29)	430,949	4	426,806	3	475,746	4
Lease liabilities (Note 16)	38,835	-	44,408	-	42,610	-
Long-term payable (Note 23)	117,541	1	25,878	-	105,829	1
Net defined benefit liabilities (Note 25)	20,550	-	20,399	-	19,673	-
Guarantee deposits received	2,628	-	2,737	-	2,655	-
Total non-current liabilities	<u>2,654,924</u>	<u>22</u>	<u>1,773,221</u>	<u>13</u>	<u>2,060,406</u>	<u>18</u>
Total liabilities	<u>7,809,330</u>	<u>64</u>	<u>8,382,126</u>	<u>63</u>	<u>7,158,927</u>	<u>64</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)						
Share capital						
Ordinary shares	1,339,822	11	1,311,496	10	1,209,820	11
Advance share capital	-	-	15,027	-	101,676	1
Total share capital	<u>1,339,822</u>	<u>11</u>	<u>1,326,523</u>	<u>10</u>	<u>1,311,496</u>	<u>12</u>
Capital surplus	2,111,368	17	1,986,005	15	1,811,140	16
Retained earnings						
Legal reserve	284,853	2	152,827	1	152,827	2
Special reserve	175,628	2	105,812	1	105,812	1
Unappropriated earnings	661,800	5	1,390,288	10	683,163	6
Total retained earnings	<u>1,122,281</u>	<u>9</u>	<u>1,648,927</u>	<u>12</u>	<u>941,802</u>	<u>9</u>
Other equity	(227,021)	(2)	(175,628)	(1)	(174,818)	(2)
Treasury shares	(211,518)	(2)	(272,651)	(2)	(272,651)	(2)
Total equity attributable to owners of the Corporation	4,134,932	33	4,513,176	34	3,616,969	33
NON-CONTROLLING INTERESTS (Notes 13 and 26)	<u>341,865</u>	<u>3</u>	<u>356,686</u>	<u>3</u>	<u>347,174</u>	<u>3</u>
Total equity	<u>4,476,797</u>	<u>36</u>	<u>4,869,862</u>	<u>37</u>	<u>3,964,143</u>	<u>36</u>
TOTAL	<u>\$ 12,286,127</u>	<u>100</u>	<u>\$ 13,251,988</u>	<u>100</u>	<u>\$ 11,123,070</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 Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020 (Retrospectively Adjusted) (Note 32)		2021		2020 (Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 27)	\$ 2,488,826	102	\$ 3,606,467	101	\$ 9,179,517	101	\$ 7,836,262	101
LESS: SALES RETURNS	13,433	-	7,035	-	37,286	-	19,575	-
SALES DISCOUNTS AND ALLOWANCES	39,132	2	23,956	1	93,683	1	85,186	1
NET OPERATING REVENUE	2,436,261	100	3,575,476	100	9,048,548	100	7,731,501	100
OPERATING COSTS (Notes 11 and 28)								
Cost of sales	1,615,886	66	1,904,282	53	5,900,540	65	4,466,263	58
GROSS PROFIT	820,375	34	1,671,194	47	3,148,008	35	3,265,238	42
OPERATING EXPENSES (Note 28)								
Selling and marketing	417,103	17	729,869	21	1,802,140	20	1,673,837	21
General and administrative	183,191	8	213,956	6	545,810	6	516,203	7
Research and development	25,098	1	26,956	1	69,092	1	71,210	1
Expected credit loss (Note 10)	8,179	-	6,375	-	19,917	-	16,383	-
Total operating expenses	633,571	26	977,156	28	2,436,959	27	2,277,633	29
OTHER OPERATING INCOME AND EXPENSES (Note 28)	(164)	-	(5,820)	-	(2,026)	-	(5,742)	-
PROFIT FROM OPERATIONS	186,640	8	688,218	19	709,023	8	981,863	13
NON-OPERATING INCOME AND EXPENSES								
Interest income	192	-	236	-	1,130	-	2,513	-
Rental income	4,381	-	3,824	-	12,253	-	11,835	-
Other income	4,986	-	7,080	-	12,254	-	27,774	-
Foreign exchange gain or loss, net (Note 28)	(13,037)	(1)	(69,675)	(2)	(133,160)	(1)	(90,325)	(1)
Other expenses	(2,703)	-	(802)	-	(2,962)	-	(1,329)	-
Gain or loss on valuation of financial instruments	(10,107)	-	706	-	(10,410)	-	(1,858)	-
Interest expense (Note 28)	(19,629)	(1)	(12,974)	-	(48,441)	(1)	(43,801)	-
Share of profit or loss of associates (Note 14)	(1,214)	-	-	-	(1,852)	-	-	-
Total non-operating income and expenses	(37,131)	(2)	(71,605)	(2)	(171,188)	(2)	(95,191)	(1)
PROFIT BEFORE INCOME TAX	149,509	6	616,613	17	537,835	6	886,672	12
INCOME TAX EXPENSE (Note 29)	41,820	2	195,542	5	121,053	1	274,588	4
NET PROFIT	107,689	4	421,071	12	416,782	5	612,084	8

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020 (Retrospectively Adjusted) (Note 32)		2021		2020 (Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ (8,477)	-	\$ (9,717)	-	\$ (56,615)	(1)	\$ (70,949)	(1)
TOTAL COMPREHENSIVE INCOME	\$ 99,212	4	\$ 411,354	12	\$ 360,167	4	\$ 541,135	7
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 110,683	4	\$ 423,922	12	\$ 426,381	5	\$ 613,138	8
Non-controlling interests	(2,994)	-	(2,851)	-	(9,599)	-	(1,054)	-
	\$ 107,689	4	\$ 421,071	12	\$ 416,782	5	\$ 612,084	8
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 102,410	4	\$ 405,653	12	\$ 374,988	4	\$ 544,133	7
Non-controlling interests	(3,198)	-	5,701	-	(14,821)	-	(2,998)	-
	\$ 99,212	4	\$ 411,354	12	\$ 360,167	4	\$ 541,135	7
EARNINGS PER SHARE								
(Note 30)								
Basic	\$ 0.87		\$ 3.73		\$ 3.36		\$ 5.61	
Diluted	\$ 0.85		\$ 3.62		\$ 3.21		\$ 5.55	

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)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 26)												
	Share Capital			Retained Earnings			Other Equity			Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Shares Capital	Advance Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Retrospectively Adjusted)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2020	\$ 961,009	\$ -	\$ 758,304	\$ 133,886	\$ 79,123	\$ 239,976	\$ (109,706)	\$ 3,893	\$ (172,340)	\$ 1,894,145	\$ 350,172	\$ 2,244,317	
Issuance of ordinary shares under employee share options (Note 31)	500	2,500	55,890	-	-	-	-	-	-	58,890	-	58,890	
Equity component of convertible bonds issued by the Corporation (Notes 21 and 26)	-	-	12,666	-	-	-	-	-	-	12,666	-	12,666	
Changes in capital surplus from investments using the equity method (Note 31)	-	-	440	-	-	-	-	-	-	440	-	440	
Appropriation of prior year's earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	18,941	-	(18,941)	-	-	-	-	-	-	
Special reserve	-	-	-	-	26,689	(26,689)	-	-	-	-	-	-	
Cash dividends to shareholder - NT\$1.15 per share	-	-	-	-	-	(124,321)	-	-	-	(124,321)	-	(124,321)	
	-	-	-	18,941	26,689	(169,951)	-	-	-	(124,321)	-	(124,321)	
Convertible bonds converted to ordinary shares (Note 21)	58,311	99,176	440,267	-	-	-	-	-	-	597,754	-	597,754	
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	-	-	613,138	-	-	-	613,138	(1,054)	612,084	
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(69,005)	-	-	(69,005)	(1,944)	(70,949)	
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	613,138	(69,005)	-	-	544,133	(2,998)	541,135	
Issuance of ordinary shares for cash (Note 26)	190,000	-	548,745	-	-	-	-	-	-	738,745	-	738,745	
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(155,550)	(155,550)	-	(155,550)	
Treasury shares transfer to employees (Note 26)	-	-	(5,172)	-	-	-	-	-	55,239	50,067	-	50,067	
BALANCE AT SEPTEMBER 30, 2020	\$ 1,209,820	\$ 101,676	\$ 1,811,140	\$ 152,827	\$ 105,812	\$ 683,163	\$ (178,711)	\$ 3,893	\$ (272,651)	\$ 3,616,969	\$ 347,174	\$ 3,964,143	
BALANCE AT JANUARY 1, 2021	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176	\$ 356,686	\$ 4,869,862	
Issuance of ordinary shares under employee share options (Note 31)	8,760	(1,000)	56,073	-	-	-	-	-	-	63,833	-	63,833	
Equity component of convertible bonds issued by the Corporation (Note 21)	-	-	38,988	-	-	-	-	-	-	38,988	-	38,988	
Changes in capital surplus from investments using the equity method (Note 31)	-	-	153	-	-	-	-	-	-	153	-	153	
Gain on disgorgement	-	-	45	-	-	-	-	-	-	45	-	45	
Appropriation of prior year's earnings	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	132,026	-	(132,026)	-	-	-	-	-	-	
Special reserve	-	-	-	-	69,816	(69,816)	-	-	-	-	-	-	
Cash dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	(953,027)	-	-	-	(953,027)	-	(953,027)	
	-	-	-	132,026	69,816	(1,154,869)	-	-	-	(953,027)	-	(953,027)	
Convertible bonds converted to ordinary shares (Note 21)	19,566	(14,027)	43,162	-	-	-	-	-	-	48,701	-	48,701	
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	-	426,381	-	-	-	426,381	(9,599)	416,782	
Other comprehensive loss for the nine months ended September 30, 2021	-	-	-	-	-	-	(51,393)	-	-	(51,393)	(5,222)	(56,615)	
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	426,381	(51,393)	-	-	374,988	(14,821)	360,167	
Treasury shares transferred to employees (Note 26)	-	-	(13,058)	-	-	-	-	-	61,133	48,075	-	48,075	
BALANCE AT SEPTEMBER 30, 2021	\$ 1,339,822	\$ -	\$ 2,111,368	\$ 284,853	\$ 175,628	\$ 661,800	\$ (229,861)	\$ 2,840	\$ (211,518)	\$ 4,134,932	\$ 341,865	\$ 4,476,797	

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)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020 (Retrospectively Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 537,835	\$ 886,672
Adjustments for:		
Depreciation expense	151,849	146,533
Amortization expense	62,984	92,467
Expected credit loss recognized	19,917	16,383
Net loss (gain) on fair value changes of financial instrument at fair value through profit or loss	8,725	(1,185)
Interest expense	48,441	43,801
Interest income	(1,130)	(2,513)
Compensation costs of employee share options	32,869	47,265
Share of loss of associates	1,852	-
Loss on disposal of property, plant and equipment	2,024	163
Loss on disposal of intangible assets	2	-
Loss on inventories valuation and obsolescence	12,635	8,471
Unrealized loss (gain) on foreign currency exchange	126,811	(2,246)
Loss on lease modification	-	42
Impairments loss on prepayment for goods	-	5,537
Changes in operating assets and liabilities		
Notes receivable	1,014	(1,240)
Accounts receivable	942,729	(329,288)
Other receivables	57,347	(34,346)
Inventories	(625,570)	(1,172,463)
Prepayments	22,036	(98,644)
Other current assets	(4,689)	527
Contract liabilities	(42,113)	28,104
Notes payable	(731,832)	313,358
Accounts payable	(860,485)	1,179,353
Other payables	(530,248)	257,641
Provisions	1,284	2,926
Other current liabilities	6,455	(26,831)
Net defined benefit liabilities	<u>151</u>	<u>110</u>
Cash generated from (used in) operations	(759,107)	1,360,597
Interest received	1,130	2,504
Interest paid	(42,009)	(39,206)
Income tax paid	<u>(593,087)</u>	<u>(105,569)</u>
Net cash generated from (used in) operating activities	<u>(1,393,073)</u>	<u>1,218,326</u>

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020 (Retrospectively Adjusted)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (12,900)	\$ (9,075)
Decrease (increase) in financial assets at amortized cost	(28,763)	46,261
Purchase of financial assets at fair value through profit or loss	(138,750)	-
Purchase of investments accounted for using the equity method	(27,750)	(5,123)
Prepayments for investments	-	(25,919)
Net cash outflow on acquisition of subsidiaries (Note 34)	(94,985)	(857,459)
Payments for property, plant and equipment (Note 34)	(109,281)	(52,203)
Proceeds from disposal of property, plant and equipment	10,301	1,061
Decrease (increase) in refundable deposits	423	(42,926)
Payments for intangible assets (Note 34)	(36,196)	(39,773)
Decrease (increase) in other non-current assets	<u>7,324</u>	<u>(5,648)</u>
Net cash used in investing activities	<u>(430,577)</u>	<u>(990,804)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	1,253,714	(967,299)
Proceeds from issuance of convertible bonds	994,594	594,648
Repayments of bonds payables	-	(100)
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	(119,446)	(107,495)
Proceeds from (refund of) guarantee deposits received	(59)	31
Repayment of the principal portion of lease liabilities	(14,498)	(16,132)
Cash dividends	(953,027)	(124,321)
Proceeds from issuance of ordinary shares	-	738,745
Exercise of employee stock options	31,117	12,065
Payments for buy-back of ordinary shares	-	(155,550)
Proceeds from treasury shares transferred to employees	48,075	50,067
Imposition of disgorgement	<u>45</u>	<u>-</u>
Net cash generated from financing activities	<u>1,240,515</u>	<u>224,659</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(20,983)</u>	<u>(19,217)</u>
NET INCREASE (DECREASE) IN CASH	(604,118)	432,964
CASH, BEGINNING OF THE PERIOD	<u>1,542,324</u>	<u>826,213</u>
CASH, END OF THE PERIOD	<u>\$ 938,206</u>	<u>\$ 1,259,177</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 list 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 FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 12, 2021.

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)

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have 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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated 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 significant accounting policies

Please see the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2020 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) Taxation

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. CRITICAL 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, 2020.

6. CASH

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 1,627	\$ 10,396	\$ 1,166
Checking accounts and demand deposits	<u>936,579</u>	<u>1,531,928</u>	<u>1,258,011</u>
	<u>\$ 938,206</u>	<u>\$ 1,542,324</u>	<u>\$ 1,259,177</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Foreign exchange forward contracts (not under hedge accounting)	\$ -	\$ -	\$ 2,725
Convertible bonds options (Note 21)	<u>156</u>	<u>2,593</u>	<u>2,447</u>
	<u>\$ 156</u>	<u>\$ 2,593</u>	<u>\$ 5,172</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible promissory notes (Note 14)	<u>\$ 138,750</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Cross-currency swap contracts (not under hedge accounting)	\$ 373	\$ 1,685	\$ 5,543
Convertible bonds options (Note 21)	<u>9,092</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,465</u>	<u>\$ 1,685</u>	<u>\$ 5,543</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2021</u>			
Cross-currency swap contracts	NTD/USD	2021.10.12	NTD14,299/USD500
<u>December 31, 2020</u>			
Cross-currency swap contracts	NTD/USD	2021.06.18-2021.10.12	NTD43,799/USD1,500
<u>September 30, 2020</u>			
Cross-currency swap contracts	NTD/USD	2020.10.29-2021.06.18	NTD179,712/USD6,000
Foreign exchange forward contracts	USD/NTD	2020.10.13-2020.12.04	USD3,000/NTD89,116

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Domestic investments			
Unlisted ordinary shares	\$ 12,900	\$ -	\$ -
Foreign investments			
Unlisted ordinary shares	<u>51,000</u>	<u>51,165</u>	<u>51,966</u>
	<u>\$ 63,900</u>	<u>\$ 51,165</u>	<u>\$ 51,966</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, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Restricted deposits	<u>\$ 237,694</u>	<u>\$ 208,931</u>	<u>\$ 282,096</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Restricted deposits	0.10%-0.195%	0.16%-0.30%	0.01%-0.53%

b. The financial assets at amortized cost pledged as collateral are set out in Note 38.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,006	\$ 2,020	\$ 2,741
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,006</u>	<u>\$ 2,020</u>	<u>\$ 2,741</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,181,875	\$ 3,190,624	\$ 1,971,110
Less: Allowance for impairment loss	<u>158,513</u>	<u>140,359</u>	<u>149,278</u>
	<u>\$ 2,023,362</u>	<u>\$ 3,050,265</u>	<u>\$ 1,821,832</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 11,210	\$ 50,901	\$ 41,831
Others	<u>17,702</u>	<u>35,358</u>	<u>37,055</u>
	<u>\$ 28,912</u>	<u>\$ 86,259</u>	<u>\$ 78,886</u>

a. Notes receivable

The average credit period of sales of goods was 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, 2021

	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%-3.76%	0%-21.00%	1.84%-36.13%	2.57%-58.41%	5.00%-100%	100%	
Gross carrying amount	\$ 1,513,061	\$ 469,920	\$ 26,246	\$ 22,313	\$ 24,573	\$ 125,762	\$ 2,181,875
Loss allowance (Lifetime ECLs)	<u>(2,341)</u>	<u>(5,970)</u>	<u>(3,842)</u>	<u>(8,101)</u>	<u>(12,497)</u>	<u>(125,762)</u>	<u>(158,513)</u>
Amortized cost	<u>\$ 1,510,720</u>	<u>\$ 463,950</u>	<u>\$ 22,404</u>	<u>\$ 14,212</u>	<u>\$ 12,076</u>	<u>\$ -</u>	<u>\$ 2,023,362</u>

December 31, 2020

	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%-3.76%	0%-21.00%	1.84%-27.90%	2.57%-43.50%	5.00%-100%	100%	
Gross carrying amount	\$ 2,856,971	\$ 175,155	\$ 20,827	\$ 5,683	\$ 5,673	\$ 126,315	\$ 3,190,624
Loss allowance (Lifetime ECLs)	<u>(3,183)</u>	<u>(3,602)</u>	<u>(1,699)</u>	<u>(1,560)</u>	<u>(4,000)</u>	<u>(126,315)</u>	<u>(140,359)</u>
Amortized cost	<u>\$ 2,853,788</u>	<u>\$ 171,553</u>	<u>\$ 19,128</u>	<u>\$ 4,123</u>	<u>\$ 1,673</u>	<u>\$ -</u>	<u>\$ 3,050,265</u>

September 30, 2020

	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%-5.64%	0%-17.77%	3.45%-38.58%	5.26%-44.70%	6.08%-100%	100%	
Gross carrying amount	\$ 1,594,672	\$ 187,107	\$ 31,451	\$ 6,828	\$ 20,571	\$ 130,481	\$ 1,971,110
Loss allowance (Lifetime ECLs)	<u>(2,115)</u>	<u>(2,295)</u>	<u>(894)</u>	<u>(2,191)</u>	<u>(11,302)</u>	<u>(130,481)</u>	<u>(149,278)</u>
Amortized cost	<u>\$ 1,592,557</u>	<u>\$ 184,812</u>	<u>\$ 30,557</u>	<u>\$ 4,637</u>	<u>\$ 9,269</u>	<u>\$ -</u>	<u>\$ 1,821,832</u>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of September 30, 2021, accounts receivable from New Level UK Ltd. amounted to \$105,895 thousand (NT\$79,163 thousand and US\$960 thousand). Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance.

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

	For the Nine Months Ended September 30	
	2021	2020
Beginning balance	\$ 140,359	\$ 135,039
Add: Acquisitions through business combinations	-	749
Add: Net remeasurement of loss allowance	19,917	16,383
Less: Amounts written off	(428)	(1,496)
Foreign exchange gains and losses	<u>(1,335)</u>	<u>(1,397)</u>
Ending balance	<u>\$ 158,513</u>	<u>\$ 149,278</u>

c. Other receivables

The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to measure twelve-month expected credit losses or lifetime expected credit losses. As of September 30, 2021, the ratio of allowance for impairment loss of other receivables was 0%.

11. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 300,963	\$ 333,062	\$ 345,648
Work in progress	265,981	291,520	266,712
Finished goods	2,590,638	2,218,372	1,827,760
Merchandise	<u>503,186</u>	<u>298,787</u>	<u>228,819</u>
	<u>\$ 3,660,768</u>	<u>\$ 3,141,741</u>	<u>\$ 2,668,939</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	
	2021	2020	2021	2020
Cost of inventories sold	\$ 1,583,408	\$ 1,888,034	\$ 5,809,105	\$ 4,409,074
Inventory write-downs	5,129	-	12,635	8,471
Warranties	<u>27,349</u>	<u>16,248</u>	<u>78,800</u>	<u>48,718</u>
	<u>\$ 1,615,886</u>	<u>\$ 1,904,282</u>	<u>\$ 5,900,540</u>	<u>\$ 4,466,263</u>

The inventories pledged as collateral for bank borrowings are set out in Note 38.

12. PREPAYMENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Prepayments for goods	\$ 73,075	\$ 70,289	\$ 102,871
Prepaid expenses	46,103	45,991	39,807
Tax overpayment retained for offsetting future tax payable	34,290	59,690	43,442
Others	<u>7,881</u>	<u>7,415</u>	<u>14,857</u>
	<u>\$ 161,349</u>	<u>\$ 183,385</u>	<u>\$ 200,977</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	100	-
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	100	-
	Wing Long Co., Ltd.	Import, export and selling	100	100	100	-
	Dyaco UK Ltd.	Import, export and selling	100	100	100	-
	SOLE INC.	Investment	100	100	100	Note 1
	President Plastic Products MFG Co., Ltd.	Rental of property	100	100	-	Note 2
	Cikayda Inc.	Manufacturing and selling	100	-	-	Note 3
SOLE INC.	Fitness Equipment Services LLC.	Import, export and selling	100	100	100	Note 1
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	100	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	-
	Dyaco Canada Inc.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	100	100	100	-

Remarks:

- 1) On January 2, 2020, the board of directors resolved to establish SOLE INC., to purchase 100% equity of Fitness Equipment Services, LLC. Also, the board of directors resolved to acquire interests in SOLE INC. for US\$31,490 thousand (NT\$948,631 thousand). In addition, on February 1, 2020, SOLE INC. purchased 100% equity of Fitness Equipment Services, LLC. for US\$31,477 thousand (NT\$948,251 thousand). For related information on business combinations, please refer to Note 32.
- 2) On August 12, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. to acquire land in Dajia District, Taichung City, and planned to build a factory. On December 8, 2020, the Corporation purchased 100% equity of President Plastic Products Mfg. Co., Ltd. for NT\$258,640 thousand. As of September 30, 2021, NT\$18,889 thousand was not paid and recognized as other payables. For related information on acquisition of a subsidiary that does not constitute a business, please refer to Note 33.
- 3) In April 2021, the Corporation established Cikayda Inc. in the amount of NT\$20,000 thousand.

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, 2021	December 31, 2020	September 30, 2020
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

See 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, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Shelton Corporation (Jiaxing), Ltd.	\$ (2,994)	\$ (2,851)	\$ (9,599)	\$ (1,054)	\$ 341,865	\$ 356,686	\$ 347,174

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

	September 30, 2021	December 31, 2020	September 30, 2020	
Current assets	\$ 1,698,743	\$ 2,218,628	\$ 1,793,616	
Non-current assets	928,138	991,059	966,349	
Current liabilities	(1,495,375)	(2,031,709)	(1,604,973)	
Non-current liabilities	<u>(136,327)</u>	<u>(141,938)</u>	<u>(139,547)</u>	
Equity	<u>\$ 995,179</u>	<u>\$ 1,036,040</u>	<u>\$ 1,015,445</u>	
Equity attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 653,314	\$ 679,354	\$ 668,271	
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>341,865</u>	<u>356,686</u>	<u>347,174</u>	
	<u>\$ 995,179</u>	<u>\$ 1,036,040</u>	<u>\$ 1,015,445</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue	<u>\$ 778,711</u>	<u>\$ 983,194</u>	<u>\$ 2,814,440</u>	<u>\$ 2,080,301</u>
Net loss from continuing operations (Remark)	\$ (7,483)	\$ (7,129)	\$ (23,995)	\$ (2,635)
Other comprehensive income (loss) for the period	<u>(511)</u>	<u>21,382</u>	<u>(13,058)</u>	<u>(4,861)</u>
Total comprehensive income (loss) for the period	<u>\$ (7,994)</u>	<u>\$ 14,253</u>	<u>\$ (37,053)</u>	<u>\$ (7,496)</u>

(Continued)

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Loss attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (4,489)	\$ (4,278)	\$ (14,396)	\$ (1,581)
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(2,994)</u>	<u>(2,851)</u>	<u>(9,599)</u>	<u>(1,054)</u>
	<u>\$ (7,483)</u>	<u>\$ (7,129)</u>	<u>\$ (23,995)</u>	<u>\$ (2,635)</u>
Total comprehensive income (loss) attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (4,796)	\$ 8,552	\$ (22,232)	\$ (4,498)
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(3,198)</u>	<u>5,701</u>	<u>(14,821)</u>	<u>(2,998)</u>
	<u>\$ (7,994)</u>	<u>\$ 14,253</u>	<u>\$ (37,053)</u>	<u>\$ (7,496)</u> (Concluded)

	<u>For the Nine Months Ended September 30</u>	
	2021	2020
Net cash inflow (outflow) from:		
Operating activities	\$ 62,979	\$ 29,364
Investing activities	(8,653)	(4,444)
Financing activities	<u>69,479</u>	<u>50,944</u>
Net cash inflow	<u>\$ 123,805</u>	<u>\$ 75,864</u>

Note: Net loss was \$13,832 thousand less amortization of \$10,163 thousand for the nine months ended September 30, 2021. Net profit was \$7,345 thousand less amortization of \$9,980 thousand for the nine months ended September 30, 2020.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2021	December 31, 2020	September 30, 2020
Investments in associates	<u>\$ 31,076</u>	<u>\$ 5,252</u>	<u>\$ 5,123</u>
Associates that are not individually material			
Morsel Inc.	\$ 26,489	\$ -	\$ -
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	<u>4,587</u>	<u>5,252</u>	<u>5,123</u>
	<u>\$ 31,076</u>	<u>\$ 5,252</u>	<u>\$ 5,123</u>

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 (approximately NT\$27,750 thousand). The ordinary shares were acquired for US\$1,000 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, please refer to Note 7.

The Group acquired 40% equity of Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd. for \$5,123 thousand in July 2020. It provides technology development and consulting in the field of health technology.

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

Aggregate information of associates:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
The Group's share of:				
Loss from continuing operations	\$ (1,214)	\$ -	\$ (1,852)	\$ -
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,214)</u>	<u>\$ -</u>	<u>\$ (1,852)</u>	<u>\$ -</u>

The investments were accounted for using the equity method and the share of profit or loss of those investments was calculated based on financial statements which have been reviewed. However, the difference between the investment cost and net equity value incurred by the acquisition of Morsel Inc. was recognized at the provisional amount on the balance sheet date because its identifiable assets and liabilities have not yet been completed. During the measurement period, retrospective adjustments or recognition of additional assets or liabilities are made to reflect the new information obtained about the facts and circumstances that existed on the acquisition date.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Cost								
Balance at January 1, 2021	\$ 1,277,444	\$ 1,911,892	\$ 790,276	\$ 49,855	\$ 74,460	\$ 24,297	\$ -	\$ 4,128,224
Additions	7,606	3,627	46,821	2,899	7,514	1,085	43,288	112,840
Disposals	(1,436)	(12,927)	(8,090)	(6,288)	(2,184)	(141)	-	(31,066)
Effects of foreign currency exchange differences	<u>(355)</u>	<u>(21,416)</u>	<u>(6,262)</u>	<u>(926)</u>	<u>(4,549)</u>	<u>(1,506)</u>	<u>(338)</u>	<u>(35,352)</u>
Balance at September 30, 2021	<u>1,283,259</u>	<u>1,881,176</u>	<u>822,745</u>	<u>45,540</u>	<u>75,241</u>	<u>23,735</u>	<u>42,950</u>	<u>4,174,646</u>
Accumulated depreciation								
Balance at January 1, 2021	-	598,857	549,088	32,511	59,623	10,548	-	1,250,627
Depreciation expenses	-	50,021	64,582	3,492	5,814	2,717	-	126,626
Disposals	-	(3,251)	(7,301)	(5,906)	(2,142)	(141)	-	(18,741)
Effects of foreign currency exchange differences	<u>-</u>	<u>(7,656)</u>	<u>(4,216)</u>	<u>(592)</u>	<u>(1,935)</u>	<u>(595)</u>	<u>-</u>	<u>(14,994)</u>
Balance at September 30, 2021	<u>-</u>	<u>637,971</u>	<u>602,153</u>	<u>29,505</u>	<u>61,360</u>	<u>12,529</u>	<u>-</u>	<u>1,343,518</u>
Carrying amounts at September 30, 2021	<u>\$ 1,283,259</u>	<u>\$ 1,243,205</u>	<u>\$ 220,592</u>	<u>\$ 16,035</u>	<u>\$ 13,881</u>	<u>\$ 11,206</u>	<u>\$ 42,950</u>	<u>\$ 2,831,128</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 993,472	\$ 1,911,586	\$ 690,454	\$ 43,768	\$ 72,039	\$ 21,524	\$ -	\$ 3,732,843
Acquisitions through business combinations (Note 32)	-	-	36,712	-	346	1,599	-	38,657
Additions	-	2,352	36,395	8,837	3,358	1,751	-	52,693
Disposals	-	-	(1,598)	(3,007)	(1,327)	(1,237)	-	(7,169)
Effects of foreign currency exchange differences	(429)	(19,832)	(4,316)	(170)	(1,642)	237	-	(26,152)
Balance at September 30, 2020	<u>993,043</u>	<u>1,894,106</u>	<u>757,647</u>	<u>49,428</u>	<u>72,774</u>	<u>23,874</u>	<u>-</u>	<u>3,790,872</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	-	527,450	458,061	31,823	53,143	6,316	-	1,076,793
Acquisitions through business combinations (Note 32)	-	-	13,257	-	75	1,094	-	14,426
Depreciation expenses	-	50,764	57,072	3,004	5,714	2,750	-	119,304
Disposals	-	-	(1,395)	(2,791)	(994)	(765)	-	(5,945)
Effects of foreign currency exchange differences	-	(4,808)	(2,317)	(113)	(530)	66	-	(7,702)
Balance at September 30, 2020	<u>-</u>	<u>573,406</u>	<u>524,678</u>	<u>31,923</u>	<u>57,408</u>	<u>9,461</u>	<u>-</u>	<u>1,196,876</u>
Carrying amounts at September 30, 2020	<u>\$ 993,043</u>	<u>\$ 1,320,700</u>	<u>\$ 232,969</u>	<u>\$ 17,505</u>	<u>\$ 15,366</u>	<u>\$ 14,413</u>	<u>\$ -</u>	<u>\$ 2,593,996</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	3-11 years
Office equipment	1-10 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 38.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Land	\$ 276,854	\$ 287,713	\$ 282,639
Buildings	40,225	52,380	53,910
Transportation equipment	13,719	10,209	6,100
Office equipment	<u>18</u>	<u>75</u>	<u>91</u>
	<u>\$ 330,816</u>	<u>\$ 350,377</u>	<u>\$ 342,740</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Additions for right-of-use assets			\$ 11,599	\$ -
Depreciation charge for right-of-use assets				
Land	\$ 2,041	\$ 2,018	\$ 6,172	\$ 6,061
Buildings	3,557	4,681	12,283	15,044
Transportation equipment	1,750	1,074	4,232	3,622
Office equipment	18	18	56	55
	<u>\$ 7,366</u>	<u>\$ 7,791</u>	<u>\$ 22,743</u>	<u>\$ 24,782</u>

Right-of-use assets used by the Group and pledged as collateral for bank borrowings are set out in Note 38.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	\$ 17,511	\$ 19,863	\$ 18,576
Non-current	\$ 38,835	\$ 44,408	\$ 42,610

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	1.56%-4.90%	1.56%-4.75%	1.56%-4.75%
Transportation equipment	1.66%-4.07%	1.65%-4.07%	1.66%-3.41%
Office equipment	4.07%	4.07%	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	
	2021	2020	2021	2020
Expenses relating to short-term leases	<u>\$ 9,434</u>	<u>\$ 4,798</u>	<u>\$ 23,303</u>	<u>\$ 14,522</u>
Expenses relating to low-value asset leases	<u>\$ 116</u>	<u>\$ 75</u>	<u>\$ 505</u>	<u>\$ 206</u>
Total cash outflow for leases	<u>\$ 13,696</u>	<u>\$ 9,587</u>	<u>\$ 38,306</u>	<u>\$ 30,860</u>

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, 2021	\$ 79,327
Effects of foreign currency exchange differences	<u>(895)</u>
Balance at September 30, 2021	<u>78,432</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	22,266
Depreciation expenses	2,480
Effects of foreign currency exchange differences	<u>(320)</u>
Balance at September 30, 2021	<u>24,426</u>
Carrying amount at September 30, 2021	<u>\$ 54,006</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 78,432
Effects of foreign currency exchange differences	<u>(448)</u>
Balance at September 30, 2020	<u>77,984</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	18,670
Depreciation expenses	2,447
Effects of foreign currency exchange differences	<u>(129)</u>
Balance at September 30, 2020	<u>20,988</u>
Carrying amount at September 30, 2020	<u>\$ 56,996</u>

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, 2021	December 31, 2020	September 30, 2020
Year 1	\$ 7,185	\$ 14,063	\$ 15,540
Year 2	662	4,180	10,068
Year 3	662	654	1,172
Year 4	662	654	662
Year 5	662	654	662
Year 5 onwards	<u>441</u>	<u>926</u>	<u>1,435</u>
	<u>\$ 10,274</u>	<u>\$ 21,131</u>	<u>\$ 29,539</u>

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

As of September 30, 2021, December 31, 2020 and September 30, 2020, the fair value of investment property located in Zhongshan District, Taipei City was \$24,608 thousand, \$23,294 thousand and \$27,912 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.

18. GOODWILL

	For the Nine Months Ended September 30	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 487,049	\$ 191,049
Acquisitions through business combinations-Fitness Equipment Services LLC. (Note 32)	-	313,992
Effect of foreign currency exchange differences	<u>(12,431)</u>	<u>(14,291)</u>
Balance at September 30	<u>474,618</u>	<u>490,750</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	8,931	8,566
Effect of foreign currency exchange differences	<u>(688)</u>	<u>143</u>
Balance at September 30	<u>8,243</u>	<u>8,709</u>
Carrying amounts at September 30	<u>\$ 466,375</u>	<u>\$ 482,041</u>

For the information of business combinations, please refer to Note 32.

19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 87,427	\$ 84,192	\$ 97,402	\$ 7,685	\$ 214,021	\$ 649,344	\$ 1,025	\$ 1,141,096
Additions	4,694	-	-	-	75,402	-	-	80,096
Disposals	(6,237)	-	-	-	-	-	-	(6,237)
Effects of foreign currency exchange differences	(984)	(4,355)	(1,980)	-	(970)	(14,364)	(22)	(22,675)
Balance at September 30, 2021	<u>84,900</u>	<u>79,837</u>	<u>95,422</u>	<u>7,685</u>	<u>288,453</u>	<u>634,980</u>	<u>1,003</u>	<u>1,192,280</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2021	65,490	60,602	73,267	7,685	141,511	31,749	240	380,544
Amortization expenses	7,049	5,740	1,271	-	26,324	22,397	203	62,984
Disposals	(6,235)	-	-	-	-	-	-	(6,235)
Effects of foreign currency exchange differences	(831)	(3,050)	(1,456)	-	(922)	(875)	(7)	(7,141)
Balance at September 30, 2021	<u>65,473</u>	<u>63,292</u>	<u>73,082</u>	<u>7,685</u>	<u>166,913</u>	<u>53,271</u>	<u>436</u>	<u>430,152</u>
Carrying amounts at September 30, 2021	<u>\$ 19,427</u>	<u>\$ 16,545</u>	<u>\$ 22,340</u>	<u>\$ -</u>	<u>\$ 121,540</u>	<u>\$ 581,709</u>	<u>\$ 567</u>	<u>\$ 762,128</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ 81,261	\$ 83,665	\$ 73,825	\$ 75,924	\$ 292,000	\$ -	\$ -	\$ 606,675
Acquisitions through business combinations (Note 32)	-	-	27,112	-	-	686,846	1,084	715,042
Additions	5,022	-	-	-	10,018	-	-	15,040
Disposals	(990)	-	-	(67,509)	-	-	-	(68,499)
Effects of foreign currency exchange differences	(150)	(1,086)	(5,000)	(730)	(3,785)	(23,366)	(36)	(34,153)
Balance at September 30, 2020	<u>85,143</u>	<u>82,579</u>	<u>95,937</u>	<u>7,685</u>	<u>298,233</u>	<u>663,480</u>	<u>1,048</u>	<u>1,234,105</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2020	54,903	52,798	73,825	75,924	115,387	-	-	372,837
Amortization expenses	8,559	5,766	1,130	-	53,026	23,805	181	92,467
Disposals	(990)	-	-	(67,509)	-	-	-	(68,499)
Effects of foreign currency exchange differences	(126)	(1,204)	(4,105)	(730)	(2,115)	(572)	(5)	(8,857)
Balance at September 30, 2020	<u>62,346</u>	<u>57,360</u>	<u>70,850</u>	<u>7,685</u>	<u>166,298</u>	<u>23,233</u>	<u>176</u>	<u>387,948</u>
Carrying amounts at September 30, 2020	<u>\$ 22,797</u>	<u>\$ 25,219</u>	<u>\$ 25,087</u>	<u>\$ -</u>	<u>\$ 131,935</u>	<u>\$ 640,247</u>	<u>\$ 872</u>	<u>\$ 846,157</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 in intangible assets at the beginning of authorization period, and the related liability was recognized as long-term payable as well as current portion of long-term payable. 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	23 years
Website	4 years

20. BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured borrowings	\$ 1,751,020	\$ 421,659	\$ 263,100
Secured borrowings	<u>1,069,205</u>	<u>1,152,122</u>	<u>760,457</u>
	<u>\$ 2,820,225</u>	<u>\$ 1,573,781</u>	<u>\$ 1,023,557</u>
Range of interest rates			
Unsecured borrowings	0.68%-4.26%	0.68%-4.78%	1.15%-1.37%
Secured borrowings	0.85%-4.45%	1.15%-4.45%	1.01%-4.87%

b. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Secured borrowings</u>			
Mega Bank	\$ 306,850	\$ 382,900	\$ 408,250
Taishin Bank	176,250	187,500	191,250
Taiwan Cooperative Bank	172,629	179,267	180,000
Bank SinoPac	117,806	134,068	139,489
Bank of Montreal	37,593	39,772	39,103
Chang Hua Bank	<u>18,755</u>	<u>27,043</u>	<u>29,785</u>
	829,883	950,550	987,877
Less: Current portion	<u>160,168</u>	<u>159,929</u>	<u>158,027</u>
Long-term borrowings	<u>\$ 669,715</u>	<u>\$ 790,621</u>	<u>\$ 829,850</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, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$12,750 thousand, \$20,400 thousand and \$22,950 thousand, respectively, at the annual borrowing interest rate were 1.38%, 1.38% and 1.65%, respectively. 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, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$156,800 thousand, \$195,500 thousand and \$208,400 thousand, respectively, at the annual borrowing interest rate were 1.40%, 1.40% and 1.65%, 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, 2021, December 31, 2020 and September 30, 2020, the amount of borrowings were \$137,300 thousand, \$167,000 thousand and \$176,900 thousand, at the annual borrowing interest rates of 1.45%, 1.45% and 1.70%, respectively.
- 2) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of September 30, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$151,500 thousand, \$156,000 thousand and \$157,500 thousand, respectively, at annual borrowing interest rate were 1.23%, 1.23% and 1.45%, 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, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$24,750 thousand, \$31,500 thousand and \$33,750 thousand, at annual borrowing interest rates of 1.23%, 1.23% and 1.45%, respectively.

- 3) 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, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$172,629 thousand, \$179,267 thousand and \$180,000 thousand, respectively, at annual borrowing interest rates of 1.40%, 1.40% and 1.48%, respectively.
- 4) 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, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$26,923 thousand, \$33,846 thousand and \$36,154 thousand, respectively, at annual borrowing interest rate were 1.44%, 1.44% and 1.71%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2022. As of September 30, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$84,037 thousand, \$90,913 thousand and \$93,205 thousand, respectively, at annual borrowing interest rate were 1.26%, 1.26% and 1.51%, 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, 2021, December 31, 2020 and September 30, 2020, the borrowings were \$6,846 thousand, \$9,309 thousand and \$10,130 thousand, respectively, at annual borrowing interest rates of 1.33%, 1.33% and 1.60%, respectively.
- 5) 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 September 30, 2021, December 31, 2020 and September 30, 2020, the annual borrowing interest rate was 4.07%.
- 6) 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 September 30, 2021, December 31, 2020 and September 30, 2020, the annual borrowing interest rates was 1.50%.

21. BONDS PAYABLE

	September 30, 2021	December 31, 2020	September 30, 2021
Secured domestic convertible bonds	\$ 416,684	\$ 462,372	\$ 584,043
Unsecured domestic convertible bonds	<u>958,022</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,374,706</u>	<u>\$ 462,372</u>	<u>\$ 584,043</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 ordinary 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.

As of September 30, 2021, the amount of convertible bonds of NT\$49,800 thousand was reclassified to share capital at NT\$5,539 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$1,051 thousand and NT\$1,099 thousand, respectively. The capital surplus - options of NT\$44,213 thousand was recognized on the conversion date.

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 - options	<u>1,487</u>
Liability component at the date of issue	583,469
Interest charged at an effective interest rate of 0.93%	<u>574</u>
Liability component at September 30, 2020	584,043
Interest charged at an effective interest rate of 0.93%	1,362
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%	3,013
Convertible bonds converted into ordinary shares	<u>(48,701)</u>
 Liability component at September 30, 2021	 <u>\$ 416,684</u>

Financial assets at fair value through profit or loss - options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$2,437 thousand for the nine months ended September 30, 2021.

- 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 ordinary 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, 2024. 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 - selling 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>3,908</u>
Liability component at September 30, 2021	<u>\$ 958,022</u>

Financial assets at fair value through profit or loss - options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$7,600 thousand for the nine months ended September 30, 2021.

22. NOTES PAYABLES AND ACCOUNTS PAYABLES

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, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Payables for freight	\$ 61,774	\$ 324,203	\$ 285,956
Payables for salaries and bonuses	61,295	107,474	61,052
Payables for employee benefits	43,830	44,563	38,977
Payables for royalties (Note 19)	30,069	77,592	89,309
Payables for advertisements	25,117	138,272	49,378
Payables for employees' compensation	21,758	16,236	9,953
Payables for investments (Note 13)	18,889	113,874	87,300
Payables for value added taxes	18,851	46,161	38,322
Payables for insurance	12,022	12,044	10,618
Payables for annual leave	11,942	11,177	9,045
Payables for commissions	6,890	7,038	7,569
Payables for labor costs	6,338	32,207	23,413
Payables for remuneration of directors	5,055	5,055	-
Payables for purchase of equipment	1,493	4,788	5,559
Others	<u>73,860</u>	<u>135,039</u>	<u>97,016</u>
	<u>\$ 399,183</u>	<u>\$ 1,075,723</u>	<u>\$ 813,467</u>

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Payables for royalties (Note 19)	<u>\$ 117,541</u>	<u>\$ 25,878</u>	<u>\$ 105,829</u> (Concluded)

24. PROVISIONS

	September 30, 2021	December 31, 2020	September 30, 2020
Warranties	<u>\$ 19,280</u>	<u>\$ 18,359</u>	<u>\$ 18,118</u>
			Warranties
Balance at January 1, 2021			\$ 18,359
Amount used			(77,516)
Additional provisions recognized			78,800
Effect of foreign currency exchange differences			<u>(363)</u>
Balance at September 30, 2021			<u>\$ 19,280</u>
Balance at January 1, 2020			\$ 15,835
Amount used			(45,792)
Additional provisions recognized			48,718
Effect of foreign currency exchange differences			<u>(643)</u>
Balance at September 30, 2020			<u>\$ 18,118</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., President Plastic Products Mft. Co., Ltd. and Cikayda Inc. 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 Mft. 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 are members of a state-managed retirement benefit plan operated by the government of the US, China, Japan, UK and Germany, 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, 2021 and 2020 by using the pension rate based on actuarial valuations as of December 31, 2020 and 2019, 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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Operating costs	\$ 27	\$ 27	\$ 79	\$ 79
Operating expenses	<u>65</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, 2021	December 31, 2020	September 30, 2020
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>133,982</u>	<u>131,149</u>	<u>120,982</u>
Ordinary shares issued	<u>\$ 1,339,822</u>	<u>\$ 1,311,496</u>	<u>\$ 1,209,820</u>

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

The Corporation's board of directors resolved to increase cash capital on September 17, 2019 through issuance of 19,000,000 shares, which was approved by the Financial Supervisory Commission on October 28, 2019 in accordance with Rule No. 1080333602. The base date of capital increase was January 13, 2020. The issued price is \$39 and paid-up capital is \$741,000 thousand.

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares	\$ 1,324,009	\$ 1,269,348	\$ 1,265,388
Conversion of bonds	613,057	568,844	457,176
Treasury shares transaction	117,644	37,685	37,685
<u>May only be used to offset a deficit</u>			
Conversion of employee share options	1,460	1,460	1,460
Gain on disengagement	45	-	-

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
<u>May not be used for any purpose</u>			
Conversion of bonds	\$ 47,941	\$ 10,004	\$ 12,666
Employee share options	3,273	94,878	33,097
Employee share options in subsidiaries	<u>3,939</u>	<u>3,786</u>	<u>3,668</u>
	<u>\$ 2,111,368</u>	<u>\$ 1,986,005</u>	<u>\$ 1,811,140</u> (Concluded)

The capital surplus generated from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

The balance adjustments in capital surplus for the nine months ended September 30 in 2021 and 2020 were as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Conversion of Employee Share Options	Enforce Disgorgement	Conversion of Bond-options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2021	\$ 1,269,348	\$ 568,844	\$ 37,685	\$ 1,460	\$ -	\$ 10,004	\$ 94,878	\$ 3,786
Convertible bond premium	-	44,213	-	-	-	(1,051)	-	-
Exercise of employee share options	54,661	-	-	-	-	-	(31,304)	-
Compensation costs of employee share options (Remark)	-	-	-	-	-	-	32,716	153
Treasury shares transferred to employees	-	-	79,959	-	-	-	(93,017)	-
Issuance of convertible bonds	-	-	-	-	-	38,988	-	-
Gain on disgorgement	-	-	-	-	45	-	-	-
Balance at September 30, 2021	<u>\$ 1,324,009</u>	<u>\$ 613,057</u>	<u>\$ 117,644</u>	<u>\$ 1,460</u>	<u>\$ 45</u>	<u>\$ 47,941</u>	<u>\$ 3,273</u>	<u>\$ 3,939</u>
Balance at January 1, 2020	\$ 704,409	\$ 1,147	\$ -	\$ 1,460	\$ -	\$ 15,762	\$ 32,298	\$ 3,228
Increase cash capital	548,745	-	-	-	-	-	-	-
Convertible bond premium	-	456,029	-	-	-	(15,762)	-	-
Exercise of employee share options	12,234	-	-	-	-	-	(3,169)	-
Compensation costs of employee share options (Remark)	-	-	-	-	-	-	46,825	440
Treasury shares transferred to employees	-	-	37,685	-	-	-	(42,857)	-
Issuance of convertible bonds	-	-	-	-	-	12,666	-	-
Balance at September 30, 2020	<u>\$ 1,265,388</u>	<u>\$ 457,176</u>	<u>\$ 37,685</u>	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 12,666</u>	<u>\$ 33,097</u>	<u>\$ 3,668</u>

Note: On August 11, 2021 and June 29, 2020, 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 \$31,337 thousand and \$42,857 thousand, respectively. For the nine months ended September 30, 2021 and 2020, the compensation costs of employees' shares recognized were \$1,532 thousand and \$4,408 thousand, respectively.

c. Retained earnings and dividend policy

The Corporation has resolved the amended Articles on May 30, 2019, which authorize special resolution the board of directors to distribute the dividends and bonuses, or all or part of the legal reserve and capital surplus in cash and reported to the shareholders' meeting.

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 2020 and 2019 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 132,026	\$ 18,941		
Special reserve	69,816	26,689		
Cash dividends	953,027	124,321	\$ 7.50	\$ 1.15

The above 2020 and 2019 appropriation for cash dividends had been resolved by the Corporation's board of directors on March 30, 2021 and March 27, 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on August 27, 2021 and May 28, 2020, respectively.

d. Other equity

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 gain (loss) on financial assets at FVTOCI

	<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 2,840	\$ 3,893
Recognized for the period		
Unrealized gain (loss) on equity instruments	<u> -</u>	<u> -</u>
Balance at September 30	<u>\$ 2,840</u>	<u>\$ 3,893</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	7,122
Decrease during the period	<u>(1,597)</u>
Number of shares at September 30, 2021	<u>5,525</u>
Number of shares at January 1, 2020	4,000
Increase during the period	4,565
Decrease during the period	<u>(1,443)</u>
Number of shares at September 30, 2020	<u>7,122</u>

On February 21, 2020, the Corporation's board of directors resolved to redeem 3,000 thousand shares at \$30 to \$50 per share from February 24, 2020 to April 23, 2020. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has redeemed 3,000 thousand shares, with total cost of \$104,927 thousand.

On March 20, 2020, the Corporation's board of directors resolved to redeem 4,500 thousand shares at \$25 to \$45 per share from March 23, 2020 to May 19, 2020. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has accumulatively redeemed 1,565 thousand shares, with total cost of \$50,623 thousand.

On September 29, 2021, the Corporation's board of directors resolved to redeem 4,000 thousand shares at \$45 to \$90 per share from September 30, 2021 to November 29, 2021. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares.

On August 11, 2021 and December 25, 2020, the Corporation's board of directors resolved to transfer 849 thousand and 748 thousand shares of treasury shares to employees, respectively. For related information on employees' exercise of the treasury share options, please 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	
	2021	2020
Balance at January 1	\$ 356,686	\$ 350,172
Loss for the period attributable to non-controlling interests	(9,599)	(1,054)
Exchange differences on translating of the financial statements of foreign entities	<u>(5,222)</u>	<u>(1,944)</u>
Balance at September 30	<u>\$ 341,865</u>	<u>\$ 347,174</u>

27. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Sporting goods	\$ 2,323,178	\$ 3,528,068	\$ 8,346,161	\$ 7,355,024
Furniture	113,931	40,749	694,967	358,732
Other revenue	<u>(848)</u>	<u>6,659</u>	<u>7,420</u>	<u>17,745</u>
	<u>\$ 2,436,261</u>	<u>\$ 3,575,476</u>	<u>\$ 9,048,548</u>	<u>\$ 7,731,501</u>

a. Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Notes receivable (Note 10)	<u>\$ 1,006</u>	<u>\$ 2,020</u>	<u>\$ 2,741</u>	<u>\$ 1,501</u>
Accounts receivable (Note 10)	<u>\$ 2,023,362</u>	<u>\$ 3,050,265</u>	<u>\$ 1,821,832</u>	<u>\$ 1,009,492</u>
Contract liabilities				
Sale of goods	<u>\$ 32,418</u>	<u>\$ 74,531</u>	<u>\$ 36,005</u>	<u>\$ 7,901</u>

b. Disaggregation of revenue

Refer to Note 41 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	
	2021	2020	2021	2020
Property, plant and equipment	\$ 43,449	\$ 40,512	\$ 126,626	\$ 119,304
Right-of-use assets	7,366	7,791	22,743	24,782
Investment properties	822	815	2,480	2,447
Intangible assets	<u>18,419</u>	<u>33,420</u>	<u>62,984</u>	<u>92,467</u>
	<u>\$ 70,056</u>	<u>\$ 82,538</u>	<u>\$ 214,833</u>	<u>\$ 239,000</u>
An analysis of depreciation by function				
Operating costs	\$ 25,004	\$ 27,178	\$ 75,713	\$ 75,879
Operating expenses	25,811	21,125	73,656	68,207
Non-operating income and expenses	<u>822</u>	<u>815</u>	<u>2,480</u>	<u>2,447</u>
	<u>\$ 51,637</u>	<u>\$ 49,118</u>	<u>\$ 151,849</u>	<u>\$ 146,533</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>18,419</u>	<u>33,420</u>	<u>62,984</u>	<u>92,467</u>
	<u>\$ 18,419</u>	<u>\$ 33,420</u>	<u>\$ 62,984</u>	<u>\$ 92,467</u>

(Concluded)

b. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Impairment loss recognized on prepayments for goods	\$ -	\$ (5,537)	\$ -	\$ (5,537)
Loss on disposal of property, plant and equipment	(164)	(270)	(2,024)	(163)
Loss on disposal of intangible assets	-	-	(2)	-
Loss on lease modification	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(42)</u>
	<u>\$ (164)</u>	<u>\$ (5,820)</u>	<u>\$ (2,026)</u>	<u>\$ (5,742)</u>

c. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Post-employment benefits (Note 25)				
Defined contribution plan	\$ 6,076	\$ 7,598	\$ 20,874	\$ 23,830
Defined benefit plans	<u>92</u>	<u>92</u>	<u>275</u>	<u>275</u>
	<u>6,168</u>	<u>7,690</u>	<u>21,149</u>	<u>24,105</u>
Employees' compensation	228,235	300,991	690,854	694,132
Labor and national health insurance expenses	17,683	17,030	57,206	50,014
Other employee benefits	<u>8,566</u>	<u>10,345</u>	<u>29,810</u>	<u>26,376</u>
	<u>254,484</u>	<u>328,366</u>	<u>777,870</u>	<u>770,522</u>
Total employee benefits expense	<u>\$ 260,652</u>	<u>\$ 336,056</u>	<u>\$ 799,019</u>	<u>\$ 794,627</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 84,886	\$ 124,970	\$ 294,432	\$ 295,204
Operating expenses	<u>175,766</u>	<u>211,086</u>	<u>504,587</u>	<u>499,423</u>
	<u>\$ 260,652</u>	<u>\$ 336,056</u>	<u>\$ 799,019</u>	<u>\$ 794,627</u>

d. Compensation of employees and remuneration of directors

The Corporation accrues 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, 2021 and 2020, the compensation of employees and remuneration of directors were as follows:

	For the Nine Months Ended September 30			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1.00%	\$ 5,522	1.00%	\$ 7,502
Remuneration of directors	-	-	-	-

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, 2020 and 2019 which had been approved by the Corporation's board of directors on March 30, 2021 and March 27, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1.00%	\$ 16,236	1.00%	\$ 2,451
Remuneration of directors	0.31%	5,055	0.50%	1,225

There is 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, 2020 and 2019.

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	
	2021	2020	2021	2020
	Foreign exchange gains	\$ 17,496	\$ 21,651	\$ 87,502
Foreign exchange losses	<u>(30,533)</u>	<u>(91,326)</u>	<u>(220,662)</u>	<u>(164,842)</u>
Net losses	<u>\$ (13,037)</u>	<u>\$ (69,675)</u>	<u>\$ (133,160)</u>	<u>\$ (90,325)</u>

f. Interest expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 14,364	\$ 10,663	\$ 40,293	\$ 36,864
Interest on convertible bonds	4,878	1,649	6,921	5,554
Interest on lease liabilities	<u>387</u>	<u>662</u>	<u>1,227</u>	<u>1,383</u>
	<u>\$ 19,629</u>	<u>\$ 12,974</u>	<u>\$ 48,441</u>	<u>\$ 43,801</u>

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	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 23,375	\$ 203,057	\$ 190,134	\$ 319,400
Adjustments for prior periods	<u>(14)</u>	<u>280</u>	<u>(6,563)</u>	<u>(8,035)</u>
	23,361	203,337	183,571	311,365
Deferred tax	<u>18,459</u>	<u>(7,795)</u>	<u>(62,518)</u>	<u>(36,777)</u>
Income tax expense recognized in profit or loss	<u>\$ 41,820</u>	<u>\$ 195,542</u>	<u>\$ 121,053</u>	<u>\$ 274,588</u>

b. Income tax assessments

The income tax returns of the Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products MFG Co., Ltd. through 2019 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

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

Net profit for the period is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Profit for the period attributable to owners of the Corporation	<u>\$ 110,683</u>	<u>\$ 423,922</u>	<u>\$ 426,381</u>	<u>\$ 613,138</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Earnings used in the computation of basic earnings per share	\$ 110,683	\$ 423,922	\$ 426,381	\$ 613,138
Effect of potentially dilutive ordinary shares				
Interest on convertible bonds (after tax) and valuation gain or loss on financial assets at FVTPL	<u>11,272</u>	<u>544</u>	<u>13,567</u>	<u>3,675</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 121,955</u>	<u>\$ 424,466</u>	<u>\$ 439,948</u>	<u>\$ 616,813</u> (Concluded)

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	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	127,876	113,593	127,004	109,341
Effect of potentially dilutive ordinary shares				
Compensation of employees	88	63	135	87
Convertible bonds	14,982	2,760	8,176	927
Employee share options	<u>1,313</u>	<u>772</u>	<u>1,829</u>	<u>772</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,259</u>	<u>117,188</u>	<u>137,144</u>	<u>111,127</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 are 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.

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. 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			
	2021		2020	
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	3,600	\$ 40.10	4,000	\$ 41.60
Options exercised	<u>(776)</u>	40.10	<u>(300)</u>	40.22
Balance at September 30	<u>2,824</u>		<u>3,700</u>	
Options exercisable, end of period	<u>1,749</u>		<u>1,700</u>	

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

	September 30	
	2021	2020
Range of exercise price (\$)	\$36.90	\$40.10
Weighted-average remaining contractual life (in years)	2.25 years	3.25 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%
Weighted-average fair value of options granted	\$10.42

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.

For the nine months ended September 30, 2021, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$31,304 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$23,357 thousand was recognized on the conversion date.

For the nine months ended September 30, 2021 and 2020, the compensation costs recognized by the Group were \$1,532 thousand and \$4,408 thousand, respectively.

b. Treasury shares transfer to employees

The second treasury shares transferred to employees in 2020

Qualified employees of the Group were granted 748 thousand treasury share options on December 25, 2020. 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:

Employee Share Options	For the Nine Months Ended September 30, 2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	748	\$ 30.54
Options granted	<u>(748)</u>	30.54
Balance at September 30	<u>-----</u>	-
Options exercisable, end of period	<u>-----</u>	-

The base date of employee share options was January 15, 2021. Employees exercised the treasury share options from January 13 to January 15, 2021.

Options granted in December 2020 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	December 2020
Grant-date share price	\$113.00
Exercise price	\$30.54
Expected volatility	61.05%
Expected life (in days)	24 days
Risk-free interest rate	0.18%
Weighted-average fair value of options granted	\$82.46

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

For the nine months ended September 30, 2021, the abovementioned treasury share options was exercised by the employees, the capital surplus - employee share option of NT\$61,680 thousand was reclassified to the capital surplus - treasury shares transaction on the conversion date. The transfer price was lower than the average price of treasury shares, thereby reducing the capital surplus - treasury shares transaction by \$5,858 thousand.

The third treasury shares transferred to employees in 2020

Qualified employees of the Group were granted 849 thousand treasury share options on August 11, 2021. 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:

Employee Share Options	For the Nine Months Ended September 30, 2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	849	\$ 29.89
Options granted	<u>(849)</u>	29.89
Balance at September 30	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

The base date of employee share options was August 23, 2021. Employees exercised the treasury share options from August 17 to August 23, 2021.

Options granted in August 2021 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2021
Grant-date share price	\$66.80
Exercise price	\$29.89
Expected volatility	45.11%
Expected life (in days)	7 days
Risk-free interest rate	0.10%
Weighted-average fair value of options granted	\$36.91

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

For the nine months ended September 30, 2021, the compensation cost recognized by the Group was \$31,337 thousand.

For the nine months ended September 30, 2021, the abovementioned treasury share options was exercised by the employees, the capital surplus - employee share option of NT\$31,337 thousand was reclassified to the capital surplus - treasury shares transaction on the conversion date. The transfer price was lower than the average price of treasury shares, thereby reducing the capital surplus - treasury shares transaction by \$7,200 thousand.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Fitness Equipment Services LLC.	Sporting goods retail	February 1, 2020	100	<u>\$ 948,251</u>

Fitness Equipment Services LLC. was acquired in order to stabilize the North American market of the Group.

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

	Fitness Equipment Services LLC.
Current assets	
Cash	\$ 3,492
Accounts receivable	542,218
Inventories	286,131
Other current assets	4,193
Non-current assets	
Property, plant and equipment	24,231
Intangible assets (Note 19)	715,042
Other non-current assets	5,549
Current liabilities	
Short-term borrowings	(480,242)
Accounts payable	(147,072)
Other payables	(133,743)
Non-current liabilities	
Deferred tax liabilities	<u>(185,540)</u>
	<u>\$ 634,259</u>

The Group has adjusted the initial accounting and the provisional amount since the acquisition date. Information on relevant items of balance sheets and statements of comprehensive income that were adjusted retrospectively are as follows:

	September 30, 2020
Goodwill	<u>\$ 90,501</u>
Other intangible assets	<u>\$ (122,779)</u>
Deferred tax liabilities	<u>\$ (31,156)</u>
Retained earnings	<u>\$ (1,157)</u>
Other equity	<u>\$ 35</u>

	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2021
Selling and marketing	<u>\$ 424</u>	<u>\$ 573</u>
Income tax benefit	<u>\$ 177</u>	<u>\$ 584</u>
Net profit	<u>\$ (601)</u>	<u>\$ (1,157)</u>
Other comprehensive income	<u>\$ 25</u>	<u>\$ 35</u>
Total comprehensive income	<u>\$ (576)</u>	<u>\$ (1,122)</u>

c. Goodwill recognized on acquisitions

	Fitness Equipment Services LLC
Consideration transferred	\$ 948,251
Less: Fair value of identifiable net assets acquired	<u>(634,259)</u>
Goodwill recognized on acquisitions	<u>\$ 313,992</u>

The goodwill recognized in the acquisition of Fitness Equipment services, LLC. 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.

d. Net cash outflow on the acquisition of subsidiaries

	Fitness Equipment Services LLC
Consideration paid in cash	\$ 948,251
Less: Cash balances acquired	<u>(3,492)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 944,759</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income from February 1, 2020 to September 30, 2020, are as follows:

	Fitness Equipment Services LLC
Revenue	<u>\$ 3,623,652</u>
Profit	<u>\$ 321,479</u>

33. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

Due to the demand of production capacity for business expansion. On December 8, 2020, the Group acquired 100% of the equity shares of President Plastic Products MFG. Co., Ltd. at a consideration of \$258,640 thousand. In accordance with IFRS 3, the Group evaluated and concluded that the acquired shares of President Plastic Products MFG. Co., Ltd. did not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets.

The information relating to the assets acquired and liabilities assumed and the relevant net cash outflow at the date of acquisition:

a. Assets acquired and liabilities assumed

	President Plastic Products MFG. Co., Ltd.
Current assets	
Cash	\$ 192
Other receivables	4,690
Non-current assets	
Property, plant and equipment	284,704
Current liabilities	
Short-term borrowings	(28,177)
Other payables	(16)
Other current liabilities	(3)
Non-current liabilities	
Other non-current liabilities	<u>(2,750)</u>
	<u>\$ 258,640</u>

b. Net cash outflow on the acquisition of subsidiaries

	President Plastic Products MFG. Co., Ltd.
Consideration paid in cash	\$ 258,640
Less: Payable for investments (Notes 13 and 23)	(18,889)
Less: Cash balances acquired	<u>(192)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 239,559</u>

34. PARTIAL CASH TRANSACTIONS

For the nine months ended September 30, 2021 and 2020, the Corporation entered into the following partial cash investing activities:

a. From cash investing activities

	For the Nine Months Ended September 30	
	2021	2020
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 112,840	\$ 52,693
Changes in prepayments for purchases of equipment	(6,854)	428
Changes in payables for purchase of equipment	<u>3,295</u>	<u>(918)</u>
Cash paid	<u>\$ 109,281</u>	<u>\$ 52,203</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 80,096	\$ 15,040
Changes in payables for royalties	(44,140)	19,889
Changes in prepayments for purchases of equipment	<u>240</u>	<u>4,844</u>
Cash paid	<u>\$ 36,196</u>	<u>\$ 39,773</u>
Subsidiaries acquired		
Consideration paid in cash	\$ -	\$ 948,251
Changes in payables for investments	85,440	(87,300)
Cash balances acquired	<u>-</u>	<u>(3,492)</u>
Cash paid	<u>\$ 85,440</u>	<u>\$ 857,459</u>
Acquisition of a subsidiary that does not constitute a business		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	<u>9,545</u>	<u>-</u>
Cash paid	<u>\$ 9,545</u>	<u>\$ -</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, 2021	\$ 1,573,781	\$ 462,372	\$ 950,550	\$ 2,737	\$ 64,271
Cash flows	1,253,714	994,594	(119,446)	(59)	(14,498)
Non-cash changes					
New leases	-	-	-	-	11,599
Decrease during the period	-	-	-	-	(260)
Liability component	-	(1,492)	-	-	-
Equity component	-	(87,689)	-	-	-
Interests	-	6,921	-	-	-
Exchange rate impact	<u>(7,270)</u>	<u>-</u>	<u>(1,221)</u>	<u>(50)</u>	<u>(4,766)</u>
Balance at September 30, 2021	<u>\$ 2,820,225</u>	<u>\$ 1,374,706</u>	<u>\$ 829,883</u>	<u>\$ 2,628</u>	<u>\$ 56,346</u> (Continued)

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2020	\$ 1,513,300	\$ 592,874	\$ 897,718	\$ 2,671	\$ 82,361
Cash flows	(967,299)	594,548	92,505	31	(16,132)
Non-cash changes					
Acquisitions through business combinations (Note 32)	480,242	-	-	-	-
Decrease during the period	-	-	-	-	(3,167)
Assets component	-	1,487	-	-	-
Equity component	-	(610,420)	-	-	-
Interests	-	5,554	-	-	-
Exchange rate impact	<u>(2,686)</u>	<u>-</u>	<u>(2,346)</u>	<u>(47)</u>	<u>(1,876)</u>
Balance at September 30, 2020	<u>\$ 1,023,557</u>	<u>\$ 584,043</u>	<u>\$ 987,877</u>	<u>\$ 2,655</u>	<u>\$ 61,186</u> (Concluded)

35. 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.

36. 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, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 1,374,706</u>	<u>\$ -</u>	<u>\$ 1,380,801</u>	<u>\$ -</u>	<u>\$ 1,380,801</u>

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 462,372</u>	<u>\$ -</u>	<u>\$ 466,792</u>	<u>\$ -</u>	<u>\$ 466,792</u>

September 30, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 584,043	\$ -	\$ 589,320	\$ -	\$ 589,320

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, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds options	\$ -	\$ 156	\$ -	\$ 156
Hybrid financial assets				
Convertible bonds	\$ -	\$ -	\$ 138,750	\$ 138,750
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 12,900	\$ 12,900
Foreign unlisted shares	-	-	51,000	51,000
	\$ -	\$ -	\$ 63,900	\$ 63,900
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 373	\$ -	\$ 373
Convertible bonds option	-	9,092	-	9,092
	\$ -	\$ 9,465	\$ -	\$ 9,465

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	\$ -	\$ 2,593	\$ -	\$ 2,593
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 51,165	\$ 51,165

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ _____	\$ <u>1,685</u>	\$ _____	\$ <u>1,685</u> (Concluded)

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Foreign exchange forward contracts	\$ -	\$ 2,725	\$ -	\$ 2,725
Convertible bonds option	_____ -	_____ 2,447	_____ -	_____ 2,447
	<u>\$ -</u>	<u>\$ 5,172</u>	<u>\$ -</u>	<u>\$ 5,172</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ _____ -	\$ _____ -	\$ 51,966	\$ 51,966
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ _____ -	\$ <u>5,543</u>	\$ _____ -	\$ <u>5,543</u>

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, 2021

Financial Assets	Financial Assets at FVTPL Hybrid Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ -	\$ 51,165
Purchases	138,750	12,900
Recognized in other comprehensive income (exchange differences on translating foreign operations)	_____ -	_____ (165)
Balance at September 30, 2021	<u>\$ 138,750</u>	<u>\$ 63,900</u>

For the nine months ended September 30, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 42,984
Purchases	9,075
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(93)</u>
Balance at September 30, 2020	<u>\$ 51,966</u>

3) Valuation techniques and assumptions applied for fair value measurement

Financial Instrument	Valuation Technique and Inputs
Domestic and foreign unlisted shares and convertible promissory notes	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.
Derivative financial instruments - swap contracts and 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 - 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.

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

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 138,906	\$ 2,593	\$ 5,172
Financial assets at amortized cost (Note 1)	3,279,205	4,896,816	3,460,419
Financial assets at FVTOCI - equity instruments	63,900	51,165	51,966
<u>Financial liabilities</u>			
FVTPL			
Held for trading	9,465	1,685	5,543
Amortized cost (Note 2)	6,958,390	7,068,371	6,046,866

Note 1: The balances included financial assets measured at amortized cost, which comprised cash, 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, long-term borrowings (including current portion), long-term payables, partial other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, accounts payable, and borrowings. 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 39.

Sensitivity analysis

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

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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Profit or loss	\$ (225,712)	\$ (153,550)	\$ 36,998	\$ 50,090
	EUR Impact		GBP Impact	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Profit or loss	\$ (10,995)	\$ (6,466)	\$ (12,278)	\$ (9,254)

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, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 237,685	\$ 208,923	\$ 282,092
Financial liabilities	4,167,775	2,045,107	1,109,916
Cash flow interest rate risk			
Financial assets	704,815	1,065,612	779,243
Financial liabilities	1,060,995	1,109,337	1,157,847

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, 2021 and 2020 would decrease/increase by \$668 thousand and \$710 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 70.68%, 75.29% and 64.91% of total accounts receivable as of September 30, 2021, December 31, 2020 and September 30, 2020, 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, 2021, December 31, 2020 and September 30, 2020, the Group had available unutilized short-term bank loan facilities of \$3,394,645 thousand, \$2,393,779 thousand and \$2,710,790 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, 2021

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 404,676	\$ 1,354,133	\$ 24,529	\$ 2,628	\$ -
Variable interest rate liabilities	1.15%-4.45%	13,191	107,918	307,138	365,470	291,518
Fixed interest rate liabilities	0.68%-4.45%	590,848	625,924	1,368,737	1,538,114	-
Lease liabilities	1.56%-4.90%	<u>1,907</u>	<u>3,378</u>	<u>13,483</u>	<u>37,050</u>	<u>3,573</u>
		<u>\$ 1,010,622</u>	<u>\$ 2,091,353</u>	<u>\$ 1,713,887</u>	<u>\$ 1,943,262</u>	<u>\$ 295,091</u>

December 31, 2020

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 1,174,571	\$ 2,440,870	\$ 360,020	\$ 2,737	\$ -
Variable interest rate liabilities	1.15%-4.78%	91,731	126,381	139,767	472,916	308,735
Fixed interest rate liabilities	0.68%-4.07%	100,195	420,493	936,263	532,508	-
Lease liabilities	1.56%-4.75%	<u>2,159</u>	<u>3,927</u>	<u>16,127</u>	<u>44,075</u>	<u>2,710</u>
		<u>\$ 1,368,656</u>	<u>\$ 2,991,671</u>	<u>\$ 1,452,177</u>	<u>\$ 1,052,236</u>	<u>\$ 311,445</u>

September 30, 2020

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 829,845	\$ 2,013,364	\$ 410,387	\$ 2,655	\$ -
Variable interest rate liabilities	1.15%-4.79%	12,423	155,603	198,757	512,420	316,087
Fixed interest rate liabilities	1.01%-4.87%	140,273	646,396	120,136	149,589	-
Lease liabilities	1.56%-4.75%	<u>1,757</u>	<u>3,511</u>	<u>14,593</u>	<u>37,411</u>	<u>8,306</u>
		<u>\$ 984,298</u>	<u>\$ 2,818,874</u>	<u>\$ 743,873</u>	<u>\$ 702,075</u>	<u>\$ 324,393</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.

September 30, 2021

	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>\$ (266)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	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	\$ -	\$ -	\$ (1,079)	\$ -	\$ -

September 30, 2020

	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	\$ (327)	\$ (800)	\$ 317	\$ -	\$ -
Foreign exchange forward contracts	<u>171</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (156)</u>	<u>\$ (636)</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank overdraft facilities, reviewed annually and payable on demand			
Amount used	\$ 1,751,020	\$ 421,659	\$ 263,100
Amount unused	<u>1,896,250</u>	<u>1,352,000</u>	<u>1,260,150</u>
	<u>\$ 3,647,270</u>	<u>\$ 1,773,659</u>	<u>\$ 1,523,250</u>
Secured bank overdraft facilities			
Amount used	\$ 1,899,088	\$ 2,102,672	\$ 1,748,334
Amount unused	<u>1,498,395</u>	<u>1,041,779</u>	<u>1,450,640</u>
	<u>\$ 3,397,483</u>	<u>\$ 3,144,451</u>	<u>\$ 3,198,974</u>

37. 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.

The details of the compensation of key management personnel for the nine months ended September 30, 2021 and 2020 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 29,303	\$ 17,312	\$ 75,221	\$ 60,613
Post-employment benefits	<u>115</u>	<u>286</u>	<u>566</u>	<u>780</u>
	<u>\$ 29,418</u>	<u>\$ 17,598</u>	<u>\$ 75,787</u>	<u>\$ 61,393</u>

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

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	\$ 1,717,702	\$ 1,753,849	\$ 1,760,262
Right-of-use assets	276,854	287,713	282,639
Pledged deposits - current	237,694	208,931	282,096
Inventories	<u>176,679</u>	<u>70,425</u>	<u>60,360</u>
	<u>\$ 2,408,929</u>	<u>\$ 2,320,918</u>	<u>\$ 2,385,357</u>

39. 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, 2021

<u>Financial assets</u>	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	\$ 157,171	27.8500 (USD:NTD)	\$ 4,377,218
USD	9,734	6.4692 (USD:RMB)	271,081
USD	775	1.2711 (USD:CAD)	21,570
RMB	34,612	4.3050 (RMB:NTD)	149,006
RMB	207	0.1546 (RMB:USD)	892
EUR	6,726	32.3200 (EUR:NTD)	217,394
EUR	95	1.1605 (EUR:USD)	3,062
EUR	1	0.8628 (EUR:GBP)	22
GBP	6,498	37.4600 (GBP:NTD)	243,406
GBP	35	1.1590 (GBP:EUR)	1,309
GBP	26	1.3451 (GBP:USD)	959

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
HKD	\$ 292,351	3.5760 (HKD:NTD)	\$ 1,045,448
USD	27,277	7.7880 (USD:HKD)	759,659
USD	24,542	27.8500 (USD:NTD)	683,491
RMB	190,217	1.2039 (RMB:HKD)	818,883
CAD	11,999	0.7867 (CAD:USD)	262,891
EUR	2,896	32.3200 (EUR:NTD)	93,601
 <u>Financial liabilities</u>			
Monetary items			
USD	1,632	27.8500 (USD:NTD)	45,457
USD	378	1.2711 (USD:CAD)	10,539
USD	1,653	111.8474 (USD:JPY)	46,024
USD	1,925	6.4692 (USD:RMB)	53,604
RMB	198,314	4.3050 (RMB:NTD)	853,740
RMB	8,392	0.1546 (RMB:USD)	36,127
EUR	18	1.1605 (EUR:USD)	582
GBP	3	1.1590 (GBP:EUR)	105
Non-monetary items			
GBP	3,005	37.4600 (GBP:NTD)	112,580
JPY	82,305	0.2490 (JPY:NTD)	20,494
			(Concluded)

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 170,342	28.4800 (USD:NTD)	\$ 4,851,332
USD	4,587	6.5067 (USD:RMB)	130,623
USD	2,205	1.2743 (USD:CAD)	62,785
RMB	55,746	4.3770 (RMB:NTD)	244,002
RMB	40	0.1537 (RMB:USD)	175
EUR	2,828	35.0200 (EUR:NTD)	99,027
EUR	91	1.2296 (EUR:USD)	3,181
EUR	2	0.9003 (EUR:GBP)	55
GBP	5,138	38.9000 (GBP:NTD)	199,872
GBP	4	1.1108 (GBP:EUR)	166
Non-monetary items			
USD	33,986	28.4800 (USD:NTD)	967,933
USD	23,867	7.7539 (USD:HKD)	679,733
HKD	289,218	3.6730 (HKD:NTD)	1,062,298
RMB	195,228	1.1917 (RMB:HKD)	854,514
CAD	10,512	0.7848 (CAD:USD)	234,956
EUR	2,284	35.0200 (EUR:NTD)	79,979
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 5,319	28.4800 (USD:NTD)	\$ 151,486
USD	225	1.2743 (USD:CAD)	6,412
USD	1,110	103.0764 (USD:JPY)	31,606
USD	2	0.7321 (USD:GBP)	53
USD	1,833	6.5067 (USD:RMB)	52,201
RMB	285,008	4.3770 (RMB:NTD)	1,247,482
RMB	26,365	0.1537 (RMB:USD)	115,400
EUR	18	1.2296 (EUR:USD)	630
GBP	4	1.1108 (GBP:EUR)	145
Non-monetary items			
GBP	2,127	38.9000 (GBP:NTD)	82,757
JPY	28,111	0.2763 (JPY:NTD)	7,767
			(Concluded)

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 104,562	29.1000 (USD:NTD)	\$ 3,042,755
USD	6,436	6.8166 (USD:RMB)	187,285
USD	741	1.3398 (USD:CAD)	21,562
RMB	37,232	4.2690 (RMB:NTD)	158,944
RMB	15	0.1467 (RMB:USD)	64
EUR	3,805	34.1500 (EUR:NTD)	129,955
EUR	1	1.1735 (EUR:USD)	39
GBP	4,961	37.3000 (GBP:NTD)	185,038
GBP	4	1.0922 (GBP:EUR)	161
Non-monetary items			
USD	63,285	7.7517 (USD:HKD)	1,841,584
HKD	320,372	3.7540 (HKD:NTD)	1,202,677
RMB	196,709	1.1372 (RMB:HKD)	839,750
CAD	9,565	0.7464 (CAD:USD)	207,747
EUR	1,592	34.1500 (EUR:NTD)	54,368

Financial liabilities

Monetary items			
USD	1,285	29.1000 (USD:NTD)	37,387
USD	1,892	1.3398 (USD:CAD)	55,044
USD	1,293	105.5878 (USD:JPY)	37,632
USD	1,737	6.8166 (USD:RMB)	50,547
RMB	261,370	4.2690 (RMB:NTD)	1,115,787
RMB	10,548	0.1467 (RMB:USD)	45,030
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
EUR	\$ 18	1.1735 (EUR:USD)	\$ 615
EUR	2	0.9155 (EUR:GBP)	66
GBP	3	1.0922 (GBP:EUR)	112
Non-monetary items			
GBP	2,133	37.3000 (GBP:NTD)	79,578
JPY	17,309	0.2756 (JPY:NTD)	4,770
			(Concluded)

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, (realized and unrealized) net foreign exchange losses were \$13,037 thousand, \$69,675 thousand, \$133,160 thousand and \$90,325 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.

40. 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 36
- 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:
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
 - The amount of property transactions and the amount of the resultant gains or losses: None
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
 - 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

41. 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
<u>For the nine months ended</u>					
<u>September 30, 2021</u>					
Revenues from external customers	\$ 1,793,662	\$ 6,637,978	\$ 616,908	\$ -	\$ 9,048,548
Intersegment revenues	<u>6,954,038</u>	<u>35,076</u>	<u>12,606</u>	<u>(7,001,720)</u>	<u>-</u>
Consolidated revenues	<u>\$ 8,747,700</u>	<u>\$ 6,673,054</u>	<u>\$ 629,514</u>	<u>\$ (7,001,720)</u>	<u>\$ 9,048,548</u>
Segment income (loss)	<u>\$ 745,261</u>	<u>\$ (305,710)</u>	<u>\$ 9,286</u>	<u>\$ 88,998</u>	<u>\$ 537,835</u>
<u>For the nine months ended</u>					
<u>September 30, 2020</u>					
Revenues from external customers	\$ 1,231,795	\$ 6,104,757	\$ 394,949	\$ -	\$ 7,731,501
Intersegment revenues	<u>4,279,187</u>	<u>2,866,643</u>	<u>-</u>	<u>(7,145,830)</u>	<u>-</u>
Consolidated revenues	<u>\$ 5,510,982</u>	<u>\$ 8,971,400</u>	<u>\$ 394,949</u>	<u>\$ (7,145,830)</u>	<u>\$ 7,731,501</u>
Segment income (loss)	<u>\$ 151,036</u>	<u>\$ 578,092</u>	<u>\$ (49,174)</u>	<u>\$ 206,718</u>	<u>\$ 886,672</u>

b. Segment assets and liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Segment assets</u>			
Asia	\$ 6,657,587	\$ 5,879,763	\$ 4,494,699
Americas	5,063,209	6,948,127	6,246,586
Europe	<u>565,331</u>	<u>424,098</u>	<u>381,785</u>
Total segment assets	<u>\$ 12,286,127</u>	<u>\$ 13,251,988</u>	<u>\$ 11,123,070</u>
<u>Segment liabilities</u>			
Asia	\$ 2,700,613	\$ 1,867,130	\$ 1,588,266
Americas	4,563,092	6,104,024	5,181,513
Europe	<u>545,625</u>	<u>410,972</u>	<u>389,148</u>
Total segment liabilities	<u>\$ 7,809,330</u>	<u>\$ 8,382,126</u>	<u>\$ 7,158,927</u>

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Borrowing Amount (Note 6)	Interest Rate	Nature of Financing	Business Transaction Amount	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	\$ 27,463 (JPY 110,294 thousand)	\$ 24,004 (JPY 96,402 thousand)	\$ 24,004 (JPY 96,402 thousand)	-	Business transaction	\$ 66,118	-	\$ -	-	\$ -	\$ 66,118 (Note 2)	\$ 1,653,973 (Note 4)		
		Dyaco Europe GmbH	Other receivables from related parties	Yes	29,396 (EUR 910 thousand)	29,396 (EUR 910 thousand)	29,396 (EUR 910 thousand)	-	Business transaction	148,094	-	-	-	-	148,094 (Note 2)	1,653,973 (Note 4)		
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	12,928 (EUR 400 thousand)	12,928 (EUR 400 thousand)	8,080 (EUR 250 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	1,653,973 (Note 1)	1,653,973 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	119,437 (GBP 3,188 thousand)	108,303 (GBP 2,891 thousand)	108,303 (GBP 2,891 thousand)	-	Business transaction	233,685	-	-	-	-	-	233,685 (Note 2)	1,653,973 (Note 4)	
		Spirit Direct, LLC.	Other receivables from related parties	Yes	2,987 (US\$ 107 thousand)	-	-	-	Business transaction	17,274	-	-	-	-	-	17,274 (Note 2)	1,653,973 (Note 4)	
		Wing Long Co., Ltd.	Other receivables from related parties	Yes	2,914	2,914	2,914	-	Business transaction	3,427	-	-	-	-	-	3,427 (Note 2)	1,653,973 (Note 4)	
1	Spirit Manufacturing Inc.	Spirit Direct, LLC.	Other receivables from related parties	Yes	2,785 (US\$ 100 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	334,350 (Note 3)	334,350 (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 to companies in which the parent entity directly and indirectly holds 100% voting shares is limited to net value of the lender, the maximum financing allowed to other corporations is limited to 40% of the net value of the lender.

Note 4: The maximum financing allowed is limited to 40% of the net value of the parent entity.

Note 5: The maximum balance for the period and ending balances were approved by the board of directors.

Note 6: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(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	\$ 413,493	\$ 203,650 (US\$ 1,000 thousand and RMB 40,000 thousand)	\$ 203,650 (US\$ 1,000 thousand and RMB 40,000 thousand)	\$ 27,850 (US\$ 1,000 thousand)	\$ -	4.93	\$ 413,493	Y	-	Y	
		Dyaco UK Ltd.	Directly held subsidiary	2,067,466	1,124 (GBP 30 thousand)	1,124 (GBP 30 thousand)	433 (GBP 12 thousand)	-	0.03	2,067,466	Y	-	-	
		Fuel-Spirit International Inc.	Indirectly held subsidiary	2,067,466	41,775 (US\$ 1,500 thousand)	41,775 (US\$ 1,500 thousand)	-	-	1.01	2,067,466	Y	-	-	
		President Plastic Products MFG Co., Ltd.	Directly held subsidiary	2,067,466	30,000	30,000	29,500	-	0.73	2,067,466	Y	-	-	
1	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	Ultimate parent	2,067,466	400,000	400,000	-	400,000	9.67	2,067,466	-	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, 2021

(In Thousands of New Taiwan Dollars, Thousands of Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	September 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	<u>Stock</u> Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	300,000	\$ 5,400	0.81	\$ 5,400	Note 1
	Firenze Cultural Exchange International Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	750,000	7,500	7.50	7,500	Note 1
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	8,586 (US\$ 301 thousand)	2.50	8,586 (US\$ 301 thousand)	Note 1
	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	32,556 (US\$ 1,143 thousand)	10.00	32,556 (US\$ 1,143 thousand)	Note 1
	<u>Convertible promissory note</u> Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	138,750 (US\$ 5,000 thousand)	-	138,750 (US\$ 5,000 thousand)	Note 1
	Dyaco (Shanghai) Trading Co., Ltd.	<u>Stock</u> Bigger Fit Technology (Beijing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	5,003 (RMB 1,162 thousand)	2.50	5,003 (RMB 1,162 thousand)
Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.		-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	4,855 (RMB 1,128 thousand)	9.00	4,855 (RMB 1,128 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, 2021
(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 2)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	\$ 2,333,716	39	Flexible	Based on mutual agreement	Flexible	\$ 2,392,381	67	
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Sales	1,936,288	32	Flexible	Based on mutual agreement	Flexible	1,636,433	46	
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	1,881,315	52	Flexible	Based on mutual agreement	Flexible	(758,379)	58	
	Dyaco Canada Inc.	Indirectly held subsidiary	Sales	383,395	6	Flexible	Based on mutual agreement	Flexible	60,277	2	
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Sales	131,799	2	Flexible	Based on mutual agreement	Flexible	123,469	3	
	Dyaco UK Ltd.	Directly held subsidiary	Sales	117,329	3	Flexible	Based on mutual agreement	Flexible	90,910	7	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	2,333,716	99	Flexible	Based on mutual agreement	Flexible	(2,392,381)	100	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	1,936,288	100	Flexible	Based on mutual agreement	Flexible	(1,636,433)	93	
Shelton Corporation (Jiaying), Ltd.	Fuel Spirit International Inc.	Ultimate parent is Dyaco International Inc.	Sales	200,940	7	Flexible	Based on mutual agreement	Flexible	36,190	3	
Fuel Spirit International Inc.	Shelton Corporation (Jiaying), Ltd.	Ultimate parent is Dyaco International Inc.	Purchase	200,940	100	Flexible	Based on mutual agreement	Flexible	(36,190)	91	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	1,881,315	67	Flexible	Based on mutual agreement	Flexible	758,379	71	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	383,372	100	Flexible	Based on mutual agreement	Flexible	(60,277)	64	
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.	Ultimate parent	Purchase	131,799	100	Flexible	Based on mutual agreement	Flexible	(123,469)	76	
Dyaco UK Ltd.	Dyaco International Inc.	Ultimate parent	Purchase	117,329	50	Flexible	Based on mutual agreement	Flexible	(90,910)	39	

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

Note 2: 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, 2021

(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 3)		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	\$ 2,392,381	1.58%	\$ -	-	\$ 631,180	\$ -
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	1,636,433	1.34%	-	-	167,100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Accounts receivable	123,469	1.23%	-	-	27,884	-
	Dyaco UK Ltd.	Directly held subsidiary	Accounts receivable	96,078	1.81%	-	-	5,168	-
	Dyaco Europe GmbH.	Directly held subsidiary	Accounts receivable	80,513	2.13%	-	-	-	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	758,379	2.50%	-	-	190,662	-
Dyaco International Inc.	Dyaco UK Ltd.	Directly held subsidiary	Other receivables	137,098	Note 1	-	-	-	-
	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Other receivables	111,947	Note 2	-	-	-	-
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Other receivables	22,280	Note 2	-	-	-	-
	Dyaco Europe GmbH.	Directly held subsidiary	Other receivables	49,959	Note 1	-	-	-	-

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: Other receivables refer to product service revenue.

Note 3: 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, 2021
(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, 2021			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 6)
				September 30, 2021	December 31, 2020	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 6)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 1,128,018	\$ 1,128,018	290,634,628	100	\$ 1,045,448	\$ 80,026	\$ 78,554 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	358,161	358,161	-	100	93,601	36,610	36,610
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	8,833	(676)	(676)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	28,404	28,404	1,020	100	(20,494)	(12,616)	(12,616)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	20,000	20,000	2,000,000	100	6,345	(5,360)	(5,360)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	80,574	80,574	-	100	(112,580)	(25,661)	(25,661)
	SOLE INC.	America	Investment	948,631	948,631	-	100	477,110	(414,848)	(432,525) (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	258,640	258,640	1,100,000	100	258,895	386	386
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	-	2,000,000	100	19,327	(673)	(673)
	Morsel Inc.	America	Intelligent fitness content production company	27,750 (US\$ 1,000 thousand)	-	909,090	11	26,489 (US\$ 951 thousand)	(11,934) (US\$ -425 thousand)	(1,269) (US\$ -45 thousand)
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	216,813 (EUR 6,296 thousand)	216,813 (EUR 6,296 thousand)	-	100	127,209 (EUR 3,936 thousand)	54,761 (EUR 1,630 thousand)	51,280 (EUR 1,527 thousand) (Note 4)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977 (EUR 29 thousand)	977 (EUR 29 thousand)	-	100	928 (EUR 29 thousand)	31 (EUR 1 thousand)	31 (EUR 1 thousand)
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262 (US\$ 2,100 thousand)	63,262 (US\$ 2,100 thousand)	-	100	(279,475) (US\$ -9,892 thousand)	(414,847) (US\$ -14,781 thousand)	(414,847) (US\$ -14,781 thousand)
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	379,727 (US\$ 12,400 thousand)	379,727 (US\$ 12,400 thousand)	12,400,000	100	759,659 (HK\$ 212,433 thousand)	95,506 (HK\$ 26,434 thousand)	95,506 (HK\$ 26,434 thousand)
Fuel Spirit International Inc.	Spirit Manufacturing Inc.	America	Import, export and selling	265,734 (US\$ 8,890 thousand)	265,734 (US\$ 8,890 thousand)	1,667.50	100	319,226 (US\$ 11,426 thousand)	3,126 (US\$ 111 thousand)	3,126 (US\$ 111 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752 (US\$ 9,058 thousand)	271,752 (US\$ 9,058 thousand)	1,000	100	262,891 (US\$ 9,440 thousand)	33,536 (US\$ 1,195 thousand)	33,348 (US\$ 1,188 thousand) (Note 5)
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	62,118 (US\$ 2,000 thousand)	62,118 (US\$ 2,000 thousand)	-	100	(29,010) (US\$ -1,042 thousand)	(8,367) (US\$ -298 thousand)	(8,367) (US\$ -298 thousand)
	Dyaco Commercial & Medical North America, LLC.	America	Import, export and selling	6,092 (US\$ 200 thousand)	6,092 (US\$ 200 thousand)	-	100	1,235 (US\$ 44 thousand)	(13,569) (US\$ -483 thousand)	(13,569) (US\$ -483 thousand)

(Continued)

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 \$80,026 thousand and realized profits of \$1,472 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$414,848 thousand minus amortization of investment premium of \$17,677 thousand.

Note 4: Including share of profit of \$54,761 thousand minus amortization of investment premium of \$3,481 thousand.

Note 5: Including share of profit of \$33,536 thousand minus amortization of investment premium of \$188 thousand.

Note 6: 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, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2021 (Note 2)	Accumulated Repatriation of Investment Income as of September 30, 2021
						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)	\$ 88,870 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ (6,760) (HK\$ -1,871 thousand)	100	\$ (6,760) (HK\$ -1,871 thousand)	\$ 165,570 (HK\$ 46,300 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)	(13,832) (HK\$ -3,829 thousand)	60	(16,825) (HK\$ -4,657 thousand)	653,314 (HK\$ 182,694 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(908) (RMB -209 thousand)	100	(908) (RMB -209 thousand)	3,642 (RMB 846 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	(1,459) (RMB -336 thousand)	40	(583) (RMB -135 thousand)	4,587 (RMB 1,065 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	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 audited.

Note 3: Including 60% share of loss of \$8,299 thousand minus amortization of investment premium of \$6,098 thousand, unrealized profits of \$490 thousand from upstream intercompany transactions and unrealized profits of \$1,938 thousand from side stream intercompany transactions.

Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.

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, 2021
(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	\$ 131,799 1,881,315	2 52	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 123,469 (758,379)	3 58	\$ 16,911 5,639	

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

Note 2: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

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)	
2021	0	Dyaco International Inc.	Spirit Direct, LLC.	a	Sales	\$ 12,617	-	-
					Other operating revenue	2,607	-	-
					Accounts receivable from related parties	13,125	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	4,439	-	-
					Investments accounted for using the equity method	976	-	-
					Other receivables from related parties	4,614	-	-
			Dyaco Japan Co., Ltd.	a	Other payables to related parties	16	-	-
					Other operating revenue	383	-	-
					Sales	31,153	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Other operating revenue	195	-	-
					Accounts receivable from related parties	28,717	-	-
					Other receivables from related parties	28,488	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Investments accounted for using the equity method	3,845	-	-
					Sales	131,609	-	1
					Other operating revenue	190	-	-
			Spirit Manufacturing Inc.	a	Accounts receivable from related parties	123,469	-	1
					Investments accounted for using the equity method	16,911	-	-
					Sales	1,670,967	-	18
			Dyaco Canada Inc.	a	Other operating revenue	265,321	-	3
					Accounts receivable from related parties	1,636,433	-	13
					Other receivables from related parties	22,280	-	-
			Dyaco Europe GmbH	a	Investments accounted for using the equity method	137,439	-	1
					Sales	383,372	-	4
					Other operating revenue	23	-	-
			Daan Health Management Consulting Co., Ltd.	a	Accounts receivable from related parties	60,277	-	-
					Investments accounted for using the equity method	34,852	-	-
					Sales	90,135	-	1
Wing Long Co., Ltd.	a	Other operating revenue	3	-	-			
		Accounts receivable from related parties	80,513	-	1			
		Other receivables from related parties	49,959	-	-			
Wing Long Co., Ltd.	a	Other receivables from related parties	20,979	-	-			
		Investments accounted for using the equity method	20,979	-	-			
		Rental revenue	18	-	-			
Wing Long Co., Ltd.	a	Accounts receivable from related parties	142	-	-			
		Other receivables from related parties	3,285	-	-			
		Other payables to related parties	305	-	-			
Wing Long Co., Ltd.	a	Sales	488	-	-			
		Other expenses	305	-	-			

(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)	
			Dyaco UK Ltd.	a	Sales	\$ 117,327	-	1
					Other operating revenue	2	-	-
					Accounts receivable from related parties	96,078	-	1
					Other receivables from related parties	137,098	-	1
					Investments accounted for using the equity method	18,155	-	-
			Shelton Corporation (Jiaxing), Ltd.	a	Cost of goods sold	1,881,159	-	21
					Accounts payable to related parties	758,379	-	6
					Other expenses	156	-	-
					Inventories	490	-	-
			CARDIO Fitness GmbH&Co.KG	a	Accounts receivable from related parties	64,652	-	1
					Other receivables from related parties	8,080	-	-
					Sales	69,936	-	1
					Investments accounted for using the equity method	5,533	-	-
			SOLE INC.	a	Other receivables from related parties	257	-	-
			Fitness Equipment Services, LLC.	a	Accounts receivable from related parties	2,392,381	-	19
					Other receivables from related parties	111,947	-	1
					Sales	2,331,897	-	26
					Other operation revenue	1,819	-	-
					Investments accounted for using the equity method	312,170	-	3
			President Plastic Products MFG Co., Ltd.	a	Prepayments	900	-	-
					Refundable deposits	900	-	-
			Cikayda Inc.	a	Other receivables from related parties	210	-	-
					Rental revenue	210	-	-
	1	Spirit Direct, LLC.	Dyaco International Inc.	b	Accounts payable to related parties	17,564	-	-
					Inventories	976	-	-
			Spirit Manufacturing Inc.	c	Cost of goods sold	15,224	-	-
					Other payables to related parties	33,141	-	-
					Accounts payable to related parties	15,980	-	-
					Cost of goods sold	14,523	-	-
	2	Fuel-Spirit International Inc.	Dyaco International Inc.	b	Accounts payable to related parties	4,614	-	-
					Accounts receivable from related parties	16	-	-
					Other operating costs	383	-	-
			Spirit Manufacturing Inc.	c	Accounts receivable from related parties	91,905	-	1
			Dyaco Canada Inc.	c	Other operating revenue	14,209	-	-
					Accounts receivable from related parties	4,458	-	-
			Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	200,940	-	2
					Accounts payable to related parties	36,190	-	-
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	31,221	-	-
					Other expenses	127	-	-
					Accounts payable to related parties	57,195	-	-
					Other payables to related parties	10	-	-
					Inventories	3,845	-	-

(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)	
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	\$ 131,799	-	1
					Accounts payable to related parties	123,469	-	1
			Shelton Corporation (Jiaxing), Ltd.	c	Inventories	16,911	-	-
					Cost of goods sold	31,785	-	-
					Accounts payable to related parties	13,605	-	-
					Inventories	1,938	-	-
			Dyaco Health Technology (Beijing) Co., Ltd.	c	Accounts receivable from related parties	116	-	-
					Other receivables from related parties	88	-	-
	5	Spirit Manufacturing Inc.	Dyaco International Inc.	b	Cost of goods sold	1,913,834	-	21
					Other expenses	22,454	-	-
					Accounts payable to related parties	1,636,433	-	13
					Other payables to related parties	22,280	-	-
					Inventories	137,439	-	1
			Spirit Direct, LLC.	c	Other receivables from related parties	33,141	-	-
					Accounts receivable from related parties	15,980	-	-
					Sales	14,523	-	-
			Dyaco Canada Inc.	c	Sales	1,341	-	-
			Fuel-Spirit International Inc.	c	Accounts payable to related parties	91,905	-	1
			Fitness Equipment Services, LLC.	c	Sales	19,163	-	-
					Other receivables from related parties	2,179	-	-
			Dyaco UK Ltd.	c	Sales	49	-	-
	6	Dyaco Canada Inc.	Dyaco International Inc.	b	Cost of goods sold	383,395	-	4
					Accounts payable to related parties	60,277	-	-
					Inventories	34,852	-	-
			Fuel-Spirit International Inc.	c	Other expenses	14,209	-	-
					Other payables to related parties	4,458	-	-
			Spirit Manufacturing Inc.	c	Cost of goods sold	1,341	-	-
	7	Dyaco Europe GmbH	Dyaco International Inc.	b	Cost of goods sold	90,138	-	1
					Accounts payable to related parties	130,472	-	1
					Inventories	20,979	-	-
			CARDIO Fitness GmbH&Co.KG	c	Sales	12,175	-	-
					Cost of goods sold	62	-	-
					Other operating revenue	381	-	-
					Other expenses	272	-	-
					Accounts receivable from related parties	9,282	-	-
			Dyaco UK Ltd.	c	Accounts payable to related parties	31	-	-
					Cost of goods sold	358	-	-
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	18	-	-

(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)	
	9	CARDIO Fitness GmbH&Co.KG	Dyaco International Inc. Dyaco Europe GmbH	b c	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories Cost of goods sold Sales Other operating revenue Other expenses Accounts payable to related parties	\$ 64,652 8,080 69,936 5,533 12,175 73 261 381 9,282	- - - - - - - - -	1 - 1 - - - - - -
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties Accounts receivable from related parties Cost of goods sold Sales	3,427 305 488 305	- - - -	- - - -
	11	Dyaco UK Ltd.	Dyaco International Inc. Dyaco Europe GmbH Spirit Manufacturing Inc.	b c b	Cost of goods sold Accounts payable to related parties Inventories Accounts receivable from related parties Sales Cost of goods sold	117,329 233,176 18,155 31 358 49	- - - - - -	1 2 - - - -
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc. Fuel-Spirit International Inc. Dyaco (Shanghai) Trading Co., Ltd.	b c c	Sales Accounts receivable from related parties Cost of goods sold Sales Accounts receivable from related parties Accounts receivable from related parties Sales Cost of goods sold	1,881,315 758,379 490 200,940 36,190 13,605 31,785 1,938	- - - - - - - -	21 6 - 2 - - - -
	13	Dyaco Health Technology (Beijing) Co., Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other payables to related parties Other payables	116 88	- -	- -
	14	Fitness Equipment Services, LLC.	Spirit Manufacturing Inc. Dyaco International Inc.	c b	Cost of goods sold Accounts payable to related parties Accounts payable to related parties Other payables to related parties Inventories Cost of goods sold	19,163 2,179 2,392,381 111,947 312,170 2,333,716	- - - - - -	- - 19 1 3 26
	15	SOLE INC.	Dyaco International Inc.	c	Other payables to related parties	257	-	-
	16	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	b	Advance receipts Guarantee deposits received	900 900	- -	- -

(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)	
	17	Cikayda Inc.	Dyaco International Inc.	b	Other payables to related parties	\$ 210	-	-
					Rental expenses	210	-	-

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, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,053,283	7.50
Guang-Ying Limited	9,796,727	7.31
Chuan-Feng Investment Corporation	8,111,882	6.05
Ho, I-Hsing Investment Corporation	6,865,725	5.12

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.