

Stock Symbol: 1583

Goodway Machine Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended  
December 31<sup>st</sup>, 2022 and 2021 and Audit Report of  
Independent Accountant

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## Goodway Machine Corp.

### Declaration<sup>1</sup>

For the year 2022 (from January 1, 2022 to December 31, 2022), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Statements of Operations of Affiliated Companies, Consolidated Financial Statements of Affiliated Companies, and Consolidated Financial Statements of Affiliated Companies" are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10. In addition, the information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the previous consolidated financial statements of the parent and subsidiary, and therefore no further consolidated financial statements of affiliated companies will be prepared.

Hereby declares

The Name of Company: Goodway Machine Corp.

Responsible person: Yang Dehua

March 15, 2023

## Independent Auditors' Report

Dear Board Directors and Shareholders  
Goodway Machine Corp. and Its Subsidiaries

### Audit Opinion

We have audited the accompanying consolidated financial statements for Goodway Machine Corp. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In the opinion of our auditors, based on our audits and the reports of the other auditors (refer to the Others Section), the consolidated financial statements referred to above have been prepared, in all material respects, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations issued by the Financial Supervisory Commission. Furthermore, these reports are intended to present fairly, in all material respects, the consolidated financial position of Cheng Tai Group as of December 31, 2022 and 2021, and the consolidated financial results and consolidated cash flows for the years ended December 31, 2022 and 2021.

### Basis for Opinion

Audits were conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. The responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The accountants of our firm, who are subject to the independence requirements of The Form of Professional Ethics for Certified Public Accountants of the Republic of China, have maintained a superior level of independence from Goodway Machine Corp. On the basis of the audits and reports of the other auditors, it is believed that sufficient and appropriate evidence are obtained as a basis for the audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. Therefore, we do not provide a separate opinion on these matters.

Key audit matter for the Company's individually financial statements for the year ended December 31, 2022 is stated as follows:

#### Valuation of Account Receivables

The Company's net account receivables as of December 31, 2022 totaled NT\$2,047,688 thousand (deducting loss allowance of NT\$128,354 thousand). Since the classification of uncollectable account receivables amounts involves management's judgment, we hereby emphasize the individuals whose account receivables balances are considered significant and under the circumstance of delayed payment and evaluate the reasonableness of classifying respective loss allowances. Our respective audit procedure included the following:

1. Discreet evaluation of assumptions used by management to calculate loss allowance and assurance for the respective calculation to sufficiently support classified loss allowance reserve amount, which includes examining the accuracy of the aging report used as the calculation basis for loss allowance. In order to evaluate the reasonableness of the loss allowance balance, we analyzed and compared it with the account receivables aging categories and classification ratios from the year ended December 31, 2022 and the prior year. Furthermore, we also examined the circumstance of write-offed bad debts from the years ended December 31, 2022 and the prior year, so as to validate the reasonableness of the classified expected credit loss amounts. Lastly, the probability of recovery of outstanding amounts is further confirmed by examining post-period collections.
2. Testing internal control and operational effectiveness related to account receivables, including approval for client transactional credit limit and detailed review of account receivables category ledger.

#### Evaluation of Allowance for Inventory Valuation Losses

Inventories listed by the Company has all been utilizing the doubtful losses valuation policy set forth by the enterprise for evaluation. Given the wide variety of products applied and the different rates of obsolescence of each product, as well as the different categories of doubtful accounts based on the classification of each product, the evaluation of the allowance for losses on inventories represents one of the critical evaluations performed by our accountant in the audit of the consolidated financial statements of Goodway Machine Corp.

Our primary audit procedure for the abovementioned key audit matters included examination of the inventory aging changes in all periods in the inventory aging analysis, and evaluation of whether inventory was in accordance with the Company's established accounting policy to verify the reasonableness of the allowance for doubtful losses.

#### Revenue from Merchandise Sale

The Company's primary source of income is generated from the sale of CNC lathes. The recognized sales revenue for the fiscal year 2022 amounted to NT\$3,243,297 thousand and NT\$3,141,778 thousand, respectively. As the timing and amount of revenue recognition have a significant impact on the financial statements, the testing of revenue recognition is considered an important assessment item in the auditor's execution of the financial report audit.

To assess the correctness of the revenue recognition period, the Company conducted a test of the effectiveness of the design and implementation of the intra-income control system, reviewed significant new contracts and interpreted the terms of the contracts, and reviewed a sample of sales transactions in the period before and after the end of the year. In addition, we have also performed trend analysis for clients with top ten sales and incomes from all merchandise categories, with the aim of verifying existence of significant abnormalities.

#### **Other Matters**

For the years ended December 31, 2021 and 2022, the financial statements of certain subsidiaries and affiliates recognized under the equity method were not audited by us, as those statements were audited by other auditors. Therefore, amounts listed in the consolidated financial statements for respective associates in our opinion for the abovementioned consolidated financial statements are in accordance with other accountants' audit reports. Investment amounts using the Equity Method for respective subsidiaries and associates as of December 31, 2022 and 2021 were NT\$6,653,663 thousand and NT\$6,101,475 thousand accordingly, which were 44% and 47% of total assets. Total liabilities amounted to \$3,408,009 thousand and \$3,031,117 thousand, representing 41% and 47% of the consolidated total liabilities, respectively; net operating revenues amounted to \$2,834,074 thousand and \$3,460,983 thousand, representing 44% and 51% of the consolidated net operating revenues, respectively, for the years ended December 31, 2022 and 2021, respectively; and the information related to the investees disclosed in Note 13 was evaluated and disclosed based on the investees' financial statements, which were audited by other auditors.

As disclosed in Note 6-8 to the consolidated financial statements, the financial statements of the equity-method affiliates of Goodway Machine Corp. for the years ended December 31, 2022 and 2021 were not audited on the basis of our audits, but were audited by other auditors. Accordingly, our opinion on the consolidated financial statements referred to above regarding the amounts included in the financial statements of these affiliates is based on the audited reports of the other auditors. The investment amounts accounted for using the equity method for the related companies as of December 31, 2022 and 2021 were 15,906 thousand and 14,814 thousand, respectively. The comprehensive income (loss) recognized using the equity method for the year 2022 and 2021 were 1,092 thousand and 148 thousand, respectively.

We have audited the financial statements of Goodway Machine Corp for the years ended December 31, 2022 and 2021, and have issued an unqualified opinion, with other matters, for the convenience of readers.

### **Management's and Governance's Responsibility for Consolidated Financial Statements**

Management's responsibility for the preparation of properly presented financial statements is to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain such internal control relevant to the preparation of financial statements as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the responsibility of management involves assessing the Company corporation's ability to continue as a going concern, the disclosure of related matters and the adoption of going concern basis of accounting unless management intends to liquidate the Company or to cease operations or there is no realistic alternative to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company corporation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. Furthermore, we remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement in accordance with complied relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the years ended December 31, 2022 and are therefore the key audit matters. Except where public disclosure of specific matters is not permitted by law, or in rare circumstances, we resolve not to communicate a specific matter in an audit report where it is reasonable to expect that the negative effect of such communication would outweigh the public interest that would be served.

Crowe (TW) CPAs

Auditor:

Auditor:

Approval No.: Financial-Supervisory-Securities-Auditing-10200032833

March 15, 2023

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

| Code | Assets                                                                         | Note                  | December 31, 2022 |     | December 31, 2021 |     |
|------|--------------------------------------------------------------------------------|-----------------------|-------------------|-----|-------------------|-----|
|      |                                                                                |                       | Amount            | %   | Amount            | %   |
|      | Current Assets                                                                 |                       |                   |     |                   |     |
| 1100 | Cash and cash equivalents                                                      | Note 4 and 6-1        | \$ 2,722,346      | 18  | \$ 1,607,258      | 12  |
| 1110 | Financial assets at fair value through profit or loss - current                | Note 4 and 6-2        | 1,308,976         | 9   | 741,323           | 6   |
| 1120 | Financial assets at fair value through other comprehensive income - current    | Note 4 and 6-2        | 219,591           | 1   | 573,436           | 4   |
| 1150 | Notes receivable, net                                                          | Note 4 and 6-4        | 493,645           | 3   | 455,260           | 4   |
| 1160 | Notes receivable due from related parties, net                                 | Note 7                | 4,568             | -   | 2,159             | -   |
| 1170 | Accounts receivable, net                                                       | Note 4 and 6.4        | 1,554,043         | 10  | 1,306,133         | 10  |
| 1180 | Accounts receivable due from related parties, net                              | Note 7                | 16,468            | -   | 12,559            | -   |
| 1200 | Other receivables                                                              |                       | 29,233            | -   | 23,954            | -   |
| 1210 | Other receivables due from related parties                                     | Note 7                | 100               | -   | -                 | -   |
| 1220 | Current Tax Assets                                                             |                       | 248               | -   | 732               | -   |
| 130x | Inventories                                                                    | Note 4 and 6-5        | 3,740,282         | 25  | 3,289,453         | 25  |
| 1410 | Prepayments                                                                    | Note 6-6              | 124,359           | 1   | 112,230           | 1   |
| 1476 | Other financial assets - current                                               | Note 6-7 and 8        | 823,755           | 6   | 564,869           | 4   |
| 1479 | Other financial assets - other                                                 |                       | 6,863             | -   | 8,480             | -   |
| 11xx | Total current assets                                                           |                       | 11,044,477        | 73  | 8,697,846         | 66  |
|      | Non-current Assets                                                             |                       |                   |     |                   |     |
| 1510 | Non-current Financial Assets at Fair Value through Profit or Loss              | Note 4 and 6-2        | -                 | -   | -                 | -   |
| 1517 | Non-current financial assets at fair value through other comprehensive income. | Note 4 and 6-3        | 10,458            | -   | 16,829            | -   |
| 1550 | Investments accounted for using the equity method                              | Note 4 and 6-8        | 15,906            | -   | 14,814            | -   |
| 1600 | Property, plant and equipment                                                  | Note 4, 6-9, and 8    | 3,290,127         | 22  | 3,372,442         | 26  |
| 1755 | Right-of-use assets                                                            | Note 4 and 6-10 and 8 | 200,280           | 1   | 234,228           | 2   |
| 1760 | Investment property - net                                                      | Note 4 and 6-11       | 286,335           | 2   | 287,396           | 3   |
| 1781 | Intangible assets                                                              | Note 4 and 6-12       | 22,903            | -   | 27,194            | -   |
| 1805 | Business reputation                                                            | Note 4                | 135,498           | 1   | 135,498           | 1   |
| 1840 | Deferred tax assets                                                            | Note 4 and 6-32       | 175,796           | 1   | 229,120           | 2   |
| 1915 | Prepayments for business facilities                                            |                       | 300               | -   | 15,460            | -   |
| 1920 | Guarantee deposits paid                                                        |                       | 10,785            | -   | 18,949            | -   |
| 1937 | Overdue receivable                                                             | Note 6-13             | -                 | -   | -                 | -   |
| 1990 | Other non-current assets-other                                                 |                       | 18,659            | -   | 38,311            | -   |
| 15xx | Total noncurrent assets                                                        |                       | 4,167,047         | 27  | 4,390,241         | 34  |
| 1xxx | Total assets                                                                   |                       | \$ 15,211,524     | 100 | \$ 13,088,087     | 100 |

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(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Continued from last page)

| Code | Liabilities and Equity                                          | Note            | December 31, 2022 |    | December 31, 2021 |    |
|------|-----------------------------------------------------------------|-----------------|-------------------|----|-------------------|----|
|      |                                                                 |                 | Amount            | %  | Amount            | %  |
|      | Current Liabilities                                             |                 |                   |    |                   |    |
| 2100 | Short-term borrowings                                           | Note 6-14       | \$ 3,822,657      | 25 | \$ 2,271,637      | 17 |
| 2110 | Short-term notes and bills payable                              | Note 6-15       | 1,058,142         | 7  | 979,220           | 8  |
| 2130 | Current Contract liabilities                                    | Note 6-16       | 394,214           | 3  | 351,135           | 3  |
| 2150 | Notes payable                                                   |                 | 822,448           | 6  | 914,199           | 7  |
| 2160 | Notes payable to related parties                                | Note 7          | 18                | -  | -                 | -  |
| 2170 | Accounts payable                                                |                 | 363,848           | 2  | 445,324           | 3  |
| 2180 | Accounts payable to related parties                             | Note 7          | -                 | -  | 212               | -  |
| 2200 | Other payables                                                  | Note 6-17       | 320,774           | 2  | 298,923           | 2  |
| 2220 | Other payables to related parties                               | Note 7          | 11                | -  | 11                | -  |
| 2230 | Current tax liabilities                                         |                 | 173,027           | 1  | 87,775            | 1  |
| 2250 | Current provisions                                              | Note 4 and 6-18 | 29,448            | -  | 28,049            | -  |
| 2280 | Lease liability - current                                       | Note 4 and 6-10 | 39,253            | -  | 35,879            | -  |
| 2320 |                                                                 | Note 6-19       |                   |    |                   | 4  |
|      | Long-term liabilities due within one year or one business cycle |                 | 160,580           | 1  | 497,055           |    |
| 2399 | Other current liabilities - other                               |                 | 2,887             | -  | 1,271             | -  |
| 21xx | Total current liability                                         |                 | 7,187,307         | 47 | 5,910,690         | 45 |
|      | Noncurrent Liabilities                                          |                 |                   |    |                   |    |
| 2540 | Long-term borrowings                                            | Note 6-19       | 813,338           | 6  | 166,735           | 1  |
| 2570 | Deferred tax liabilities                                        | Note 4 and 6-32 | 282,857           | 2  | 296,138           | 2  |
| 2580 | Lease liability - noncurrent                                    | Note 4 and 6-10 | 15,362            | -  | 50,448            | 1  |
| 2630 | Long-term deferred revenue                                      |                 | 21,653            | -  | 23,470            | -  |
| 2640 | Net defined benefit liability – noncurrent                      | Note 4 and 6-20 | 32,066            | -  | 36,169            | 1  |
| 2645 | Guarantee deposits received                                     |                 | 29,856            | -  | 31,233            | -  |
| 25xx | Total noncurrent liability                                      |                 | 1,195,132         | 8  | 604,193           | 5  |
| 2xxx | Total liabilities                                               |                 | 8,382,439         | 55 | 6,514,883         | 50 |

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(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Continued from last page)

| Code | Liabilities and Equities                                                                                             | Note            | December 31, 2022 |     | December 31, 2021 |     |
|------|----------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|-----|-------------------|-----|
|      |                                                                                                                      |                 | Amount            | %   | Amount            | %   |
|      | Equities                                                                                                             |                 |                   |     |                   |     |
|      | Equities attributable to parent company owner                                                                        |                 |                   |     |                   |     |
| 3100 | Share Capital                                                                                                        |                 |                   |     |                   |     |
| 3110 | Ordinary share                                                                                                       | Note 4 and 6-21 | \$ 1,104,004      | 7   | \$ 1,104,004      | 8   |
|      | Capital surplus                                                                                                      | Note 4 and 6-22 |                   |     |                   |     |
| 3210 |                                                                                                                      |                 | 258,462           | 2   | 258,462           | 2   |
|      | Additional paid-in capital                                                                                           |                 |                   |     |                   |     |
| 3240 |                                                                                                                      |                 | 1,260             | -   | 1,260             | -   |
|      | Gain on sales of fixed assets of assets                                                                              |                 |                   |     |                   |     |
| 3260 | Changes in equity of investment in associates and joint ventures accounted for using equity method                   |                 | 320               | -   | -                 | -   |
| 3271 | Share issued to employees                                                                                            |                 | 202               | -   | 202               | -   |
| 3280 | Other                                                                                                                |                 | 63,285            | -   | 63,285            | -   |
| 3200 | Total capital surplus                                                                                                |                 | 323,529           | 2   | 323,209           | 2   |
|      | Retained earnings                                                                                                    | Note 6-23       |                   |     |                   |     |
| 3310 | Legal reserve                                                                                                        |                 | 765,046           | 5   | 713,365           | 6   |
| 3320 | Special reserve                                                                                                      |                 | 188,846           | 1   | 188,846           | 1   |
| 3350 | Unappropriated retained earnings                                                                                     |                 | 2,892,760         | 19  | 2,437,243         | 19  |
| 3300 | Total retained earnings                                                                                              |                 | 3,846,652         | 25  | 3,339,454         | 26  |
|      | Other equity interest                                                                                                | Note 6-24       |                   |     |                   |     |
| 3410 | Gains (losses) on the exchange differences resulting from translating the financial statements in foreign operations |                 | (51,709)          | -   | (96,266)          | (1) |
| 3420 | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income            |                 | (9,062)           | -   | 378,842           | 3   |
| 3400 | Total other equity interest                                                                                          |                 | (60,771)          | -   | 282,576           | 2   |
| 31xx | Equity attributable to owners of parent                                                                              |                 | 5,213,414         | 34  | 5,049,243         | 38  |
| 36xx | Non-controlling interests                                                                                            | Note 6-25       | 1,615,671         | 11  | 1,523,961         | 12  |
| 3xxx | Total equity                                                                                                         |                 | 6,829,085         | 45  | 6,573,204         | 50  |
|      | TOTAL                                                                                                                |                 | \$ 15,211,524     | 100 | \$ 13,088,087     | 100 |

(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Years Ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | Item                                                                                      | Note            | 2022         |      | 2021         |      |
|------|-------------------------------------------------------------------------------------------|-----------------|--------------|------|--------------|------|
|      |                                                                                           |                 | Amount       | %    | Amount       | %    |
| 4000 | Operating revenue                                                                         | Note 4 and 6-26 | \$ 6,385,075 | 100  | \$ 6,725,493 | 100  |
| 5000 | Operating costs                                                                           | Note 5          | (4,702,752)  | (74) | (5,196,246)  | (77) |
| 5900 | Operating gross profits                                                                   |                 | 1,682,323    | 26   | 1,529,247    | 23   |
|      | Operating expenses                                                                        |                 |              |      |              |      |
| 6100 | Selling expenses                                                                          |                 | (521,277)    | (8)  | (511,706)    | (8)  |
| 6200 | Administrative expenses                                                                   |                 | (236,572)    | (4)  | (238,864)    | (4)  |
| 6300 | R&D expenses                                                                              |                 | (141,306)    | (2)  | (161,453)    | (2)  |
| 6450 |                                                                                           |                 | 30,591       | 1    | (11,955)     | -    |
|      | Expected credit gains (losses)                                                            |                 |              |      |              |      |
| 6000 | Total operating expenses                                                                  |                 | (868,564)    | (13) | (923,978)    | (14) |
| 6900 | Operating margin                                                                          |                 | 813,759      | 13   | 605,269      | 9    |
|      | Non-operating income and loss                                                             |                 |              |      |              |      |
| 7100 | Interest income                                                                           |                 | 32,809       | 1    | 7,395        | -    |
| 7010 | Other income                                                                              | Note 6-29       | 133,277      | 2    | 95,119       | 1    |
| 7020 | Other gains and losses                                                                    | Note 6-30       | 211,334      | 3    | (17,143)     | -    |
| 7050 | Financial costs                                                                           | Note 6-31       | (59,131)     | (1)  | (30,864)     | -    |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method | Note 6-8        | 1,092        | -    | 148          | -    |
| 7000 | Total non-operating income and loss                                                       |                 | 319,381      | 5    | 54,655       | 1    |
| 7900 | Profit before tax                                                                         |                 | 1,133,140    | 18   | 659,924      | 10   |
| 7950 | Tax expense                                                                               | Note 6-32       | (258,506)    | (4)  | (223,422)    | (4)  |
| 8200 | NET INCOME                                                                                |                 | 874,634      | 14   | 436,502      | 6    |
|      | Other comprehensive income                                                                | Note 6-33       |              |      |              |      |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss  |                 |              |      |              |      |
| 8311 | Remeasurement on defined benefit plans                                                    |                 | (1,286)      | -    | (2,136)      | -    |
| 8316 | Unrealized gains (losses) from investments in equity instruments                          |                 | (306,312)    | (5)  | 166,187      | 3    |
| 8321 | Subsidiaries and joint ventures of remeasurement on defined benefit plans                 |                 | 3,296        | -    | (1,035)      | -    |

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(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
Years Ended December 31, 2022 and 2021

(Continued from last page)

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

| Code | Item                                                                                                                                              | Note      | 2022        |     | 2021       |   |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|-----|------------|---|
|      |                                                                                                                                                   |           | Amount      | %   | Amount     | % |
| 8326 | Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income of affiliates and joint ventures |           | \$ (13,848) | -   | \$ 5,303   | - |
| 8349 | Income taxes related to items that are not reclassified                                                                                           | Note 6-32 | (402)       | -   | 119        | - |
|      |                                                                                                                                                   |           | (318,552)   | (5) | 168,438    | 3 |
| 8360 | Items that may be reclassified subsequently to profit or loss:                                                                                    |           |             |     |            |   |
| 8361 | Exchange differences on translation of financial statements of foreign operations institutions                                                    |           | 57,976      | 1   | 13,371     | - |
| 8399 | Income taxes related to items that may be reclassified                                                                                            | Note 6-32 | (4,631)     | -   | (4,898)    | - |
|      |                                                                                                                                                   |           | 53,345      | 1   | 8,473      | - |
| 8300 | Other comprehensive income (net)                                                                                                                  |           | (265,207)   | (4) | 176,911    | 3 |
| 8500 | Total comprehensive income                                                                                                                        |           | \$ 609,427  | 10  | \$ 613,413 | 9 |
| 8600 | Net profit attribute to:                                                                                                                          |           |             |     |            |   |
| 8610 | Owners of the parent company (net profit)                                                                                                         |           | \$ 708,188  |     | \$ 363,692 |   |
| 8620 | Non-controlling interest (net profit)                                                                                                             |           | 166,446     |     | 72,810     |   |
|      | Net profit for the period                                                                                                                         |           | \$ 874,634  |     | \$ 436,502 |   |
| 8700 | Total comprehensive income attributable to:                                                                                                       |           |             |     |            |   |
| 8710 | Owners of the parent company (consolidated profit or loss)                                                                                        |           | \$ 439,852  |     | \$ 527,977 |   |
| 8720 | Non-controlling interests (consolidated profit or loss)                                                                                           |           | 169,575     |     | 85,436     |   |
|      | Total consolidated profit or loss for the period                                                                                                  |           | \$ 609,427  |     | \$ 613,413 |   |
|      | Earnings per share                                                                                                                                |           |             |     |            |   |
| 9750 | Basic earnings per share                                                                                                                          | Note 6-34 | \$ 6.42     |     | \$ 3.30    |   |
| 9850 | Diluted earnings per share                                                                                                                        | Note 6-34 | \$ 6.39     |     | \$ 3.29    |   |

(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

|                                                                                                      | Equity attributable to owners of the parent company |              |                        |                 |                     |                                                                                               |                                                                                                          |                                                           |                           |              |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------|------------------------|-----------------|---------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------|--------------|
|                                                                                                      | Retention Surplus                                   |              |                        |                 |                     | Other equity items                                                                            |                                                                                                          | Total equity attributable to owners of the parent company | Non-controlling interests | Total equity |
|                                                                                                      | Ordinary share capital                              | Capital Fund | Statutory Surplus Fund | Special reserve | Unallocated surplus | Exchange differences on translation of financial statements of foreign operating institutions | Unrealized valuation (gain) or loss on financial assets at fair value through other comprehensive income |                                                           |                           |              |
| Balance on January 1, 2021                                                                           | \$ 1,104,004                                        | \$ 379,195   | \$ 663,342             | \$ 188,846      | \$ 2,252,625        | \$ (94,409)                                                                                   | \$ 365,816                                                                                               | \$ 4,859,419                                              | \$ 1,606,562              | \$ 6,465,981 |
| Appropriation and Distribution of Surplus                                                            |                                                     |              |                        |                 |                     |                                                                                               |                                                                                                          |                                                           |                           |              |
| Reference to statutory surplus                                                                       | -                                                   | -            | 50,023                 | -               | (50,023)            | -                                                                                             | -                                                                                                        | -                                                         | -                         | -            |
| Cash dividends on ordinary shares                                                                    | -                                                   | -            | -                      | -               | (276,001)           | -                                                                                             | -                                                                                                        | (276,001)                                                 | (97,966)                  | (373,967)    |
| Cash dividends allotted from capital surplus                                                         | -                                                   | (55,200)     | -                      | -               | -                   | -                                                                                             | -                                                                                                        | (55,200)                                                  | (24,491)                  | (79,691)     |
| Changes in non-controlling interests                                                                 | -                                                   | -            | -                      | -               | -                   | -                                                                                             | -                                                                                                        | -                                                         | (45,580)                  | (45,580)     |
| 2021 Net Income                                                                                      | -                                                   | -            | -                      | -               | 363,692             | -                                                                                             | -                                                                                                        | 363,692                                                   | 72,810                    | 436,502      |
| 2021 Other comprehensive income after tax                                                            | -                                                   | -            | -                      | -               | (2,627)             | (1,857)                                                                                       | 168,769                                                                                                  | 164,285                                                   | 12,626                    | 176,911      |
| Total consolidated profit or loss for 2021                                                           | -                                                   | -            | -                      | -               | 361,065             | (1,857)                                                                                       | 168,769                                                                                                  | 527,977                                                   | 85,436                    | 613,413      |
| Difference between the actual acquisition or disposal price of the subsidiary and the carrying value | -                                                   | (786)        | -                      | -               | (6,166)             | -                                                                                             | -                                                                                                        | (6,952)                                                   | -                         | (6,952)      |
| Disposal of equity instruments measured at fair value through other comprehensive income             | -                                                   | -            | -                      | -               | 155,743             | -                                                                                             | (155,743)                                                                                                | -                                                         | -                         | -            |
| Balance on December 31, 2021                                                                         | 1,104,004                                           | 323,209      | 713,365                | 188,846         | 2,437,243           | (96,266)                                                                                      | 378,842                                                                                                  | 5,049,243                                                 | 1,523,961                 | 6,573,204    |
| Appropriation and Distribution of Surplus                                                            |                                                     |              |                        |                 |                     |                                                                                               |                                                                                                          |                                                           |                           |              |
| Reference to statutory surplus                                                                       | -                                                   | -            | 51,681                 | -               | (51,681)            | -                                                                                             | -                                                                                                        | -                                                         | -                         | -            |
| Cash dividends on ordinary shares                                                                    | -                                                   | -            | -                      | -               | (276,001)           | -                                                                                             | -                                                                                                        | (276,001)                                                 | (58,439)                  | (334,440)    |
| Cash dividends allotted from capital surplus                                                         | -                                                   | -            | -                      | -               | -                   | -                                                                                             | -                                                                                                        | -                                                         | (14,610)                  | (14,610)     |
| Changes in non-controlling interests                                                                 | -                                                   | -            | -                      | -               | -                   | -                                                                                             | -                                                                                                        | -                                                         | (4,816)                   | (4,816)      |
| 2022 Net Income                                                                                      | -                                                   | -            | -                      | -               | 708,188             | -                                                                                             | -                                                                                                        | 708,188                                                   | 166,446                   | 874,634      |
| 2022 Other comprehensive income after tax                                                            | -                                                   | -            | -                      | -               | 277                 | 44,557                                                                                        | (313,170)                                                                                                | (268,336)                                                 | 3,129                     | (265,207)    |
| 2022 Total consolidated profit or loss for the year                                                  | -                                                   | -            | -                      | -               | 708,465             | 44,557                                                                                        | (313,170)                                                                                                | 439,852                                                   | 169,575                   | 609,427      |
| Difference between the actual acquisition or disposal price and the carrying value of the subsidiary | -                                                   | 320          | -                      | -               | -                   | -                                                                                             | -                                                                                                        | 320                                                       | -                         | 320          |
| Disposal of equity instruments measured at fair value through other comprehensive income             | -                                                   | -            | -                      | -               | 74,734              | -                                                                                             | (74,734)                                                                                                 | -                                                         | -                         | -            |
| Remaining balance as of December 31, 2022                                                            | \$ 1,104,004                                        | \$ 323,529   | \$ 765,046             | \$ 188,846      | \$ 2,892,760        | \$ (51,709)                                                                                   | \$ (9,062)                                                                                               | \$ 5,213,414                                              | \$ 1,615,671              | \$ 6,829,085 |

(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

| Item                                                                                         | 2022             | 2021             |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| Cash flows from operating activities                                                         |                  |                  |
| Net income before tax for the period                                                         | \$ 1,133,140     | \$ 659,924       |
| Adjustment Items                                                                             |                  |                  |
| Income and expense items that do not affect cash flows                                       |                  |                  |
| Depreciation expense                                                                         | 210,308          | 212,976          |
| Amortization expense                                                                         | 6,825            | 5,302            |
| Expected credit impairment (benefit) loss                                                    | (30,591)         | 11,955           |
| Net loss (gain) on financial assets and liabilities at fair value through profit or loss     | 39,524           | (80,236)         |
| Interest expense                                                                             | 59,131           | 30,864           |
| Interest income                                                                              | (32,809)         | (7,395)          |
| Dividend income                                                                              | (65,790)         | (17,251)         |
| Share of affiliated companies and joint venture interests recognized under the equity method | (1,092)          | (148)            |
| Disposal and scrapping of property, plant and equipment interests                            | (217)            | (1,919)          |
| Depreciation of investment property                                                          | 1,061            | 1,190            |
| Loss on disposal of intangible assets                                                        | -                | 48               |
| Disposal of investment interests (deficient)                                                 | (3,417)          | -                |
| Other items                                                                                  | (2,450)          | (2,220)          |
| Total revenue and expense items                                                              | <u>180,483</u>   | <u>153,166</u>   |
| Changes in assets/liabilities related to operating activities                                |                  |                  |
| Net changes in assets related to operating activities                                        |                  |                  |
| (Increase) decrease in notes receivable                                                      | (39,197)         | 75,898           |
| Note receivable - increase in related parties                                                | (2,409)          | (2,159)          |
| Increase in accounts receivable                                                              | (211,921)        | (212,323)        |
| Increase in accounts receivable - related parties                                            | (3,909)          | (5,514)          |
| Increase (decrease) in other receivables                                                     | 693              | (5,446)          |
| Increase in other receivables - related parties                                              | (100)            | -                |
| Increase in inventories                                                                      | (452,045)        | (285,337)        |
| (Increase) decrease in prepayments                                                           | (12,549)         | 43,076           |
| Decrease in other current assets                                                             | 1,617            | 6,049            |
| (Increase) decrease in collections                                                           | (6,783)          | 2,495            |
| Decrease in other non-current assets                                                         | 21,285           | 2,871            |
| Total net changes in assets related to operating activities                                  | <u>(705,318)</u> | <u>(380,390)</u> |

(Continued on to the next page)

(Please refer to Notes to Consolidated Financial Statements)

Chairman:

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Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Continued from last page)

| Item                                                                                      | 2022      | 2021      |
|-------------------------------------------------------------------------------------------|-----------|-----------|
| Net change in liabilities related to operating activities                                 |           |           |
| Increase in contract liabilities                                                          | \$ 43,079 | \$ 32,975 |
| Increase (decrease) in notes payable                                                      | (91,751)  | 384,253   |
| Note payable - increase in related parties                                                | 18        | -         |
| Increase (decrease) in accounts payable                                                   | (81,476)  | 64,209    |
| Decrease in accounts payable - related parties                                            | (212)     | (922)     |
| Increase (decrease) in other payables                                                     | 25,824    | (18,767)  |
| Other payables - increase in related parties                                              | -         | 11        |
| Increase (decrease) in provision for liabilities                                          | 1,399     | (8,953)   |
| Increase (decrease) in other current liabilities                                          | 1,616     | (747)     |
| Increase (decrease) in net defined benefit liabilities                                    | (2,086)   | 20        |
| Total net change in liabilities related to operating activities                           | (103,589) | 452,079   |
| Cash inflows from operations                                                              | 504,716   | 884,779   |
| Interest Received                                                                         | 24,642    | 7,900     |
| Income tax paid                                                                           | (134,391) | (80,853)  |
| Net cash inflow from operating activities                                                 | 394,967   | 811,826   |
| Cash flows from investing activities                                                      |           |           |
| Acquisition of financial assets measured at fair value through other comprehensive income | (93,677)  | (179,588) |
| Disposal of financial assets measured at fair value through other comprehensive income    | 128,937   | 208,077   |
| Acquisition of financial assets at fair value through profit or loss                      | (660,316) | (352,015) |
| Disposal of financial assets at fair value through profit or loss                         | 42,095    | -         |
| Acquisition of investments accounted for using the equity method                          | (4,496)   | (67,198)  |
| Acquisition of property, plant and equipment                                              | (34,187)  | (72,640)  |
| Disposal of property, plant and equipment                                                 | 3,792     | 4,104     |
| Decrease (increase) in refundable deposits                                                | 8,164     | (2,454)   |
| Acquisition of intangible assets                                                          | (2,026)   | (11,581)  |
| (Increase) decrease in other financial assets                                             | (258,886) | 124,489   |
| Increase in prepayments for equipment                                                     | (25,150)  | (12,484)  |
| Dividends received                                                                        | 82,794    | 30,973    |
| Net cash outflow from investing activities                                                | (812,956) | (330,317) |

(Continued on to the next page)

(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Corp. and Its Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Continued from last page)

| Item                                                         | 2022                | 2021                |
|--------------------------------------------------------------|---------------------|---------------------|
| Cash flows from financing activities                         |                     |                     |
| Increase in short-term borrowings                            | \$ 1,551,020        | \$ 325,524          |
| Increase (decrease) in short-term notes payable              | 78,922              | (110,190)           |
| Long-term loans                                              | 310,128             | -                   |
| Repayment of long-term loans                                 | -                   | (44,353)            |
| Decrease in deposit margin                                   | (1,377)             | (15,534)            |
| Lease principal repayment                                    | (37,493)            | (38,221)            |
| Cash dividends                                               | (276,001)           | (331,201)           |
| Payment of cash dividends from non-controlling interests     | (73,049)            | (122,457)           |
| Interest paid                                                | (57,323)            | (30,400)            |
| Net cash inflows (outflows) from financing activities        | <u>1,494,827</u>    | <u>(366,832)</u>    |
| Effect of exchange rate changes on cash and cash equivalents | <u>38,250</u>       | <u>10,531</u>       |
| Increase in cash and cash equivalents for the period         | 1,115,088           | 125,208             |
| Cash and cash equivalents at beginning of period             | <u>1,607,258</u>    | <u>1,482,050</u>    |
| Cash and cash equivalents at end of period                   | <u>\$ 2,722,346</u> | <u>\$ 1,607,258</u> |

(Please refer to Notes to Consolidated Financial Statements)

Chairman:

Manager:

Accounting Manager:

Goodway Machine Company Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified  
Otherwise)

1. GENERAL

Goodway Machine Company Limited (the “Company”) was approved by the Ministry of Economic Affairs, Republic of China (R.O.C.) to be established in September, 1975. The Company’s registered address is at No. 13, Gongyequ 5th Rd., Xiehe Vil., Xitun Dist., Taichung City, and its operating services include the manufacturing, sales, and purchases of a variety of machine tools, automatic machinery and hardware, woodworking machinery, and woodworking lathes. The Company began its production of CNC lathes at yearend 1987.

On October 20, 2006, the Financial Supervisory Commission, Republic of China (Taiwan) approved the Company's shares to be a public company with No. Financial-Supervisory-Securities-Auditing-0950147150. And on December 15, 2006, the Company applied for emerging stock over-the-counter trading and was approved by Taipei Exchange with No. Taipei-Exchange-Auditing 0950033757; the over-the-counter trading officially began on December 27, 2006. Subsequently on October 29, 2007, the Company’s shares were approved by Taiwan Stock Exchange Corporation No. Taiwan-Financial-Securities-VI-0961700606; and the shares were listed on the Taiwan Stock Exchange (TWSE) on January 24, 2008.

The principal operating activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are described in Note 4-3. The Company has no ultimate parent company.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The Board of Directors approved the accompanying consolidated financial statements for issue on March 15, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- a. We have applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

The chart below lists the new, revised, and amended standards and interpretations of International Accounting Standards Board (IASB) and endorsed by the FSC with an effective date starting 2022:

| New / Amended / Amended Standards and Interpretations                             | Effective Date Issued by IASB (Note 1) |
|-----------------------------------------------------------------------------------|----------------------------------------|
| Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use” | January 1, 2022 (Note 2)               |
| Amendment to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”             | January 1, 2022 (Note 3)               |
| Amendment to IFRS 3 “Reference to the Conceptual Framework”                       | January 1, 2022 (Note 4)               |
| Annual Improvements to IFRSs 2018-2020 Cycle                                      | January 1, 2022 (Note 5)               |

Note 1: Unless otherwise noted, abovementioned new/revised/amended standards or interpretations became effective during the annual reporting periods beginning after respective effective dates.

Note 2: The company shall apply these amendments retroactively, but only to those items of property, plant and equipment that have reached the location and condition necessary to comply with the way management expects them to operate after the earliest possible start date (January 1, 2021) as expressed in the financial statements of the enterprise to which these amendments were first applied.

Note 3: This amendment is applicable for all contracts that have yet fulfilled all obligations as of January 1, 2022.

Note 4: This amendment is applicable for business mergers whose purchase dates are after the annual reporting period that initiates on January 1, 2022.

Note 5: Amendments to IFRS 9 are applicable for exchanges or provision revisions of financial liabilities taking place during the annual reporting period initiated after January 1, 2022; amendments to IAS 41 are applicable for fair value measurements during the annual reporting period initiated after January 1, 2022; amendments to IFRS1 apply retrospectively to annual reporting period initiated after January 1, 2022.

1. Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendment clarifies that when a transaction, other event or circumstance is significant in size or nature and the related accounting policy information is also significant for financial reporting purposes, the related significant accounting policy information should be disclosed. Conversely, if an entity determines that a transaction, other event or circumstance is not significant in size or nature or is significant but the accounting policy information to which it relates is not significant, the entity is not required to disclose the immaterial accounting policy information. However, the entity's conclusion that the accounting policy information is immaterial does not affect the related disclosures required by other IFRSs.

The amendment applies to property, plant and equipment that will be located and in the condition necessary for management's intended operation after January 1, 2021 (the beginning of the earliest period presented). When the amendment is first applied, the Company will recognize the cumulative effect of the initial application of the amendment as an adjustment to the opening balance of retained earnings (or other components of equity, as applicable) as of the beginning of the earliest period presented, and will restate the information for the comparative period.

2. Amendment to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”

This amendment states that, while evaluating whether contract is onerous, the “cost of fulfilling a contract” shall include the incremental cost of fulfilling a contract (e.g. direct labor and materials) and the allocation of other costs that are directly related to fulfillment of a contract (e.g. For example, depreciation expense is allocated to items of property, plant and equipment used in the performance of contracts.).

3. Amendment to IFRS 3 “Reference to the Conceptual Framework”

This amendment is to update the reference to the conceptual framework and to add that IFRIC 21 “Levies” shall apply to acquirers to determine whether regulation of liability obligation of levies payment shall incur on the acquisition date.

#### 4. Annual Improvements to IFRSs 2018-2020 Cycle

Annual Improvements to IFRSs 2018-2020 Cycle include amendments to several standards. The amendment to IFRS9 is to evaluate whether exchange or provision revisions of financial liabilities pose significant difference, to compare discounted value of cash flow in new and old contract provisions (including net receipt and payment expenses from signing new contract or revising contract) and if there is a 10% difference, the aforementioned receipt and payment expenses shall only include the receipt and payment expenses between borrowers and lenders.

Per the Company's evaluation results, the standards and interpretations stated above do not pose significant impact on the Company's financial position nor its financial performance.

- b. Impacts from not yet applying the new and amended IFRSs issued by IASB endorsed by the FSC:

The chart below listed the new, revised, and amended standards and interpretations of International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

| New/Revised/Amended Standards and Interpretations                                                                                                                                                                                                           | Effective Date Issued by IASB |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Amendment to IAS 1 "Disclosure of Accounting Policy"                                                                                                                                                                                                        | January 1, 2023 (Note 1)      |
| Amendment to IAS 8 "Definition of Accounting Estimates"                                                                                                                                                                                                     | January 1, 2023 (Note 2)      |
| Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"                                                                                                                                                      | January 1, 2023 (Note 3)      |
| Note1 This amendment applies to the annual reporting period initiated after January 1, 2023.                                                                                                                                                                |                               |
| Note2 This amendment applies to accounting estimate changes and accounting policy changes incurred during annual reporting period initiated after January 1, 2023                                                                                           |                               |
| Note3 Besides the separate regulation for temporary difference related to lease and decommissioning obligations, this amendment applies to transactions taking place after the initial date for the earliest comparison period presented (January 1, 2022). |                               |

#### 1. Amendment to IAS 1 "Disclosure of Accounting Policy"

This amendment states that when the scale or nature of a single transaction, other items or situations is considered material, and when accounting policy information related to the abovementioned items is considered to be materials with respect to the financial statements, respective related material accounting policy information shall be disclosed. Contrarily, if a business determines the scale or nature of a single transaction, other items or situations are considered not material, or even if it is considered material, but is not significant with respect to related accounting policy information, then it is necessary to disclose respective insignificant accounting policy information. And business' conclusion for the accounting policy information to be insignificant does not affect other related disclosures regulated by IFRS standards.

#### 2. Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as the dollar amounts of measured uncertainty effects in the financial statements. It also further explains that, besides

when the causes are due to error corrections for the previous period, the effect of changes in the input value or measurement technique on accounting estimates are considered changes in accounting estimates.

3. Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendment limits the recognition exemption range for deferred tax liabilities and assets in IAS12, paragraphs 15 and 24. If the taxable temporary differences produced from the initial recognition of a single transaction have the same amounts as the deductible temporary differences, then the abovementioned exemption regulation will not be applicable. At business’ initial application of this amendment, it shall recognize deferred tax for all temporary differences related to lease and decommissioning obligations, at the initial date of the earliest comparison period presented (January 1, 2022). On the same date, accumulated restatement shall be recognized as the adjustments of initial balance for retained earnings (or other components of equity, if applicable at the time). Other transactions incurred after January 1, 2022 shall perform prospective applications of this amendment. At the initial application of this amendment, the Company shall restate information for the comparison period.

Per the Company’s evaluation results, the standards and interpretations stated above do not pose significant impact on the Company’s financial position nor its financial performance.

c. Impacts of the IFRSs issued by IASB but not yet endorsed by the FSC:

The chart below listed the new, revised, and amended standards and interpretations issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC:

| New/Revised/Amended Standards and Interpretations                                                                                                          | Effective Date Issued by IASB |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)” | To be determined              |
| IFRS 17 “Insurance Contracts”                                                                                                                              | January 1, 2023               |
| Amendment to IFRS 17                                                                                                                                       | January 1, 2023               |
| Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”                                                                 | January 1, 2023               |
| Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”                                                                                             | January 1, 2024               |
| Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”                                                                               | January 1, 2024               |
| Amendment to IAS 1 “Non-current Liabilities with Covenants”                                                                                                | January 1, 2024               |

As of the date the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Primary accounting policies adopted for the preparation for the consolidated financial statements are explained as below. Unless otherwise stated, the following policies have been applied consistently in all reporting periods.

(a) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Pronouncements (hereinafter referred to as IFRSs) as endorsed by the FSC and issued into effect.

(b) Basis of Preparation

1. Besides the following key items, the accompanying consolidated financial statements have been prepared on the historical cost basis:
  - (1) A fair value measurement for financial assets and liabilities (including derivative instrument) measured at fair value through profit or loss.
  - (2) A fair value measurement for financial assets measured at fair value through other comprehensive income.
  - (3) A fair value measurement for liabilities from cash-settled share-based payment agreements.
  - (4) Defined benefit liability recognized by net present value of defined benefit obligation deducted by pension fund assets.
2. Certain major accounting estimates were necessary for the preparation of financial statements that comply with the IFRSs endorsed by the FSC. Furthermore, judgments applied by the management were also necessary during the process of applying the Company's accounting policies. Please refer to Note 5 for detailed explanations on the items that involved high level of judgments or complexity, or items that involved critical assumptions and estimations for the consolidated financial statements.

(c) Basis of Consolidation

1. Principles of preparing parent company only financial statements:
  - (1) The Group includes all subsidiaries in the entities for which consolidated financial statements are prepared. A subsidiary is an entity (including a structured entity) that is controlled by the Group and over which the Group has control when the Group is exposed to variable remuneration from participation in the entity or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control and are deconsolidated from the date control is lost.
  - (2) Intra-group transactions, balances and unrealized gains and losses have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to conform to the policies adopted by the Group.
  - (3) The components of profit or loss and other comprehensive income or loss are attributed to owners of the parent company and non-controlling interests; the total comprehensive income or loss is also attributed to owners of the parent company and non-controlling interests, even if this results in a loss balance for non-controlling interests.
  - (4) Changes in ownership of subsidiaries that do not result in a loss of control (transactions with noncontrolling interests) are treated as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment to the noncontrolling interest and the fair value of the consideration paid or received is recognized directly in equity.
  - (5) When the Group loses control over a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in a related party or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss

for the period. For all amounts previously recognized in other comprehensive income or loss related to the subsidiary, the accounting treatment is the same as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.

2. The subsidiaries included in the consolidated financial statements are as follows:

| Investment Company          | The name of subsidiary                 | Main Business Items                                                                                                                                                                          | Shareholding or capital contribution ratio |                   |
|-----------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|
|                             |                                        |                                                                                                                                                                                              | December 31, 2022                          | December 31, 2021 |
| The Company                 | Awea Mechatronics Co., Ltd.            | Design, manufacture and sale of special purpose machines, automation equipment and computer-controlled tooling machines                                                                      | 49.60%                                     | 49.45%            |
| The Company                 | TAITEC CAYMANS, INC.                   | International Investment and Trading                                                                                                                                                         | 100%                                       | 100%              |
| The Company                 | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | Manufacturing and trading of industrial machinery                                                                                                                                            | 100% (Note)                                | 100% (Note)       |
| The Company                 | ALLRICH CNC, LTD.                      | Manufacturing of machinery and equipment and retailing of machinery and equipment                                                                                                            | 100%                                       | 100%              |
| TAITEC CAYMANS, INC.        | YAMASEIKI CAYMANS, INC.                | International investment and trade                                                                                                                                                           | 100%                                       | 100%              |
| TAITEC CAYMANS, INC.        | YAMA SEIKI USA, INC.                   | Sales of machinery and equipment, machinery installation and international trade                                                                                                             | 100% (Note)                                | 100% (Note)       |
| YAMASEIKI CAYMANS, INC.     | GOODWAY Machine Corp. (Suzhou)         | Design and production of CNC machines, CNC systems, servo devices and related components for 3-axis or more linkage, and maintenance and sales of precision CNC machines                     | 100%                                       | 100%              |
| YAMASEIKI CAYMANS, INC.     | GOODWAY Machine Corp. (Wujiang)        | Design and production of CNC machines, CNC systems, servo devices and related parts and components with more than three axes of linkage, and maintenance and sales of precision CNC machines | 100%                                       | 100%              |
| Awea Mechatronics Co., Ltd. | B-Way (Cayman) Co., Ltd.               | International investment and international trade                                                                                                                                             | 100%                                       | 100%              |
| B-Way (Cayman) Co., Ltd.    | Billion-Way (Cayman) Co., Ltd.         | International investment and international trade                                                                                                                                             | 100%                                       | 100%              |

|                                                 |                                        |                                                                                                                |      |      |
|-------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------|------|------|
| Billion-Way<br>(Cayman) Co.,<br>Ltd.            | GOODWAY<br>Machine Corp.<br>(Shanghai) | Sales of machinery and<br>equipment, installation<br>of machinery and<br>equipment, and<br>international trade | 100% | 100% |
| Billion-Way<br>(Cayman) Co.,<br>Ltd.            | Awea<br>Mechatronics Co.,<br>Ltd.      | Sales of machinery and<br>equipment, installation<br>of machinery and<br>equipment, and<br>international trade | 100% | 100% |
| YIH CHUAN<br>MACHINERY<br>INDUSTRY CO.,<br>LTD. | AXTRON INT'L<br>INVESTMENT<br>CO., LTD | International investment<br>and international trade                                                            | 100% | 100% |
| AXTRON INT'L<br>INVESTMENT<br>CO., LTD          | AXTRON INT'L<br>INVESTMENT<br>LIMITED  | International investment<br>and international trade                                                            | 100% | 100% |
| AXTRON INT'L<br>INVESTMENT<br>LIMITED           | Billion-<br>way(Cayman)<br>Co.,Ltd.    | Sales of machinery and<br>equipment, installation<br>of machinery and<br>equipment, and<br>international trade | 100% | 100% |

Note: Including direct investment and indirect investment in equity.

- (1) Although the Company acquired less than 50% of the shares of Foxconn Electric Co., Ltd., it has the right to dominate more than half of the board of directors' voting rights and therefore has control over it, and therefore is included in the consolidated entity; the financial statements of Foxconn Electric Co.
- (2) The financial statements of the subsidiaries listed above, which are included in the consolidated financial statements, have been audited by other auditors.
- (3) Increase or decrease in consolidated subsidiaries: None.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustment and treatment of different accounting periods of subsidiaries: None.
5. Significant restrictions: None.
6. The content of securities issued by the parent company held by subsidiaries: None.
7. Information on subsidiaries with significant non-controlling interests: None:

| December 31, 2022           |                       |                              |
|-----------------------------|-----------------------|------------------------------|
| The name of subsidiary      | Shareholding<br>ratio | Non-controlling<br>interests |
| Awea Mechatronics Co., Ltd. | 49.60%                | \$ 1,615,671                 |
| December 31, 2021           |                       |                              |
| The name of subsidiary      | Shareholding<br>ratio | Non-controlling<br>interests |
| Awea Mechatronics Co., Ltd. | 49.45%                | \$ 1,523,961                 |

- (1) Please refer to Note 13, Table 7 for the above subsidiaries' principal place of business and the company's registered national information.

(2) Aggregate financial information is as follows:

A. Balance Sheet:

|                         | Awea Mechatronics Co., Ltd. and its subsidiaries |                     |
|-------------------------|--------------------------------------------------|---------------------|
|                         | December 31, 2022                                | December 31, 2021   |
| Current Assets          | \$ 4,604,226                                     | \$ 3,859,310        |
| Non-current Assets      | 2,187,572                                        | 2,347,970           |
| Current liabilities     | (3,288,494)                                      | (2,825,233)         |
| Non-current liabilities | (135,109)                                        | (225,560)           |
| Equities                | <u>\$ 3,368,195</u>                              | <u>\$ 3,156,487</u> |

B. Comprehensive profit and loss:

|                                                                      | Awea Mechatronics Co., Ltd. and its subsidiaries |                   |
|----------------------------------------------------------------------|--------------------------------------------------|-------------------|
|                                                                      | Year 2022                                        | Year 2021         |
| Operation Revenue                                                    | \$ 3,100,517                                     | \$ 3,630,956      |
| Net Profit                                                           | \$ 349,287                                       | \$ 122,033        |
| Other comprehensive income (net of tax)                              | 7,313                                            | 24,067            |
| Total comprehensive income for the period                            | <u>\$ 356,600</u>                                | <u>\$ 146,100</u> |
| Net loss attributable to non-controlling interests                   | <u>\$ (4,856)</u>                                | <u>\$ (8,827)</u> |
| Total comprehensive income attributable to non-controlling interests | <u>\$ (3,742)</u>                                | <u>\$ (9,364)</u> |
| Dividends paid to non-controlling interests                          | <u>\$ 73,049</u>                                 | <u>\$ 122,457</u> |

C. Cash flow statement:

|                                                              | Awea Mechatronics Co., Ltd. and its subsidiaries |                   |
|--------------------------------------------------------------|--------------------------------------------------|-------------------|
|                                                              | Year 2022                                        | Year 2021         |
| Net cash inflow from operating activities                    | \$ 221,885                                       | \$ 478,681        |
| Net cash outflow from investing activities                   | (431,734)                                        | (271,928)         |
| Net cash inflows (outflows) from financing activities        | 402,147                                          | (209,780)         |
| Effect of exchange rate changes on cash and cash equivalents | 2,221                                            | 32,871            |
| Increase in cash and cash equivalents                        | 194,519                                          | 29,844            |
| Cash and cash equivalents at beginning of period             | 937,652                                          | 907,808           |
| Cash and cash equivalents at the end of the period           | <u>\$ 1,132,171</u>                              | <u>\$ 937,652</u> |

(d) Foreign Currency Exchange

1. Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e. functional currency). The parent company only financial statements carry the Company's functional currency – New Taiwan Dollar (NTD) as the currency presented.
2. In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the dates of transactions and no further retranslation is made.
3. For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NTD using exchange rates prevailing at the end of each reporting period. Revenues and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income and accumulated in the financial statements of foreign operating companies translated under equity (and appropriately allocated to non-controlling interests).

(e) Classification of Current and Noncurrent Assets and Liabilities

1. Assets that qualify to one of the following criteria are classified as current assets:
  - (1) Assets expected to be realized, or intended to be sold or consumed during ordinary course of operation.
  - (2) Assets held primarily for transaction purposes.
  - (3) Assets expected to be realized within twelve months after the date of balance sheet.
  - (4) Cash or cash equivalent, except items that will be exchanged, used to settle a liability, or limited in other ways twelve months after the date of balance sheet.

The Company classifies the assets not meeting the aforementioned criteria as non-current.

2. Liabilities that qualify one of the following criteria are classified as current liabilities:
  - (1) Those expected to be settled during the ordinary course of operation.
  - (2) Those held primarily for transaction purposes.
  - (3) Those required to be settled within twelve months after the date of balance sheet (also classified as current liabilities even if already completed the long-

term refinancing or rescheduled payment agreement during the period after the date of balance sheet and prior to the issuance of financial statements).

- (4) Those that are not able to defer unconditionally the settlement of the liability for at least twelve months after the date of balance sheet. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counter-parties, do not affect their classification.

The Company classifies the liabilities not meeting the aforementioned criteria as non-current.

(f) Cash and Cash Equivalent

Cash and cash equivalent include cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including certificate deposits whose original expiry dates are within three months).

(g) Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party within the contractual provisions of the instruments.

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

## 1. Financial Assets

### (1) Category of measurement

Regular ways of purchase for financial assets are recognized on a trade date accounting basis.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

#### A. Financial assets at FVTPL

Financial assets at FVTPL encompass financial assets mandatorily required to be measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily required to be measured at fair value through profit or loss include the Company's investments in equity instruments not designated to be measured at FVTOCI, as well as debt instruments that do not meet the criteria of amortized cost or FVTOCI.

Financial assets measured at FVTPL are measured at fair value. Resulted dividends are recognized in other revenues; interest revenue and gains or loss resulting after remeasurement are recognized in other gains and losses. Please refer to Note 12 (c) for the determination method for fair value.

#### B. Financial assets measured at amortized cost

In cases when the Company's investments of financial assets simultaneously meet the two following criteria, they would be classified as financial assets measured at amortized cost:

- (A) Financial assets held under certain operation models, whose objective is to collect contractual cash flows; and
- (B) Cash flows on specified date produced at the commencement of contract provisions, and respective cash flows are solely for the purpose of paying the principal and interests for outstanding principal amount.

After initial recognition, financial assets carried at amortized cost are measured at amortized cost based on the total carrying amount determined using the effective interest method less any impairment loss, with any foreign currency translation gain or loss recognized in profit or loss.

Besides the following two conditions, interest income is calculated as the multiplication of effective interest rate and financial asset's total carrying amount:

- (A) For purchased or originated credit impaired financial assets, interest revenues are calculated as the multiplication of credit adjusted effective interest rate and financial assets' amortized costs.
- (B) For financial assets that are not purchased or originated credit impaired, but subsequently become credit impaired, interest revenues are calculated as the multiplication of effective interest rate and financial assets' amortized costs.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity instruments that are not held for trading and not recognized by acquirer of business merger or with contingent consideration at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with changes in fair value recognized in other comprehensive income and accumulated in other equity. At disposal of investment, accumulated profits or losses are directly transferred to retained earnings and are not reclassified as profit or loss.

Dividends on the investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

- A. On the date of balance sheet, the Company evaluates financial assets at amortized cost (including accounts receivable) and impairment loss for contract assets in accordance with expected credit loss.
- B. The loss allowance for accounts receivable and contract assets are both measured at an amount equal to expected lifetime credit loss. Other financial

assets shall first be evaluated whether the credit risk has increased significantly since initial recognition. If it has not, a loss allowance is recognized at an amount equal to expected credit loss resulting from expected 12-month credit loss. If there has been a significant increase in credit risk, a loss allowance is recognized at an amount equal to expected lifetime credit loss.

- C. Expected credit loss refers to default risk weighted average credit loss. Expected 12-month credit loss refers to expected credit loss of financial instruments from possible default matters within 12 months of reporting date. Expected credit losses over the life of the instrument represent the expected credit losses arising from all possible defaults over the expected life of the instrument.
- D. Impairment loss for all financial instruments is to lower their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

### (3) Derecognition of financial assets

The Company would derecognize the financial assets under one of the following conditions:

- A. Originated from the contractual rights to the cash flows from the financial asset being expired.
- B. Contractual rights that transfer the cash flow of financial assets received; and substantially all the risks and rewards of ownership of the financial asset are already transferred to another entity.
- C. The Company neither transfers nor retains control over substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. When investments in debt instruments at fair value measurements through other comprehensive income are derecognized as a whole, the difference between the carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassifying as profit or loss.

## 2. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

## 3. Financial liabilities

### (1) Subsequent Measurement

Aside from the conditions listed below, all financial liabilities are measured at amortized cost with effective interest rate method:

- A. Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or is designated as at fair value through profit or loss at initial recognition. Financial liabilities classified as for trading are repurchased within a short-term period as defined as the primary purpose at commencement as well as derivative instruments besides financial guarantee contracts or designated effective hedging instruments. When the Company's financial liabilities meet one of the following criteria, they would be designated to be measured at FVTPL at initial recognition:

(A) Hybrid (combine) contract; or

(B) Eliminable or with significant reduced measurement or inconsistent recognition; or

(C) Instruments managed on the fair value basis and evaluated by the fair value basis for their performance, in accordance with written risk management policies.

- B. Financial liabilities at fair value through profit or loss are measured at fair value on initial recognition, while the related transaction costs are recognized as current profit or loss. Subsequent changes in fair value when measured at fair value would be recognized as profit (loss) for the respective period.

- C. For financial liabilities designated to be measured at FVTPL, amounts of fair value changes generated by credit risk changes are recognized in other comprehensive income and will not be subsequently reclassified into profit or loss; and residual amounts of fair value changes of respective liabilities are recognized in profit or loss. Nonetheless, when aforementioned accounting handlings create or enlarge an accounting mismatch, gains or losses of respective liabilities would all be recognized in profit or loss.

(2) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the total consideration paid and payable (including any transferred non-cash asset or liability assumed) is recognized in profit or loss.

4. Revision of financial instruments

When the contractual cash flows of a financial instrument are renegotiated or modified in a way that does not result in the financial instrument being derecognized, the Company recalculates the total carrying amount of the financial asset or the amortized cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognizes the benefit or loss of the modification in profit or loss; The resulting cost or fee will be the adjustment in carrying amount for revised financial instrument, which will be amortized over remaining period after revision. If respective renegotiation or revision causes derecognition of the respective financial instrument, it will be processed according to derecognition regulation.

(h) Inventories

Inventories are measured based on the lower of cost or net realizable value, which implements the perpetual inventory system, and the cost is determined by weighted

average method. Finished goods and costs for work in progress include materials, direct labor, other direct labor, and production related overhead (amortized by normal capacity), but excluding borrowing costs. Comparison of the lower of cost or net realizable value implements item-by-item method. Net realizable value represents the estimated selling price of inventories during ordinary operation less all estimated costs still necessary for completion and costs necessary to make the sale.

(i) Investments Accounted for Using Equity Method – Affiliated Companies

1. Affiliated companies are all entities over which the Group has significant influence without control and in which the Group generally holds, directly or indirectly, 20% or more of the voting shares. The Group's investments in affiliated companies are accounted for under the equity method and are recognized at cost upon acquisition.
2. The Group recognizes its share of an associate's post-acquisition profit or loss as current profit or loss and its share of the post-acquisition other comprehensive income or loss as other comprehensive income or loss. If the Group's share of losses of any associated enterprise equals or exceeds its interest in the associated enterprise (including the carrying amount of the investment in the associated enterprise determined using the equity method and any long-term interest that in substance forms part of the Group's net investment in the associated enterprise), the Group does not recognize further losses unless it has a legal or constructive obligation to, or has made payments on behalf of, the associated enterprise, unless the Group has a legal or constructive obligation to, or has made payments on behalf of, the associated enterprise.
3. Unrealized gains or losses arising from transactions between the Group and its affiliates are eliminated in proportion to the Group's interest in the affiliates, unless there is evidence that the assets transferred in the transaction are impaired. The accounting policies of the related companies have been adjusted as necessary to conform to the policies adopted by the Group.
4. If the Group does not subscribe or acquire new shares of a related company on a pro rata basis, and the change in the proportion of investment is still significant, the increase or decrease of the change in net equity is adjusted to "capital surplus" and "investments accounted for by the equity method". If the percentage of investment decreases, in addition to the above adjustments, any gain or loss previously recognized in other comprehensive income related to the decrease in the ownership interest, which is required to be reclassified to profit or loss upon disposal of the related assets or liabilities, is reclassified to profit or loss in proportion to the decrease.
5. When the Group loses significant influence over an associate, the remaining investment in the former associate is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized as profit or loss for the period.
6. When the Group disposes of an associate, if it loses significant influence over the associate, all amounts previously recognized in other comprehensive income or loss related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when the significant influence over the associate is lost. The gain or loss is reclassified from equity to profit or loss when the significant influence on the associated enterprise is lost. If the Group still has significant influence on the related entity, only the proportionate share of the amount previously recognized in other comprehensive income is transferred out in the manner described above.
7. When the Group disposes of an associated enterprise, capital surplus related to the associated enterprise is transferred to profit or loss if the Group loses significant influence on the association; if the Group still has significant influence on the associated enterprise, it is transferred to profit or loss in proportion to the disposal.

(j) Property, Plant, and Equipment

1. Entry basis for property, plant, and equipment is the cost at acquisition, and related interests during the acquisition are capitalized. Samples of property, plant and

equipment under construction are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before they reach their intended use, for which the sales price and cost are recognized in profit or loss.

2. Subsequent costs would only be included in the respective asset's carrying amount or be recognized as a separate asset when the respective asset's related future economic benefits are very likely to be inflows into the Company as well as when the costs of the respective asset can be reliably measured. Parts of the carrying amount that are replaced shall be derecognized. All other repair and maintenance expenses are recognized as profit or loss in the incurred period.
3. Land is not depreciated. Other property, plant, and equipment are based on cost model and depreciated by straight-line calculation method per evaluated useful life. The Company examines the residual life, useful life, and depreciation method for all assets at the end of each financial statement reporting period. If expected values of residual life and useful life vary from those previously evaluated, or when the expected consumption state for an asset's future economic benefits already shows significant changes, they would be treated per regulation on changes in accounting estimation as stated in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" beginning on the change commencement date. Useful lives for all asset types are shown as below:

|                          |              |
|--------------------------|--------------|
| House and Buildings      | 2 - 55 years |
| Machinery Equipment      | 2 - 16 years |
| Molding Equipment        | 2 - 6 years  |
| Transportation Equipment | 2 - 16 years |
| Other Equipment          | 2 - 15 years |

4. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### (k) Leases

The Company evaluates whether a contract is considered as (or includes) a lease on the date of contract establishment. For contracts that include one component of lease and one or many components of additional leases or non-leasing components, the Company would amortize the contracts' consideration to the respective leasing components based on the relative separate price of each leasing component and on the aggregate separate price of non-leasing components.

##### 1. The Company as lessee

Besides the leases and short-term leases of the low-value underlying asset are recognized as fees per straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all other leases at the commencement date of the lease.

### Right-of-use assets

Right-of-use assets are initially measured at cost (including the initial measured amount for lease liability, lease payment made before lease commencement date reduced by lease incentives received, initial direct cost and estimated cost for restored underlying asset). Subsequently, the assets are measured at cost reduced by accumulated depreciation and accumulated impairment loss, which are further remeasured with adjustments made to lease liability.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

### Lease liabilities

Lease liabilities are measured initially at the present value of the lease payments, which comprise both fixed payments and actual fixed payments. If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured based on cost amortized by effective interest method, and interest expenses are amortized over the lease term. If evaluation of lease term and purchase option of underlying asset, expected payment amount under residual guaranteed value, or changes in the index or rate used for determining lease payment cause changes in future lease payment, the Company would remeasure the lease liabilities and adjust accordingly the right-of-use assets, and it would further recognize the profit or loss from the lease component or full lease termination. Lease liabilities due to other revisions are reassured and right-of-use assets would also be adjusted. Lease liabilities are reported as a line item in the consolidated balance sheet.

## 2. The Company as lessor

Leases that transfer nearly all the risks and rewards subordinated to the underlying assets' ownership are categorized as finance leases; otherwise, they would be categorized as operating leases.

Under finance leases, lease payments comprise fixed payment, substantive fixed payment, and lease payments due to changes in index or rate. Net lease investments are the total of the present value of lease payment receivable and unguaranteed residual value, and they are presented as finance lease receivables. The Company amortizes the finance income over lease term on a systemic and reasonable basis, in order to reflect the fixed rate of return that the Company's undue net lease investments could earn in all periods.

Under operating leases, lease payments reduced by lease incentives are recognized in lease income per straight-line basis. Initial direct cost incurred at the acquisition of operating lease is the carrying amount added to the underlying asset and is recognized as expense in lease term according to the same basis for recognition of lease income. Lease negotiation with the lessee would be treated as a new lease beginning on the lease revision effective date.

## (I) Investment Property

An investment property refers to a property held for the purpose of earning rents, capital appreciation, or both (including properties under construction for the respective purposes). An investment property also comprises land held with not yet determined future use. An investment property further comprises a right-of-use asset meeting the definition of an investment property.

A self-owned investment property is initially measured at cost (including transaction cost), and is subsequently measured at cost reduced by accumulated depreciation and accumulated impairment loss.

All investment properties are recognized as depreciation per straight-line basis.

Investment properties under construction are recognized as cost reduced by accumulated impairment loss; and the cost includes professional service expense and borrowing cost that meets capitalization criteria. Respective assets commence to be recognized as depreciation when they reach their intended use.

Gains or losses generated by derecognition of investment properties are the differences between net disposal proceeds and respective assets' carrying amount, and they are recognized as profit or loss in the respective reporting year.

#### (m) Intangible Asset

Individually acquired intangible assets with finite useful lives are stated at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the following useful lives: Trademark rights, based on the useful life of the trademark or the contractual life of the trademark; software and system design costs - 3 to 10 years period; patent and others - the economic benefits or legal contract valid period in years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets such as goodwill and indefinite-life intangible assets are not subject to amortization, but are subject to impairment testing on a regular basis each year.

An intangible asset is derecognized when it is disposed of or when no future economic benefits are expected to result from its use or disposal. The amount of gain or loss arising from the derecognition of an intangible asset is the difference between the net disposal price and the carrying amount of the asset, and is recognized in profit or loss for the period.

#### (n) Non-Financial Assets Impairment

On the date of balance sheet, the Company estimates the recoverable amount for assets showing signs of impairment; when the recoverable amount is lower than its carrying amount, it would be recognized as impairment loss. Recoverable amount refers to the higher amount of an asset's fair value less the disposal cost and its value in use. When impairment for assets recognized in the previous reporting year no longer exists, reversal is allowed within the range of impairment amounts recognized in the previous reporting year.

Goodwill, indefinite useful life intangible assets and intangible assets not yet available for use shall be regularly estimated for their recoverable amounts. When the recoverable amount is lower than their carrying amount, impairment losses shall be recognized. Impairment losses on goodwill shall not be reversed in subsequent years.

(o) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events. It is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Measurement of provisions is based on the best estimated present value of the expenditures needed to settle respective obligations on the date of balance sheet; discount rate used would be the discount rate before tax that reflects current market's time value of money and the evaluation of the liabilities-specific risks; discounted amortization would be recognized as interest expense. Future operating losses cannot be recognized as provisions.

(p) Employee Benefits

1. Short-term employee benefits

Expenses recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized when related services are provided.

2. Pension

(1) Defined Contribution Plans

For defined contribution plans, pension fund amount that needs to be contributed shall be recognized as pension cost for respective reporting period on an accrual basis. Prepaid contributions would be recognized as assets within the range of refundable cash or reduced future payment.

(2) Defined Benefit Plans

- A. Net obligation under defined benefit plans refers to discounted future benefit amount that employees have earned from services provided in the reporting period or historically; and it is carried on the date of balance sheet as present value of defined benefit obligation less fair value of plan asset. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method. The discount rate is determined by reference to market yields on high quality corporate bonds at the balance sheet date that correspond to the currency and period of the defined benefit plan; in countries where there is no significant market for high quality corporate bonds, market yields on government bonds (at the balance sheet date) are used.
- B. Remeasured amount generated from defined benefit plan is recognized as other comprehensive income in the incurred period and is presented as retained earnings.
- C. Related expenses for service cost in the previous period is immediately recognized as profit or loss.

3. Employee's compensations and directors' remuneration

Employee's compensations and directors' remuneration are recognized as expense and liability when they possess legal or constructive obligation and when the amount can be reasonably estimated. When the actual distribution amount resolved on a later date differs from the estimated amount, it would be treated per accounting estimate changes.

#### 4. Termination benefits

Termination benefits refer to benefits provided when terminating a staff's employment before a normal retirement date or when a staff decides to accept the Company's benefit invitation in exchange for employment termination. The Company would recognize the expense at the earlier of when revoking termination benefits' contract offer is impossible and recognizing related reconstructive cost. Benefits not expected to be completely settled 12 months after the balance sheet date shall be discounted.

#### (q) Capital stock

Ordinary shares are classified as equity. Incremental costs directly attributable to issuing new stocks or options are recognized as a reduction in proceeds within equity.

#### (r) Tax

1. Income tax expense represents the sum of the tax currently payable and deferred tax. Besides tax related to items recognized in other comprehensive income or directly recognized in equity, which are respectively recognized in other comprehensive income or directly recognized in equity, tax is recognized in profit or loss.
2. Current tax is calculated based on tax rates (and tax laws) that have been enacted or substantively enacted on the balance sheet date, in accordance with the countries where the Company's operation is located and where taxable income is generated. The management performs routine evaluation of tax filing in accordance with applicable tax related regulations, and under applicable circumstances the management estimates and recognizes tax liabilities per expected tax payment due to tax bureaus. Income tax on unappropriated earnings calculated per Taiwan's tax regulation is expensed per actual appropriation of earnings in the year the shareholders approved the appropriation of earnings, which is the year subsequent to the year the earnings are generated.
3. Deferred tax implements the balance sheet method and recognizes temporary differences generated between the tax base for asset and liability and the carrying amount for the consolidated balance sheet. Deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. Deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that does not affect accounting profit or taxable income (tax loss) at the time of the transaction. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated based on tax rates (and tax laws) that have been enacted or substantively enacted on the balance sheet date, and which are expected to be applicable related to actualization of deferred tax assets or settlement of deferred tax liability.
4. Deferred tax assets generated from temporary difference, unused tax loss, and unused tax credit are highly possible to have future tax income available to be recognized within usable range; and on each balance sheet date, unrecognized and recognized deferred tax assets are reevaluated on each balance sheet date.
5. When tax asset and liability amounts recognized in the reporting period by legally enforceable right offset each other and are intended to be settled on net value basis or when the asset is realized at the same time as when the liability is settled, tax asset in the reporting period and tax liability in the reporting would offset each other. When the legally enforceable right offset the tax asset and tax liability in the reporting period, and when deferred tax asset and liability are intended to be settled

on net value basis or when asset is realized simultaneously when liability is settled by the same tax entity from the same taxing bureau, or when it is generated by different tax entities, but each entity intends to settle net value basis or simultaneously realize an asset and settle a liability, then deferred tax asset and liability would be offset.

6. Tax relief generated by equipment purchase, expenditure on techniques, research, and development, personnel training, and stock investment would implement tax credit accounting.

(s) Revenue recognition

Principle on recognition of income generated from client contracts follows the steps listed below:

- (1) Identify client contract;
- (2) Identify contracts' performance obligations;
- (3) Determined transaction prices;
- (4) Allocate transaction prices to contracts' performance obligations; and
- (5) Recognize revenue at the time of meeting performance obligations.

After the Company identifies performance obligations in client contracts, transaction prices are allocated to each performance obligation and are recognized in revenue at the time of meeting performance obligations.

If the interval between the transfer of merchandise or services and the receipt of consideration is less than one year, the transaction price is not adjusted for significant financial components of the contract.

from Merchandise Sales

Revenues from merchandise sales come from CNC lathes and sales for related parts. Sales income would be recognized at the time when control of merchandise is transferred to clients. Since clients already set a price for the merchandise, possess the rights to use the merchandise, and are primarily responsible for its resale, in addition to bearing the risks for obsolescent merchandise, the Company chooses to recognize the income and trade receivable at the aforementioned timing.

(t) Borrowing costs

Borrowing costs that can be directly classified as acquired, constructed assets, or assets meeting manufacturing criteria constitute a part of the costs for respective assets until the respective assets attain intended use or for-sale state and when nearly all necessary activities are completed.

Investment revenues earned from temporary investment made by specific borrowing before the capital expenditure of required criteria takes place would be reduced from the borrowing costs meeting capitalization criteria.

Besides abovementioned items, all other borrowing costs would be recognized as profit or loss in their incurred reporting period.

(u) Government grants

Government grants would be recognized at fair value when it is reasonably assured that the Company would comply with appended criteria of government grants and would be able to receive respective subsidies.

Government grants are recognized as profit or loss on a systematic basis within the period where the related costs that they intend to compensate for are recognized as expenses in the Company. In cases when government grants are used to compensate for an expense or loss already taken place, or if they are intended to provide the Company immediate financial support and do not possess future related costs, then they are recognized as profit or loss during the collectible period. Government grants related to property, plant, and equipment are treated as reduction of respective assets' carrying amounts, and within the assets' useful lives, the grants are recognized as profit or loss through reduction of depreciation expenses.

For the government loan that the Company has obtained to be lower than market yield, the difference between the loan amount received and the fair value of the loan calculated based on the market yield at the time is recognized as a government grant.

(v) Business combinations

1. The Company adopts acquisition methods for its business combinations. Combination consideration is calculated based on the fair value of transferred asset, generated or assumed liability, and issued equity instrument; transferred consideration comprises the fair value of any asset and liability generated by contingent consideration arrangement. Costs related to the acquisition are recognized as expenses at the time of occurrence. Identifiable assets and assumed liability within business combinations are measured at fair value on the date of acquisition. Based on individual acquisition transaction, the Company measures components of non-controlling interest that are considered ownership interests, and whose owners possess the rights to receive business pro rata share of net asset when liquidation incurs, in accordance with fair value on the acquisition date or the proportion of identifiable asset that non-controlling interest accounts for. Other components of non-controlling interest are measured at fair value on the acquisition date.
2. If the total fair value amount of transferred consideration, non-controlling interest of acquiree, and interest of acquirer previously owned exceeds the fair value of acquired identifiable asset and assumed liability, it would be recognized as goodwill on the acquisition date. If the fair value of acquired identifiable asset and assumed liability exceeds the total fair value of transferred consideration, acquiree's non-controlling interest, and interest of acquirer previously owned, the difference would be recognized as profit or loss of the period on acquisition date.

(w) Goodwill

Goodwill is not amortized, but impairment testing is required annually. When there are indicators of impairment, impairment testing should also be performed. When conducting impairment testing, goodwill should be allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the business combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is first allocated to reduce the carrying amount of the goodwill that has been allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro-rata basis. Any impairment loss should be recognized immediately as a loss in the current year and may not be reversed in subsequent periods.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue reviewing underlying assumptions and estimates on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

At the time of preparing the consolidated financial statements, the Company's accounting policies implemented critical judgment, critical accounting estimates and assumptions as follows:

### (a) Critical Accounting Judgments

#### 1. Business model judgment for category of financial assets

The Company evaluates the operating model to which the financial assets belong based on a hierarchy that reflects the level at which the financial asset group is managed together to achieve a specific operating purpose. The evaluation is required to consider all related evidence, including asset performance measurement method, risks impacting the performance, and related managers' compensation determination method; and judgment also needs to be applied. The Company continuously evaluates the appropriateness of the judgment on the business model, and in response to this, the Company monitors the financial assets measured by amortized cost derecognized before their expiry date as well as equity instrument investment measured at fair value through other comprehensive income, in order to understand the reasons for their disposals to evaluate whether respective disposals are consistent with the goal of the business model. In cases where the business model has been found to have changed, the Company would reclassify financial assets per IFRS 9 and perform prospective application since the reclassification date.

#### 2. Revenue recognition

In accordance with IFRS 15, the Company determines whether it has or has not obtained control of specific goods or services before transferring them to customers and will be the principal or agent in the transaction, and recognizes the net amount of the transaction as revenue if the Company determines that it is the agent in the transaction.

The Company would serve as the manager under one of the following conditions:

- (1) Before merchandise or other assets are transferred to clients, the Company has already taken control of respective merchandise or asset from another entity; or
- (2) The Company controls the right for another entity to provide labor and thereby possesses the capability to manage the entity's offer of labor to the client on behalf of the Company; or
- (3) The Company obtains control of merchandise or labor from another entity to be combined with other merchandise or labor so to offer clients specific merchandise or labor.

Indicators used to aid in the judgment of whether the Company controls specific merchandise or labor before they are transferred to the clients include (but are not limited to):

- (1) The Company carries primary responsibilities towards commitments to complete offering specific merchandise or labor.
- (2) The Company bears inventory risk before and after specific merchandise or labor is transferred to client.
- (3) The Company has full discretion to set the price.

### 3. Lease terms

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions covered by the optional periods, significant leasehold improvements that take place (or expected to take place) during contract period, and the importance of the underlying asset to the lessee's operations, etc. The lease term will reassess if a significant matter or a significant change in circumstances that are within the control of the Company occurs.

#### (b) Critical Accounting Estimations and Assumptions

##### 1. Revenue recognition

Sales revenue is recognized when control of transferred merchandise or labor is given to the client to complete exercise of obligation; and related estimated sales return, discount, and other similar allowance are deducted at recognition. Respective sales return and allowance are estimated in accordance with historical experience and other known reasons, and the Company would perform routine review of the reasonableness of the estimation.

##### 2. Financial assets' estimated impairment

Estimated impairment for accounts receivable, equity instrument investment, and financial guarantee contract are based on the assumptions that the Company makes towards default rate and expected loss rate. The Company takes into consideration historical experience, current market circumstances, and prospective information to form the assumptions and chooses the input values for impairment estimation. If actual cashflows in the future are lower than expected, it is possible that significant impairment loss would occur.

##### 3. Fair value measurement and valuation procedure

When there are no market-offer prices in active markets for assets and liabilities at fair value measurement, the Company decides whether to outsource for price estimation and determines appropriate fair value valuation techniques per related regulation or according to judgment. If during fair value estimation, it is not possible to obtain first level input values, the Company would refer to analyses on investees' financial position and operation results, latest transaction prices, offer prices for the same equity instruments in non-active markets, offer prices for similar instruments in active markets, comparable companies' valuation multipliers, and other information to determine the input values. If actual changes in future input values vary from those expected, it is possible for fair values to change. The Company regularly updates each input value per market circumstance so as to monitor reasonableness of fair value measurement.

4. Impairment evaluation for tangible asset and intangible asset

During asset impairment evaluation, the Company is in need to rely on subjective judgment and follow respective asset's usage pattern and industrial characteristics to decide independent cashflows of specific asset groups, asset's useful life, and possible future profits and expenses generated. Any changes due to economic conditions or estimated changes brought forth by company strategy both could cause significant impairment in the future.

5. Investment impairment evaluation using equity method

When there is an indication that an investment accounted for using the equity method may be impaired to the extent that the carrying amount may not be recoverable, the Company assesses the impairment of the investment. The Company evaluates recoverable amounts based on discounted value of future cashflows expected by investees or the discounted value of expected cash dividend receivable and future cashflows generated by disposed investment; reasonableness of related assumptions is also analyzed.

6. Realizability of deferred tax assets

Deferred tax asset is recognized when it is highly probable in the future that there would be sufficient tax income to provide deductible temporary difference. When evaluating the realizability of deferred tax asset, it must involve significant accounting judgment and estimation by management, including expected future sales income growth and profit margin, tax exemption period, applicable tax deductible, tax planning, and other assumptions. Any changes in the global economic environment and industrial environment as well as changes in regulations are all possible to cause significant adjustments to deferred tax assets.

7. Valuation of inventories

Since inventories need to use the lower of cost and net realizable value for valuation, the Company must utilize judgement and estimation to determine inventories' net realizable value on the balance sheet date. The Company evaluates the inventory amount on balance sheet date due to normal depreciation, being outdated or with no market sales prices, and writes down the inventory costs to net realizable value.

8. Calculation for net defined benefit liability

When calculating the present value of net defined benefit liability, the Company must utilize judgement and estimation to determine related actuarial assumptions on the balance sheet date, including discount rate and future compensation growth rate. Any changes in actuarial assumptions would bring forth significant impact on the Company's defined benefit liability amount.

9. Lessee's incremental borrowing rate of interest

At the time when the lessee's incremental borrowing rate of interest is determined for discounting lease payment, risk-free interest rate of the same currency and related period is used as the reference interest rate. And estimated credit risk premium and lease specific adjustment (e.g. asset specific and appended guarantees) for lessee are also taken into consideration.

#### 10. Assessment of impairment of goodwill

When assessing impairment of goodwill, the estimated fair value of the cash-generating unit to which goodwill is allocated should be calculated. To calculate the fair value, management should estimate the expected future cash flows to be generated from the cash-generating unit and determine an appropriate discount rate to be used in calculating the present value. If the actual cash flows are less than expected, significant impairment losses may arise. As of the end of 2022 and December 31, 2021, the carrying amount of goodwill was NT\$135,498 thousand.

### 6. DESCRIPTIONS OF MAJOR ACCOUNTING ITEMS

#### 6.1 Cash and Cash Equivalents

| Item                                                          | December 31,<br>2022 | December 31,<br>2021 |
|---------------------------------------------------------------|----------------------|----------------------|
| Cash on hand and petty cash                                   | \$ 4,258             | \$ 4,288             |
| Deposits in bank                                              | 1,695,117            | 1,602,970            |
| Cash equivalents                                              |                      |                      |
| Deposit account with original expiry date within three months | 1,022,971            | -                    |
| Total                                                         | <u>\$ 2,722,346</u>  | <u>\$ 1,607,258</u>  |

1. Financial institutions that the Company interact with are of superior credit quality, and the Company interacts with numerous financial institutions in order to diversity credit risk, so that the probability for expected occurrence of default is fairly low.

2. The Company is not offering cash and cash equivalents for pledge. 6.2 Financial assets at fair value through profit or loss

#### 6.2. Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss - current

| Item                                               | Dec. 31, 2022       | Dec. 31, 2021     |
|----------------------------------------------------|---------------------|-------------------|
| <u>Financial Assets - Liquidity</u>                |                     |                   |
| Designated as at fair value through profit or loss |                     |                   |
| Domestic Listed (over-the-counter) Stocks          | <u>\$ 1,308,976</u> | <u>\$ 741,323</u> |

2. Financial assets at fair value through profit or loss - non-current

|                          | Dec. 31, 2022 |                    | Dec. 31, 2021 |                    |
|--------------------------|---------------|--------------------|---------------|--------------------|
| Name of investee company | Amount        | Shareholding ratio | Amount        | Shareholding ratio |
| AUTECH EUROPE            | \$ -          | 5.00%              | \$ -          | 5.00%              |

- (1) The Group has not pledged any financial assets at fair value through profit or loss.
- (2) Please refer to Note 12 for the related credit risk management and evaluation methods.
- (3) The financial assets at fair value through profit or loss - non-current segment was invested in AUTECH EUROPE, a French agent, for 5,000 francs (equivalent to 27 thousand New Taiwan dollars) with a total capital of 100,000 francs in 1990, and the loss was recognized in full in 1996 because the value of the investee company was impaired and there was little hope of recovery.

### 6.3 Financial assets measured at fair value through other comprehensive income

| Item                                        | Dec. 31, 2022     | Dec. 31, 2021     |
|---------------------------------------------|-------------------|-------------------|
| Current                                     |                   |                   |
| Equity Tools                                |                   |                   |
| Domestic Listed (over-the-counter) Stocks   | \$ 219,924        | \$ 193,280        |
| Domestic unlisted (over-the-counter) stocks | 3,270             | 3,270             |
| Rating Adjustment                           | (3,603)           | 376,886           |
| Total                                       | <u>\$ 219,591</u> | <u>\$ 573,436</u> |

| Item                                      | Dec. 31, 2022    | Dec. 31, 2021    |
|-------------------------------------------|------------------|------------------|
| Non-current                               |                  |                  |
| Equity Tools                              |                  |                  |
| Domestic Listed (over-the-counter) Stocks | \$ 21,391        | \$ 12,789        |
| Rating Adjustment                         | (10,933)         | 4,040            |
| Total                                     | <u>\$ 10,458</u> | <u>\$ 16,829</u> |

1. The Group invests in the common shares of TAICHUNG INTERNATIONAL ENTERTAINMENT CORPORATION and FITTECH CO., LTD. for medium-to long-term strategic purposes and expects to earn profits from these investments in the long term. The Group's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore has elected to designate these investments as measured at fair value through other comprehensive income.
2. In the years 2022 and 2021, the Company disposed of FITTECH CO., LTD. equity instruments designated as at fair value through other comprehensive income for investment banking purposes with fair values of \$122,951 thousand and \$201,732 thousand, respectively, and accumulated gains on disposal of \$74,177 thousand and \$154,407 thousand, respectively, which were transferred from other equity to retained earnings. The aforementioned cumulative gain on disposal was transferred from other equity to retained earnings.
3. In the years 2022 and 2021, Foxlink sold FITTECH CO., LTD. equity instruments designated as at fair value through other comprehensive income for investment banking purposes, with fair values of \$3,808 thousand and \$8,578 thousand at the time of disposal, respectively, and accumulated gains on disposal of \$1,125 thousand and \$2,744 thousand, respectively. The aforementioned accumulated benefits were transferred from other equity to retained earnings.

4. Please refer to Note 12 for the related credit risk management and evaluation methods.

#### 6.4 Net notes and accounts receivable

##### 1. Net notes receivable

| Item                         | Dec. 31, 2022 | Dec. 31, 2021 |
|------------------------------|---------------|---------------|
| Notes Receivable             | \$ 498,807    | \$ 459,610    |
| Deduct: Allowance for losses | (5,162)       | (4,350)       |
| Notes receivable, net        | \$ 493,645    | \$ 455,260    |

##### 2. Net accounts receivable

| Item                         | Dec. 31, 2022 | Dec. 31, 2021 |
|------------------------------|---------------|---------------|
| Accounts receivable          | \$ 1,677,235  | \$ 1,465,314  |
| Deduct: Allowance for losses | (123,192)     | (159,181)     |
| Net accounts receivable      | \$ 1,554,043  | \$ 1,306,133  |

(1) The average credit period for the Group's accounts receivable from merchandise sales ranges from 30 to 180 days, which is based on the counter-party's industry characteristics, business scale and profitability.

(2) The Group has not pledged any notes and accounts receivable.

3. The Group's portion of these accounts receivable is protected by letters of credit issued by Mega International Commercial Bank and O/A insurance from The Export-Import Bank of the Republic of China.
4. The Group recognizes an allowance for losses on notes and accounts receivable on a simplified basis based on expected credit losses over the period of time. The expected credit losses over the period of time are based on the customer's past default history and current financial, and economic trends in the industry. Since the Group's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance for loss is not further differentiated among customer groups and is based only on the number of days past due on notes and accounts receivable.

If there is evidence of significant financial difficulties of the counter-party and the Group cannot reasonably expect to recover the amount, the Group writes off the related receivables directly but will continue the recovery activities, as the amount recovered from the recovery is recognized in profit or loss.

Aging analysis of notes and accounts receivable

| Billing Age Range              | Dec. 31, 2022 | Dec. 31, 2021 |
|--------------------------------|---------------|---------------|
| Not overdue                    | \$ 1,791,532  | \$ 1,628,841  |
| 1~30 days overdue              | 126,555       | 39,321        |
| 31~180 days past due           | 128,785       | 52,081        |
| 181~365 days past due          | 17,661        | 161,478       |
| Overdue for more than 365 days | 111,509       | 43,203        |
| Total                          | \$ 2,176,042  | \$ 1,924,924  |

Changes in allowance for losses

| Item                                     | Year 2022  | Year 2021  |
|------------------------------------------|------------|------------|
| Opening balance                          | \$ 163,531 | \$ 151,012 |
| Add: Provision for impairment loss       | 10,506     | 15,462     |
| Deduct: Reversal of impairment loss      | (25,444)   | (803)      |
| Deduct: Unrecoverable and eliminated     | (20,803)   | (1,832)    |
| Foreign currency translation differences | 564        | (308)      |
| End of term balance                      | \$ 128,354 | \$ 163,531 |

6.5 Inventory and operating costs

| Item                 | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------|---------------|---------------|
| Raw Materials        | \$ 1,375,746  | \$ 1,189,517  |
| In Products          | 1,668,140     | 1,473,610     |
| Finished product     | 317,985       | 522,001       |
| Products             | 360,702       | 77,825        |
| Inventory in transit | 17,709        | 26,500        |
| Total                | \$ 3,740,282  | \$ 3,289,453  |

1. Inventory-related gains (losses) recognized as operating costs in the current period were as follows:

| Item                                    | Year 2022    | Year 2021    |
|-----------------------------------------|--------------|--------------|
| Cost of inventories sold                | \$ 4,612,915 | \$ 5,123,171 |
| Loss on decline in value of inventories | 44,297       | 40,580       |

| Item                             | Year 2022    | Year 2021    |
|----------------------------------|--------------|--------------|
| Inventory obsolescence loss      | 18,271       | 8,088        |
| Inventory loss                   | 2,950        | 2,321        |
| Costs related to idle capacity   | 28,035       | 25,696       |
| Revenue from the sales of scraps | (3,716)      | (3,610)      |
| Total                            | \$ 4,702,752 | \$ 5,196,246 |

2. The Group has not pledged any of its inventories.

#### 6.6 Prepayments

| Item                | Dec. 31, 2022 | Dec. 31, 2021 |
|---------------------|---------------|---------------|
| Supplies Inventory  | \$ 28         | \$ 12         |
| Prepayment          | 87,378        | 73,459        |
| Input tax           | 6             | -             |
| Retained tax credit | 16,075        | 16,395        |
| Other prepayments   | 20,872        | 22,364        |
| Total               | \$ 124,359    | \$ 112,230    |

#### 6.7 Other financial assets - current

| Item                                                         | Dec. 31, 2022 | Dec. 31, 2021 |
|--------------------------------------------------------------|---------------|---------------|
| Repatriation of foreign funds to dedicated funds             | \$ 587,418    | \$ 525,516    |
| Restricted Assets                                            | 236,337       | 30,595        |
| Time deposits with original maturity of three months or more | -             | 5,001         |
| Others                                                       | -             | 3,757         |
| Total                                                        | \$ 823,755    | \$ 564,869    |

1. In accordance with the "Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds", the Group has submitted investment plans to the Ministry of Economic Affairs for approval in accordance with Article 8 of the Regulations, and the aforementioned funds are restricted to the approved plans and cannot be used for other purposes.

2. For information on guarantees provided by other financial assets-current, please refer to Note 8.

## 6.8 Investments accounted for using the equity method

1. The Group's investments accounted for using the equity method are presented as follows:

| Investee companies                              | Dec. 31, 2022   |                    | Dec. 31, 2021   |                    |
|-------------------------------------------------|-----------------|--------------------|-----------------|--------------------|
|                                                 | Carrying amount | Shareholding ratio | Carrying amount | Shareholding ratio |
| Affiliated Companies:                           |                 |                    |                 |                    |
| Individually insignificant affiliated companies |                 |                    |                 |                    |
| Wah Han Leasing Co., Ltd.                       | \$ 15,906       | 26.66%             | \$ 14,814       | 26.66%             |

2. The shares of individual insignificant affiliates of the Group are summarized as follows:

|                                                  | Year 2022 | Year 2021 |
|--------------------------------------------------|-----------|-----------|
| Share of:                                        |           |           |
| Net profit for the period                        | \$ 1,092  | \$ 148    |
| Other comprehensive income (net of tax)          | -         | -         |
| Total consolidated profit or loss for the period | \$ 1,092  | \$ 148    |

3. The Group acquired 1,333,333 common shares of Wah Han Leasing Co., Ltd. for \$14,666 thousand in August 2021. After considering the percentage of shareholding and various aspects of control, the Group concluded that it did not have substantial control over the shares and therefore valued the related investment under the equity method.

4. Investments accounted for using the equity method and the Group's share of the profit or loss and other comprehensive income or loss for the years ended December 31, 2022, and 2021 were recognized on the basis of the financial statements audited by other auditors for the same periods.

5. None of the above investments accounted for by the equity method were pledged as collateral.

## 6.9 Property, plant, and equipment

| Item                                           | Dec. 31, 111 | Dec. 31, 110 |
|------------------------------------------------|--------------|--------------|
| Land                                           | \$ 985,528   | \$ 985,528   |
| House and Building                             | 2,927,118    | 2,913,807    |
| Machinery and Equipment                        | 729,322      | 718,898      |
| Mold Equipment                                 | 156,769      | 152,587      |
| Transportation Equipment                       | 142,821      | 133,113      |
| Other Equipment                                | 369,871      | 335,280      |
| Equipment to be inspected and unfinished works | 16,189       | 15,956       |
| Total Cost                                     | 5,327,618    | 5,255,169    |

| Item                             | Dec. 31, 111        | Dec. 31, 110        |
|----------------------------------|---------------------|---------------------|
| Deduct: Accumulated depreciation | (2,037,491)         | (1,882,727)         |
| Accumulated Impairment           | -                   | -                   |
| Net amount                       | <u>\$ 3,290,127</u> | <u>\$ 3,372,442</u> |

|                                                 | Land              | House and Building  | Machinery and Equipment | Mold Equipment    | Transportation Equipment | Other Equipment   | Equipment to be inspected and Unfinished Work | Total               |
|-------------------------------------------------|-------------------|---------------------|-------------------------|-------------------|--------------------------|-------------------|-----------------------------------------------|---------------------|
| Costs                                           |                   |                     |                         |                   |                          |                   |                                               |                     |
| January 1, \$                                   |                   |                     |                         |                   |                          |                   |                                               |                     |
| 2022 Balance                                    | 985,528           | \$ 2,913,807        | \$ 718,898              | \$ 152,587        | \$ 133,113               | \$ 335,280        | \$ 15,956                                     | \$ 5,255,169        |
| Add                                             | -                 | 4,247               | 2,349                   | 3,560             | 9,903                    | 12,574            | 216                                           | 32,849              |
| Disposition                                     | -                 | (3,717)             | (21,708)                | (516)             | (2,304)                  | (6,169)           | -                                             | (34,414)            |
| Reclassification                                | -                 | 3,709               | 26,391                  | 1,080             | -                        | 10,346            | -                                             | 41,526              |
| Effect of foreign currency exchange differences | -                 | 9,072               | 3,392                   | 58                | 2,109                    | 17,840            | 17                                            | 32,488              |
| December 31, 2022 Balance                       | <u>\$ 985,528</u> | <u>\$ 2,927,118</u> | <u>\$ 729,322</u>       | <u>\$ 156,769</u> | <u>\$ 142,821</u>        | <u>\$ 369,871</u> | <u>\$ 16,189</u>                              | <u>\$ 5,327,618</u> |

|                                                 |             |                     |                   |                   |                   |                   |             |                     |
|-------------------------------------------------|-------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------|---------------------|
| Accumulated depreciation and impairment         |             |                     |                   |                   |                   |                   |             |                     |
| January 1, 2022 \$                              |             |                     |                   |                   |                   |                   |             |                     |
| Balance                                         | -           | \$ 971,091          | \$ 452,065        | \$ 138,971        | \$ 98,684         | \$ 221,916        | \$ -        | \$ 1,882,727        |
| Depreciation expense                            | -           | 86,780              | 38,994            | 7,657             | 11,400            | 23,258            | -           | 168,089             |
| Disposition                                     | -           | (3,717)             | (18,526)          | (516)             | (2,197)           | (5,883)           | -           | (30,839)            |
| Reclassification                                | -           | -                   | (5,858)           | -                 | -                 | 5,858             | -           | -                   |
| Effect of foreign currency exchange differences | -           | 2,708               | 1,795             | 40                | 1,871             | 11,100            | -           | 17,514              |
| December 31, 2022 Balance                       | <u>\$ -</u> | <u>\$ 1,056,862</u> | <u>\$ 468,470</u> | <u>\$ 146,152</u> | <u>\$ 109,758</u> | <u>\$ 256,249</u> | <u>\$ -</u> | <u>\$ 2,037,491</u> |

|                                                 | Land              | House and Building  | Machinery and Equipment | Mold Equipment    | Transportation Equipment | Other Equipment   | Equipment to be inspected and unfinished work | Total               |
|-------------------------------------------------|-------------------|---------------------|-------------------------|-------------------|--------------------------|-------------------|-----------------------------------------------|---------------------|
| Costs                                           |                   |                     |                         |                   |                          |                   |                                               |                     |
| January 1, 2021 \$                              |                   |                     |                         |                   |                          |                   |                                               |                     |
| Balance                                         | 985,528           | \$ 2,712,327        | \$ 712,417              | \$ 152,376        | \$ 137,659               | \$ 328,146        | \$ 185,618                                    | \$ 5,214,071        |
| Add                                             | -                 | 889                 | 3,658                   | 4,172             | 8,886                    | 12,195            | 42,576                                        | 72,376              |
| Disposition                                     | -                 | (428)               | (5,337)                 | (4,414)           | (12,717)                 | (1,660)           | -                                             | (24,556)            |
| Reclassification                                | -                 | 204,144             | 9,812                   | 488               | -                        | 1,458             | (210,913)                                     | 4,989               |
| Effect of foreign currency exchange differences | -                 | (3,125)             | (1,652)                 | (35)              | (715)                    | (4,859)           | (1,325)                                       | (11,711)            |
| December 31, 2021 Balance                       | <u>\$ 985,528</u> | <u>\$ 2,913,807</u> | <u>\$ 718,898</u>       | <u>\$ 152,587</u> | <u>\$ 133,113</u>        | <u>\$ 335,280</u> | <u>\$ 15,956</u>                              | <u>\$ 5,255,169</u> |

|                                                 |             |                   |                   |                   |                  |                   |             |                     |
|-------------------------------------------------|-------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------|---------------------|
| Accumulated depreciation and impairment         |             |                   |                   |                   |                  |                   |             |                     |
| January 1, 2021 \$                              |             |                   |                   |                   |                  |                   |             |                     |
| Balance                                         | \$ -        | \$ 892,530        | \$ 411,604        | \$ 131,936        | \$ 99,448        | \$ 201,276        | \$ -        | \$ 1,736,794        |
| Depreciation expense                            | -           | 80,230            | 41,463            | 11,378            | 11,918           | 25,103            | -           | 170,092             |
| Disposition                                     | -           | (428)             | (3,923)           | (4,318)           | (12,087)         | (1,615)           | -           | (22,371)            |
| Reclassification                                | -           | -                 | 4                 | -                 | -                | -                 | -           | 4                   |
| Effect of foreign currency exchange differences | -           | (1,241)           | 2,917             | (25)              | (595)            | (2,848)           | -           | (1,792)             |
| December 31, 2021 Balance                       | <u>\$ -</u> | <u>\$ 971,091</u> | <u>\$ 452,065</u> | <u>\$ 138,971</u> | <u>\$ 98,684</u> | <u>\$ 221,916</u> | <u>\$ -</u> | <u>\$ 1,882,727</u> |

1. The amount of capitalized property, plant, and equipment borrowing costs and the interest rate range:

| Item                      | Year 2022     | Year 2021     |
|---------------------------|---------------|---------------|
| Capitalization Amount     | \$ 196        | \$ 73         |
| Capitalization Rate Range | 0.747%~1.050% | 0.717%~0.754% |

2. As of December 31, 2022 and 2021, the Group recorded the amount of \$88,529 thousand for the portion of land that is classified as agricultural land with temporary ownership registered in the name of others, for which the Group has obtained a certificate of other rights.
3. There was no impairment loss or subsequent reversal of the Group's property, plant, and equipment in the years 2022 and 2021.
4. For information on guarantees provided by property, plant, and equipment, please refer to Note 8.

#### 6.10 Lease Agreement

##### 1. Right-to-use assets

| Item                             | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------------------|---------------|---------------|
| Land use rights                  | \$ 292,414    | \$ 263,605    |
| Building                         | 96,247        | 86,110        |
| Total Cost                       | 388,661       | 349,715       |
| Deduct: Accumulated depreciation | (188,381)     | (115,487)     |
| Accumulated Impairment           | -             | -             |
| Net amount                       | \$ 200,280    | \$ 234,228    |

|                                                 | Land Use Rights | Building  | Total      |
|-------------------------------------------------|-----------------|-----------|------------|
| Costs                                           |                 |           |            |
| January1, 2022 Balance                          | \$ 263,605      | \$ 86,110 | \$ 349,715 |
| Increase in the current period                  | 946             | 694       | 1,640      |
| Reduction of this issue                         | -               | -         | -          |
| Reclassification                                | 25,080          | -         | 25,080     |
| Effect of foreign currency exchange differences | 2,783           | 9,443     | 12,226     |
| December 31, 2022 Balance                       | \$ 292,414      | \$ 96,247 | \$ 388,661 |

|                                                 |    | Land Use Rights |    | Building |    | Total   |
|-------------------------------------------------|----|-----------------|----|----------|----|---------|
| Accumulated depreciation and impairment         |    |                 |    |          |    |         |
| January1, 2022 Balance                          | \$ | 74,806          | \$ | 40,681   | \$ | 115,487 |
| Depreciation expense                            |    | 25,391          |    | 16,828   |    | 42,219  |
| Reduction of this issue                         |    | -               |    | -        |    | -       |
| Reclassification                                |    | 25,080          |    | -        |    | 25,080  |
| Effect of foreign currency exchange differences |    | 576             |    | 5,019    |    | 5,595   |
| December 31, 2022 Balance                       | \$ | 125,853         | \$ | 62,528   | \$ | 188,381 |

|                                                 |    | Land Use Rights |    | Building |    | Transportation Equipment |    | Total    |
|-------------------------------------------------|----|-----------------|----|----------|----|--------------------------|----|----------|
| Costs                                           |    |                 |    |          |    |                          |    |          |
| January1, 2021 Balance                          | \$ | 264,849         | \$ | 107,097  | \$ | 308                      | \$ | 372,254  |
| Increase in the current period                  |    | -               |    | -        |    | -                        |    | -        |
| Reduction of this issue                         |    | -               |    | (18,494) |    | (308)                    |    | (18,802) |
| Effect of foreign currency exchange differences |    | (1,244)         |    | (2,493)  |    | -                        |    | (3,737)  |
| December 31, 2021 Balance                       | \$ | 263,605         | \$ | 86,110   | \$ | -                        | \$ | 349,715  |

|                                                 |    |        |    |         |    |       |    |         |
|-------------------------------------------------|----|--------|----|---------|----|-------|----|---------|
| Accumulated depreciation and impairment         |    |        |    |         |    |       |    |         |
| January1, 2021 Balance                          | \$ | 50,036 | \$ | 31,843  | \$ | 308   | \$ | 82,187  |
| Depreciation expense                            |    | 24,839 |    | 18,045  |    | -     |    | 42,884  |
| Reduction of this issue                         |    | -      |    | (8,522) |    | (308) |    | (8,830) |
| Others                                          |    | -      |    | 236     |    | -     |    | 236     |
| Effect of foreign currency exchange differences |    | (69)   |    | (921)   |    | -     |    | (990)   |
| December 31, 2021 Balance                       | \$ | 74,806 | \$ | 40,681  | \$ | -     | \$ | 115,487 |

## 2. Lease liabilities

| Item                                 | Dec. 31, 2022 | Dec. 31, 2021 |
|--------------------------------------|---------------|---------------|
| Carrying amount of lease liabilities |               |               |
| Current                              | \$ 39,253     | \$ 35,879     |
| Non-current                          | \$ 15,362     | \$ 50,448     |

The discount rate range for lease liabilities is as follows:

| Item                     | Dec. 31, 2022 | Dec. 31, 2021 |
|--------------------------|---------------|---------------|
| Land                     | 0.93%~1.23%   | 0.93%~1.23%   |
| Building                 | 0.64%~5.50%   | 0.93%~5.50%   |
| Transportation Equipment | 1.25%         | 1.25%         |

For the maturity analysis of the lease liabilities, please refer to Note 12-2.

### 3. Significant Lease Activities and Terms

- (1) The Group leases certain land, plant, office, and transportation equipment for a term of 3 to 20 years. Upon termination of the lease, the Group has no preferential rights to acquire the leased buildings.
- (2) The Group leases land in the Republic of China for the manufacture of products for a term of 50 years. The lease payment is payable in a lump sum at the time of contracting and the Group does not have the right to acquire the land at the end of the land use right period.
- (3) There was no impairment loss or subsequent reversal of the Group's right-of-use assets in the years 2022 and 2021.

### 4. Other Leasing Information

Information on lease-related expenses for the period is as follows:

| Item                                                         | 2022      | 2021      |
|--------------------------------------------------------------|-----------|-----------|
| Short-term lease payments and low value asset lease payments | \$ 1,079  | \$ 1,399  |
| Total cash expenses for leases (Note)                        | \$ 38,572 | \$ 39,620 |

Note: Including the principal payment of lease liabilities in the current period.

### 6.11 Investment real estate

| Item                             | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------------------|---------------|---------------|
| Land                             | \$ 278,212    | \$ 278,212    |
| House and Building               | 38,111        | 38,111        |
| Total Cost                       | 316,323       | 316,323       |
| Deduct: Accumulated depreciation | (29,988)      | (28,927)      |
| Accumulated Impairment           | -             | -             |
| Net amount                       | \$ 286,335    | \$ 287,396    |

|                                            | Land       | House and<br>Building | Total      |
|--------------------------------------------|------------|-----------------------|------------|
| Costs                                      |            |                       |            |
| January1, 2022 Balance                     | \$ 278,212 | \$ 38,111             | \$ 316,323 |
| Add                                        | -          | -                     | -          |
| Disposition                                | -          | -                     | -          |
| December 31, 2022<br>Balance               | \$ 278,212 | \$ 38,111             | \$ 316,323 |
| Accumulated depreciation<br>and impairment |            |                       |            |
| January1, 2022 Balance                     | \$ -       | \$ 28,927             | \$ 28,927  |
| Depreciation expense 61                    | -          | 1,061                 | 1,061      |
| Disposition                                | -          | -                     | -          |
| December 31, 2022<br>Balance               | \$ -       | \$ 29,988             | \$ 29,988  |

|                                            | Land       | House and<br>Building | Total      |
|--------------------------------------------|------------|-----------------------|------------|
| Costs                                      |            |                       |            |
| January1, 2021 Balance                     | \$ 278,212 | \$ 38,111             | \$ 316,323 |
| Add                                        | -          | -                     | -          |
| Disposition                                | -          | -                     | -          |
| December 31, 2021 Balance                  | \$ 278,212 | \$ 38,111             | \$ 316,323 |
| Accumulated depreciation<br>and impairment |            |                       |            |
| January1, 2021 Balance                     | \$ -       | \$ 27,737             | \$ 27,737  |
| Depreciation expense 61                    | -          | 1,190                 | 1,190      |
| Disposition                                | -          | -                     | -          |
| December 31, 2021 Balance                  | \$ -       | \$ 28,927             | \$ 28,927  |

1. Rental income from investment properties and direct operating expenses:

| Item                                                                                                                  | Year 2022 | Year 2021 |
|-----------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Rental income from investment properties                                                                              | \$ 14,062 | \$ 13,428 |
| Direct operating expenses incurred on investment properties that generate rental income in the current period         | \$ 1,061  | \$ 1,190  |
| Direct operating expenses incurred on investment properties that did not generate rental income in the current period | \$ -      | \$ -      |

2. The fair values of investment properties held by the Group were \$664,092 thousand and \$883,446 thousand as of December 31, 2022 and 2021, respectively.

3. The aforementioned fair values were based on the market transaction prices of similar real estate in the vicinity of the related assets.

4. The Group has not provided guarantees for investment properties.

#### 6.12 Intangible assets

| Item                             | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------------------|---------------|---------------|
| Trademark rights 63              | \$ 1,540      | \$ 1,510      |
| Patents                          | 402           | 402           |
| Computer Software                | 53,404        | 52,002        |
| Total Cost                       | 55,346        | 53,914        |
| Deduct: Accumulated amortization | (32,443)      | (26,720)      |
| Accumulated Impairment           | -             | -             |
| Net amount                       | \$ 22,903     | \$ 27,194     |

|                                                 | Trademark | Patents | Computer Software | Total     |
|-------------------------------------------------|-----------|---------|-------------------|-----------|
| Costs                                           |           |         |                   |           |
| January1, 2022 Balance                          | \$ 1,510  | \$ 402  | \$ 52,002         | \$ 53,914 |
| Add                                             | 30        | -       | 1,996             | 2,026     |
| Disposition                                     | -         | -       | -                 | -         |
| Reclassification                                | -         | -       | 420               | 420       |
| Effect of foreign currency exchange differences | -         | -       | (1,014)           | (1,014)   |
| December 31, 2022 Balance                       | \$ 1,540  | \$ 402  | \$ 53,404         | \$ 55,346 |
| Accumulated amortization and impairment         |           |         |                   |           |
| January1, 2022 Balance                          | \$ 1,037  | \$ 392  | \$ 25,291         | \$ 26,720 |
| Amortization expense                            | 80        | 10      | 6,735             | 6,825     |
| Disposition                                     | -         | -       | -                 | -         |
| Effect of foreign currency exchange differences | -         | -       | (1,102)           | (1,102)   |
| December 31, 2022 Balance                       | \$ 1,117  | \$ 402  | \$ 30,924         | \$ 32,443 |

|                                                 | Trademark | Patents | Computer Software | Total     |
|-------------------------------------------------|-----------|---------|-------------------|-----------|
| Costs                                           |           |         |                   |           |
| January1, 2021 Balance                          | \$ 1,332  | \$ 436  | \$ 44,958         | \$ 46,726 |
| Add                                             | 178       | -       | 11,403            | 11,581    |
| Disposition                                     | -         | (34)    | (4,211)           | (4,245)   |
| Effect of foreign currency exchange differences | -         | -       | (148)             | (148)     |
| December 31, 2021 Balance                       | \$ 1,510  | \$ 402  | \$ 52,002         | \$ 53,914 |

|                                                 | Trademark | Patents | Computer Software | Total     |
|-------------------------------------------------|-----------|---------|-------------------|-----------|
| Accumulated amortization and impairment         |           |         |                   |           |
| January 1, 2021 Balance                         | \$ 956    | \$ 413  | \$ 24,349         | \$ 25,718 |
| Amortization expense                            | 81        | 13      | 5,208             | 5,302     |
| Disposition                                     | -         | (34)    | (4,163)           | (4,197)   |
| Effect of foreign currency exchange differences | -         | -       | (103)             | (103)     |
| December 31, 2021 Balance                       | \$ 1,037  | \$ 392  | \$ 25,291         | \$ 26,720 |

#### 6.13 Net collections

| Item                         | Dec. 31, 2022 | Dec. 31, 2021 |
|------------------------------|---------------|---------------|
| Collections                  | \$ 9,732      | \$ 19,424     |
| Deduct: Allowance for losses | (9,732)       | (19,424)      |
| Total                        | \$ -          | \$ -          |

#### 6.14 Short-term loans

| Nature of Borrowing | Dec. 31, 2022     | Dec. 31, 2021   |
|---------------------|-------------------|-----------------|
| Credit Borrowing    | \$ 2,875,000      | \$ 1,805,000    |
| Guaranteed Loans    | 947,657           | 466,637         |
| Total               | \$ 3,822,657      | \$ 2,271,637    |
| Interest Rate Range | 1.31230%~5.75997% | 0.5451%~5.0025% |

For short-term loans, the Group provided certain property, plant and equipment as collateral for the loans, as described in Note 8.

#### 6.15 Short-term notes payable

| Item                         | Dec. 31, 2022 | Dec. 31, 2021 |
|------------------------------|---------------|---------------|
| Commercial paper payable     | \$ 1,060,000  | \$ 980,000    |
| Deduct: Unamortized discount | (1,858)       | (780)         |
| Net amount                   | \$ 1,058,142  | \$ 979,220    |
| Interest Rate Range          | 1.300%~2.002% | 0.390%~0.772% |

#### 6.16 Contract liabilities - current

| Item                       | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------------|---------------|---------------|
| Prepayment                 | \$ 394,214    | \$ 350,709    |
| Other contract liabilities | -             | 426           |
| Total                      | \$ 394,214    | \$ 351,135    |

#### 6.17 Other payables

| Item                                   | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------------------------|---------------|---------------|
| Other expenses payable                 | \$ 264,074    | \$ 252,772    |
| Compensation to employees              | 48,805        | 36,918        |
| Remuneration to directors              | 4,300         | 4,300         |
| Dividends payable                      | 491           | 491           |
| Payable for equipment and construction | 3,104         | 4,442         |
| Total                                  | \$ 320,774    | \$ 298,923    |

#### 6.18 Provision for liabilities - current

| Item              | Dec. 31, 2022 | Dec. 31, 2021 |
|-------------------|---------------|---------------|
| Warranty          | \$ 16,344     | \$ 14,378     |
| Employee Benefits | 13,104        | 13,671        |
| Total             | \$ 29,448     | \$ 28,049     |

|                                                     | Warranty  | Employee Benefits | Total     |
|-----------------------------------------------------|-----------|-------------------|-----------|
| Item                                                |           |                   |           |
| January1, 2022 Balance                              | \$ 14,378 | \$ 13,671         | \$ 28,049 |
| Provision for new liabilities in the current period | 20,822    | 5,949             | 26,771    |
| Provision for current-use liabilities               | (1,328)   | -                 | (1,328)   |
| Unused amount reversed in the current period        | (17,558)  | (6,540)           | (24,098)  |
| Effect of foreign currency exchange differences     | 30        | 24                | 54        |
| December 31, 2022 Balance                           | \$ 16,344 | \$ 13,104         | \$ 29,448 |

|                                                     | Warranty  | Employee Benefits | Total     |
|-----------------------------------------------------|-----------|-------------------|-----------|
| Item                                                |           |                   |           |
| January1, 2021 Balance                              | \$ 14,720 | \$ 22,282         | \$ 37,002 |
| Provision for new liabilities in the current period | 17,917    | 5,245             | 23,162    |
| Provision for current-use liabilities               | -         | -                 | -         |
| Unused amount reversed in the current period        | (18,250)  | (13,845)          | (32,095)  |
| Effect of foreign currency exchange differences     | (9)       | (11)              | (20)      |
| December 31, 2021 Balance                           | \$ 14,378 | \$ 13,671         | \$ 28,049 |

1. The provision for warranty liabilities is based on the contractual agreements for the sales of products and the Group's management makes the best estimate based on the historical experience of the products.
2. The provision for employee benefit liabilities is an estimate of the employees' vested long-term service leave rights.

#### 6.19 Long-term loans and long-term liabilities due within one year or one business cycle

| Item                                                                    | Dec. 31, 2022  | Dec. 31, 2021 |
|-------------------------------------------------------------------------|----------------|---------------|
| Credit Borrowing                                                        | \$ 700,000     | \$ 550,000    |
| Guaranteed Loans                                                        | 273,918        | 113,790       |
| Subtotal                                                                | 973,918        | 663,790       |
| Deduct: Long-term liabilities due within one year or one business cycle | (160,580)      | (497,055)     |
| Total                                                                   | \$ 813,338     | \$ 166,735    |
| Borrowing Rate Range                                                    | 0.425%~1.6303% | 0.05%~3.90%   |

For long-term loans and long-term liabilities due within one year or one business cycle, the Group provides certain property, plant and equipment as guarantees for long-term loans, as described in Note 8.

#### 6.20 Post-employment benefit plan

##### 1. Defined contribution plan

(1) The Company and its subsidiaries in the R.O.C. are subject to the Labor Pension Act, which is a government-administered defined contribution pension plan that contributes 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance. The subsidiaries outside the R.O.C. have participated in the defined contribution plan administered by the local government and made monthly contributions to the local government.

(2) In the years 2022 and 2021, the Group recognized a total of \$39,607 thousand and \$31,726 thousand of expenses in the consolidated statements of income, respectively, in accordance with the proportionate share of the defined contribution plan.

## 2. Defined benefit plans

- (1) The Company and its domestic subsidiaries are subject to the Labor Standards Law of the ROC, which is a defined benefit pension plan administered by the government. Employees' pension payments are calculated based on the length of service and the average salary for the six months prior to the approved retirement date. The Company contributes 2% of the employees' monthly salaries to the employees' retirement fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account at the Bank of Taiwan. Before the end of the year, if the balance of the special account is estimated to be insufficient to pay the employees who are expected to meet the retirement requirements in the following year, the difference will be withdrawn by the end of March of the following year. The Bank of Taiwan has entrusted the management of the account to the Bureau of Labor Funds of the Ministry of Labor, and the Group has no right to influence the investment management strategy.
- (2) The Group's obligations arising from defined benefit plans are included in the consolidated balance sheet as follows:

| Item                          | Dec. 31, 2022 | Dec. 31, 2021 |
|-------------------------------|---------------|---------------|
| Defined benefit obligation    | \$ 84,287     | \$ 87,674     |
| Plan assets at fair value     | (52,221)      | (51,505)      |
| Net defined benefit liability | \$ 32,066     | \$ 36,169     |

(3) Changes in the accrued pension liabilities are presented below:

| Item                                                                                                         | Defined benefit obligation | Year 2022<br>Plan assets at fair value | Net defined benefit liability |
|--------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------------|-------------------------------|
| Balance on January 1                                                                                         | \$ 87,674                  | \$ (51,505)                            | \$ 36,169                     |
| Service Costs                                                                                                |                            |                                        |                               |
| Current Service Costs                                                                                        | 290                        | -                                      | 290                           |
| Interest cost (income)                                                                                       | 495                        | (263)                                  | 232                           |
| Recognized in profit or loss                                                                                 | 785                        | (263)                                  | 522                           |
| Re-measurement                                                                                               |                            |                                        |                               |
| Compensation on planned assets (other than those included in (excluding the amount included in net interest) | -                          | (4,758)                                | (4,758)                       |
| Actuarial (interest) loss- Effect of changes in financial assumptions                                        | (4,178)                    | -                                      | (4,178)                       |
| Experience Adjustment                                                                                        | 6,926                      | -                                      | 6,926                         |
| Recognized in other comprehensive income                                                                     | 2,748                      | (4,758)                                | (2,010)                       |
| Contributions by employer                                                                                    | -                          | (2,615)                                | (2,615)                       |
| Numbers of benefit payment                                                                                   | (6,920)                    | 6,920                                  | -                             |
| Balance on December 31                                                                                       | \$ 84,287                  | \$ (52,221)                            | \$ 32,066                     |

| Item                                                                                                         | Defined benefit obligation | Year 2021<br>Plan assets at fair value | Net defined benefit liability |
|--------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------------|-------------------------------|
| Balance on January 1                                                                                         | \$ 99,785                  | \$ (65,772)                            | \$ 34,013                     |
| Service Costs                                                                                                |                            |                                        |                               |
| Current Service Costs                                                                                        | 344                        | -                                      | 344                           |
| Interest cost (income)                                                                                       | 342                        | (194)                                  | 148                           |
| Recognized in profit or loss                                                                                 | 686                        | (194)                                  | 492                           |
| Re-measurement                                                                                               |                            |                                        |                               |
| Compensation on planned assets (other than those included in (excluding the amount included in net interest) | -                          | (947)                                  | (947)                         |
| Actuarial (interest) loss- Effect of changes in demographic assumptions                                      | 1,974                      | -                                      | 1,974                         |
| Effect of changes in financial assumptions                                                                   | (1,902)                    | -                                      | (1,902)                       |
| Experience Adjustment                                                                                        | 4,046                      | -                                      | 4,046                         |
| Recognized in other comprehensive income                                                                     | 4,118                      | (947)                                  | 3,171                         |
| Contributions by employer                                                                                    | -                          | (1,507)                                | (1,507)                       |
| Numbers of benefit payment                                                                                   | (16,915)                   | 16,915                                 | -                             |
| Balance on December 31                                                                                       | \$ 87,674                  | \$ (51,505)                            | \$ 36,169                     |

(4) The Group is exposed to the following risks due to the pension system of the Labor Standards Law:

A. Investment risk

The Bureau of Labor Fund of the Ministry of Labor invests the Labor Pension Fund in domestic (and foreign) equity and debt securities and bank deposits through self-application and entrusted operation, but the amount allocated to the Group's plan assets is based on the income calculated at an interest rate not lower than that of a two-year time deposit in a local bank.

B. Interest rate risk

A decrease in interest rates on government bonds would increase the present value of the defined benefit obligation, with a corresponding increase in the return on investment in plan assets, which would have a partially offsetting effect on the net defined benefit obligation.

C. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, an increase in the plan member's salary will increase the present value of the defined benefit obligation.

(5) The present value of the Group's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions at the measurement date are presented below:

| Item                                                                                                                                                                                                                                                             | Weighing Day      |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                                                                                                                                                                                                  | Dec. 31, 2022     | Dec. 31, 2021     |
| Discount Rate                                                                                                                                                                                                                                                    | 1.25%~1.40%       | 0.60%~0.75%       |
| Expected rate of salary increase                                                                                                                                                                                                                                 | 2.00%~2.50%       | 2.00%~2.50%       |
| Average period of defined benefit obligation expiration                                                                                                                                                                                                          | 10 years~13 years | 11 years~13 years |
| A. The assumptions for future mortality are based on the life table of Taiwan Annuity Insurance.                                                                                                                                                                 |                   |                   |
| B. The amount by which the present value of the defined benefit obligation would increase (decrease) if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, would be as follows |                   |                   |

| Item                             | Dec. 31, 2022 | Dec. 31, 2021 |
|----------------------------------|---------------|---------------|
| Discount rate                    |               |               |
| 0.25% increase                   | \$ (1,570)    | \$ (1,902)    |
| 0.25% reduction                  | \$ 1,622      | \$ 1,971      |
| Expected rate of salary increase |               |               |
| Increase 0.25%~1.00%             | \$ 4,343      | \$ 4,967      |
| Reduce 0.25%~1.00%               | \$ (3,978)    | \$ (4,530)    |

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation as the actuarial assumptions may be correlated with each other and changes in only one assumption are not probable.

(6) The Group's estimated contribution to the retirement plan for the year 2023 was \$1,435 thousand.

#### 6.21 Ordinary share capital

| Item                                            | Dec. 31, 2022 | Dec. 31, 2021 |
|-------------------------------------------------|---------------|---------------|
| Number of shares (in thousands)                 | 150,000       | 150,000       |
| Share capital (in thousands)                    | \$ 1,500,000  | \$ 1,500,000  |
| Number of issued and paid shares (in thousands) | 110,400       | 110,400       |
| Issued Share Capital                            | \$ 1,104,004  | \$ 1,104,004  |

The issued common stock has a par value of \$10 per share, and each share has one voting right and the right to receive dividends. The capital stock reserved for the issuance of employee stock options is 4,000 thousand shares.

## 6.22 Capital Provident Fund

| Item                                                                                      | Dec. 31, 2022 | Dec. 31, 2021 |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| Stock Issuance Premium                                                                    | \$ 258,462    | \$ 258,462    |
| Gain on disposal of assets                                                                | 1,260         | 1,260         |
| Changes in net equity in affiliates and joint ventures recognized using the equity method | 320           | -             |
| Employee Stock Options                                                                    | 202           | 202           |
| Others                                                                                    | 63,285        | 63,285        |
| Total                                                                                     | \$ 323,529    | \$ 323,209    |

1. In accordance with the Company Act, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to offset losses, and when the Company has no accumulated losses, new shares or cash may be issued in proportion to the shareholders' original shares. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus may not exceed 10% of the paid-in capital each year. The Company may not use capital surplus to replenish capital unless there is a shortfall in capital surplus to cover the capital deficit.
2. Capital surplus from investments accounted for using the equity method shall not be used for any purpose.

## 6.23 Retained earnings on dividend policy

1. In accordance with the Company's Articles of Incorporation, the earnings generated from each fiscal year shall be distributed in accordance with the following principles:
  - (1) If there is any surplus in the Company's annual final accounts, the Company shall first set aside 10% of the remaining balance as legal reserve, except for all taxes and prior years' losses, but the legal reserve may not be set aside if it has reached the Company's paid-in capital, and the remainder shall be set aside or reversed to a special reserve as required by law; if there is any remaining balance, the Board of Directors shall, at its discretion, together with the accumulated undistributed earnings of previous years, retain a portion of the surplus in accordance with the business conditions. The Board of Directors shall, at its discretion, retain a portion of the accumulated undistributed earnings from previous years and then prepare a proposal for distribution of the earnings to shareholders for resolution at the shareholders' meeting.
  - (2) The Company's dividend policy aligns with business scale expansion and takes into consideration of the Company's capital expenditure and needs for operational revolving funds. Distribution of shareholders' bonus may be done so through cash or stocks, where at least 10% of dividends distributed of the reporting year should be in cash.
2. Per the Company Act, the legal capital reserve may be only used to offset a deficit or be distributed as new shares or cash according to shareholders' original share proportion, and the distribution of new shares or cash is limited to the portion where the reserve exceeds 25% of the paid-in capital.

### 3. Special reserve

| Item                                                      | Dec. 31, 111 | Dec. 31, 110 |
|-----------------------------------------------------------|--------------|--------------|
| First-time Adoption of International Accounting Standards | \$ 188,846   | \$ 188,846   |

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the debit balance of other components of stockholders' equity on the reporting year's balance sheet date for distribution. When the debit balance of other components of stockholders' equity subsequently reverses, the reversal amount can be recognized in distributable earnings.

At first-time adoption of IFRSs, a special reserve is recognized per No. Financial-Supervisory-Securities-1010012865 on April 6, 2022. Subsequently, in cases when the Company uses, disposes, or reclassifies related assets, the original ratio for recognition of special reserve can be reversed to be distributable retained earnings.

4. The Company held shareholders' general meetings on June 17, 2022 and August 20, 2021 with resolutions for the appropriations and cash dividends per share for years ending December 31, 2021 and 2020 as listed below:

| Item                              | Surplus distribution case |            | Dividend per share (yuan) |           |
|-----------------------------------|---------------------------|------------|---------------------------|-----------|
|                                   | Year 2021                 | 2020 Year  | Year 2021                 | 2020 Year |
| Legal Surplus                     | \$ 51,681                 | \$ 50,023  |                           |           |
| Cash dividends on ordinary shares | \$ 276,001                | \$ 276,001 | \$ 2.5                    | \$ 2.5    |

In addition to the \$2.5 per share cash dividend from the undistributed earnings of 2021, the shareholders' meeting also resolved to distribute \$55,200 thousand of capital surplus from the issuance of shares in excess of par value, at \$0.50 per share, for a total cash payment of \$3.00 per share in 2020.

5. On March 15, 2023, the Company's Board of Directors proposed the following distribution of earnings for the year 2022:

| Item                              | Surplus distribution case | Dividend per share (yuan) |
|-----------------------------------|---------------------------|---------------------------|
| Legal Surplus                     | \$ 78,320                 |                           |
| Cash dividends on ordinary shares | \$ 331,201                | \$ 3.0                    |

The appropriation of earnings for the year 2022 is pending resolution at the shareholders' meeting to be held in June 2023.

6. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the distribution of earnings proposed by the Board of Directors and resolved by the shareholders.

## 6.24 Other interests

The changes in other equity items are as follows

| Item                                                                                                     | Foreign Operating<br>Agency Finance                             | Through other<br>comprehensive income<br>or loss at<br>Fair Value<br>Measurements of<br>Financial | Total       |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------|
| January 1, 2022 Balance                                                                                  | Exchange differences for<br>statement conversion<br>\$ (96,266) | Unrealized valuation<br>gains (losses) on assets<br>\$ 378,842                                    | \$ 282,576  |
| Exchange differences arising from the translation of financial statements of foreign operating companies | 44,557                                                          | -                                                                                                 | 44,557      |
| The equity method is used to recognize the shares of subsidiaries, affiliates and joint ventures.        | -                                                               | (7,415)                                                                                           | (7,415)     |
| Unrealized valuation losses measured at fair value through other comprehensive income                    | -                                                               | (306,312)                                                                                         | (306,312)   |
| Disposal of equity instruments measured at fair value through other comprehensive income                 | -                                                               | (74,177)                                                                                          | (74,177)    |
| December 31, 2022 Balance                                                                                | \$ (51,709)                                                     | \$ (9,062)                                                                                        | \$ (60,771) |

| Item                                                                                                     | Foreign Operating<br>Agency Finance                             | Through other<br>comprehensive income or<br>loss at<br>Fair Value Measurements<br>of Financial | Total      |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------|
| January 1, 2021 Balance                                                                                  | Exchange differences for<br>statement conversion<br>\$ (94,409) | Unrealized valuation<br>gains (losses) on assets<br>\$ 365,816                                 | \$ 271,407 |
| Exchange differences arising from the translation of financial statements of foreign operating companies | (1,857)                                                         | -                                                                                              | (1,857)    |
| The equity method is used to recognize the shares of subsidiaries, affiliates and joint ventures.        | -                                                               | 1,246                                                                                          | 1,246      |
| Unrealized valuation gains at fair value through other comprehensive income                              | -                                                               | 166,187                                                                                        | 166,187    |
| Disposal of equity instruments measured at fair value through other comprehensive income                 | -                                                               | (154,407)                                                                                      | (154,407)  |
| December 31, 2021 Balance                                                                                | \$ (96,266)                                                     | \$ 378,842                                                                                     | \$ 282,576 |

The above other equity items include other changes in equity of the Company and its subsidiaries recognized in proportion to their equity.

## 6.25 Non-controlling interests

| Item                                                             | Year 2022    | Year 2021    |
|------------------------------------------------------------------|--------------|--------------|
| Opening balance                                                  | \$ 1,523,961 | \$ 1,606,562 |
| Share attributable to non-controlling interests:                 |              |              |
| Net profit for the year                                          | 166,446      | 72,810       |
| Other comprehensive income or loss for the year                  | 3,129        | 12,626       |
| Cash dividends                                                   | (58,439)     | (97,966)     |
| Allotment of cash dividends from capital surplus of subsidiaries | (14,610)     | (24,491)     |
| Decrease in non-controlling interests                            | (4,816)      | (45,580)     |
| End of term balance                                              | \$ 1,615,671 | \$ 1,523,961 |

## 6.26 Operating revenue

| Item                   | Year 2022    | Year 2021    |
|------------------------|--------------|--------------|
| Total operating income | \$ 6,425,429 | \$ 6,753,751 |
| Deduct: Sales returns  | (25,269)     | (18,509)     |
| Discount on sales      | (15,085)     | (9,749)      |
| Net operating income   | \$ 6,385,075 | \$ 6,725,493 |

The Group's revenue can be broken down into the following major product segments and geographical areas of sales:

### 1. Main products:

| Item                             | Year 2022    | Year 2021    |
|----------------------------------|--------------|--------------|
| CNC Lathe Manufacturing          | \$ 3,243,297 | \$ 3,028,102 |
| Processing Machine Manufacturing | 3,141,778    | 3,697,391    |
| Total                            | \$ 6,385,075 | \$ 6,725,493 |

### 2. Main sales area markets:

| Item            | Year 2022    | Year 2021    |
|-----------------|--------------|--------------|
| Domestic Sales  | \$ 1,279,243 | \$ 1,479,295 |
| Export Sales    |              |              |
| Asia            | 2,401,522    | 3,187,508    |
| America         | 754,260      | 573,620      |
| Europe          | 1,864,782    | 1,433,789    |
| Other countries | 85,268       | 51,281       |
| Total           | \$ 6,385,075 | \$ 6,725,493 |

## 6.27 Employee benefits, depreciation, and amortization expenses

| Year 2022                        |                 |                    |            |
|----------------------------------|-----------------|--------------------|------------|
| Nature                           | Operating Costs | Operating expenses | Total      |
| Employee Benefit Costs           |                 |                    |            |
| Salary and Fees                  | \$ 424,869      | \$ 358,415         | \$ 783,284 |
| Labor and Health Insurance Costs | 37,856          | 38,987             | 76,843     |
| Pension Costs                    | 20,607          | 19,522             | 40,129     |
| Directors' remuneration          | -               | 5,115              | 5,115      |
| Other employee benefit costs     | 27,425          | 15,472             | 42,897     |
| Depreciation expense             | 145,387         | 64,921             | 210,308    |
| Amortization expense             | 586             | 6,239              | 6,825      |

| Year 2022 |                 |                    |              |
|-----------|-----------------|--------------------|--------------|
| Nature    | Operating Costs | Operating expenses | Total        |
| Total     | \$ 656,730      | \$ 508,671         | \$ 1,165,401 |

  

| Year 2021                    |                 |                    |              |
|------------------------------|-----------------|--------------------|--------------|
| Nature                       | Operating Costs | Operating expenses | Total        |
| Employee Benefit Costs       |                 |                    |              |
| Salary and Fees              | \$ 396,194      | \$ 328,130         | \$ 724,324   |
| Labor and Health             | 34,792          | 34,785             | 69,577       |
| Insurance Costs              |                 |                    |              |
| Pension Costs                | 16,855          | 15,363             | 32,218       |
| Directors' remuneration      | -               | 6,440              | 6,440        |
| Other employee benefit costs | 27,180          | 12,591             | 39,771       |
| Depreciation expense         | 139,372         | 73,604             | 212,976      |
| Amortization expense         | 269             | 5,033              | 5,302        |
| Total                        | \$ 614,662      | \$ 475,946         | \$ 1,090,608 |

#### 6.28 Employee Compensation and Director Compensation

1. According to the Company's Articles of Incorporation, the Company shall allocate remuneration to directors and compensation to employees of the Company not more than 2% and between 3% and 8% of annual pretax profits during the period, respectively. Accrued employee compensation for reporting years of 2022 and 2021 were NT\$30,000 thousand and NT\$20,000 thousand respectively; directors' remuneration are all NT\$2,500 thousand. The amounts were accrued as 3.41%, 4.26%, 0.28%, and 0.53% of the aforementioned pretax profits. If there is a change in the proposed amounts after the annual parent company-only financial statements are authorized for issue, the differences are recorded as a change in accounting estimate in the next reporting year.
2. At the board of directors' meeting on March 15, 2023 and the shareholders' meeting on June 17, 2022, the Company resolved to approve the compensation of employees and directors for the years ended December 31, 2022 and 2021, respectively, and the related amounts recognized in the financial statements as follows:

| Item                                             | Year 2022             |                         | Year 2021             |                         |
|--------------------------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
|                                                  | Employee Compensation | Directors' Remuneration | Employee Compensation | Directors' Remuneration |
| Resolution of allotment amount                   | \$ 30,000             | \$ 2,500                | \$ 20,000             | \$ 2,500                |
| Amount recognized in the annual financial report | 30,000                | 2,500                   | 20,000                | 2,500                   |
| Difference Amount                                | \$ -                  | \$ -                    | \$ -                  | \$ -                    |

All of the above-mentioned employees are paid in cash.

3. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees and directors approved by the board of directors and resolved at the shareholders' meeting.

#### 6.29 Other revenues

| Item              | Year 2022  | Year 2021 |
|-------------------|------------|-----------|
| Rental revenues   | \$ 36,749  | \$ 30,165 |
| Dividend revenues | 65,790     | 17,251    |
| Other revenues    | 30,738     | 47,703    |
| Total             | \$ 133,277 | \$ 95,119 |

#### 6.30 Other equities and losses

| Item                                                                | Year 2022  | Year 2021   |
|---------------------------------------------------------------------|------------|-------------|
| Disposal of equities in financial assets                            |            |             |
| Financial assets designated as at fair value through profit or loss | \$ 3,417   | \$ -        |
| Gain (loss) on valuation of financial assets and liabilities        |            |             |
| Financial assets designated as at fair value through profit or loss | (39,524)   | 80,236      |
| Lease modification benefits                                         | 283        | 88          |
| Net foreign currency exchange gain (loss)                           | 248,940    | (97,527)    |
| Disposal of equities in property, plant and equipment               | 217        | 1,919       |
| Loss on disposal of intangible assets                               | -          | (48)        |
| Miscellaneous Expenses                                              | (1,999)    | (1,811)     |
| Total                                                               | \$ 211,334 | \$ (17,143) |

#### 6.31 Financial costs

| Item                                                         | Year 2022 | Year 2021 |
|--------------------------------------------------------------|-----------|-----------|
| Interest charges:                                            |           |           |
| Bank Loans                                                   | \$ 58,964 | \$ 30,288 |
| Interest on lease liabilities                                | 338       | 632       |
| Other interest expense                                       | 25        | 17        |
| Deduct: Amount of capitalization that meets the requirements | (196)     | (73)      |
| Financial Costs                                              | \$ 59,131 | \$ 30,864 |

## 6.32 Income tax

### 1. Income tax expense components:

| Item                                                     | Year 2022  | Year 2021  |
|----------------------------------------------------------|------------|------------|
| <u>Current income tax</u>                                |            |            |
| Income taxes arising from current income                 | \$ 216,378 | \$ 163,984 |
| Tax on undistributed earnings                            | 7,708      | 3,161      |
| Adjustment of prior years' income tax                    | (2,649)    | 11,444     |
| Total current income tax                                 | 221,437    | 178,589    |
| <u>Deferred income tax</u>                               |            |            |
| Original generation and reversal of temporal differences | 37,069     | 44,833     |
| Total deferred income taxes                              | 37,069     | 44,833     |
| Income tax expense                                       | \$ 258,506 | \$ 223,422 |

### 2. Income tax expense (benefit) related to other comprehensive income:

| Item                                                                              | Year 2022 | Year 2021 |
|-----------------------------------------------------------------------------------|-----------|-----------|
| Re-measurement of defined benefit plans                                           | \$ 402    | \$ (119)  |
| Translation differences on financial statements of foreign operating institutions | 4,631     | 4,898     |
| Total                                                                             | \$ 5,033  | \$ 4,779  |

### 3. A reconciliation of accounting income to income tax expense recognized in profit or loss for the year is as follows:

| Item                                                        | Year 2022    | Year 2021  |
|-------------------------------------------------------------|--------------|------------|
| Net income before tax                                       | \$ 1,133,140 | \$ 659,924 |
| Taxes on net income before income tax at statutory tax rate | \$ 226,628   | \$ 131,985 |
| Tax effect of adjustment items                              |              |            |
| Effect of disregarded items in computing taxable income     | 53,123       | (44,619)   |
| Tax-free income                                             | (9,799)      | 27,775     |
| Difference in basic tax payable                             | -            | 4,176      |
| Income tax on repatriation of foreign funds                 | -            | 43,029     |
| Adjustment of prior years' income tax                       | (2,649)      | 11,444     |
| Tax on undistributed balance                                | 7,708        | 3,161      |
| Effect of different tax rates for parent and subsidiary     | (32,614)     | 13,256     |

| Item                                            | Year 2022  | Year 2021  |
|-------------------------------------------------|------------|------------|
| Investment offsets                              | (20,960)   | (11,618)   |
| Net change in deferred income taxes             |            |            |
| Temporary differences                           | 37,069     | 44,833     |
| Income tax expense recognized in profit or loss | \$ 258,506 | \$ 223,422 |

The tax rate applicable to the Group's individual income tax is 20% and the tax rate applicable to undistributed earnings is 5%; the tax rates of other jurisdictions are based on the tax rates applicable to the respective jurisdictions.

#### 4. Deferred income tax assets or liabilities arising from temporary differences:

| Item                                                                                          | Year 2022       |                           |                                                |                             |                     |
|-----------------------------------------------------------------------------------------------|-----------------|---------------------------|------------------------------------------------|-----------------------------|---------------------|
|                                                                                               | Opening balance | Recognized in (Loss) gain | Recognized in other consolidated (loss) income | Exchange Rate Impact Number | End of term balance |
| Deferred income tax assets                                                                    |                 |                           |                                                |                             |                     |
| Temporary differences                                                                         |                 |                           |                                                |                             |                     |
| Allowance for loss in excess of limit                                                         | \$ 25,973       | \$ (10,605)               | \$ -                                           | \$ 438                      | \$ 15,806           |
| Leasing liabilities                                                                           | 13,555          | (4,981)                   | -                                              | 1,320                       | 9,894               |
| Unrealized warranty costs                                                                     | 2,473           | 472                       | -                                              | -                           | 2,945               |
| Gross profit on unrealized sales                                                              | 17,769          | 4,008                     | -                                              | -                           | 21,777              |
| Unrealized exchange loss                                                                      | 11,522          | (33,017)                  | -                                              | -                           | (21,495)            |
| Unrealized loss on inventories                                                                | 101,732         | 7,143                     | -                                              | 1,494                       | 110,369             |
| Unused vacation bonus                                                                         | 2,541           | (52)                      | -                                              | 6                           | 2,495               |
| Net defined benefit obligation                                                                | 6,791           | 11                        | (402)                                          | -                           | 6,400               |
| Depreciation tax differences                                                                  | 1,525           | (80)                      | -                                              | 164                         | 1,609               |
| Others                                                                                        | 80              | (10)                      | -                                              | -                           | 70                  |
| Exchange differences on translation of financial statements of foreign operating institutions | 11,932          | -                         | (4,631)                                        | -                           | 7,301               |
| Loss deduction credit                                                                         | 18,977          | (352)                     | -                                              | -                           | 18,625              |
| Investment Offsets                                                                            | 14,250          | (14,250)                  | -                                              | -                           | -                   |
| Subtotal                                                                                      | 229,120         | (51,713)                  | (5,033)                                        | 3,422                       | 175,796             |
| Deferred income tax liabilities                                                               |                 |                           |                                                |                             |                     |
| Temporary differences                                                                         |                 |                           |                                                |                             |                     |
| Income from foreign investments accounted for using the equity method                         | (246,750)       | 12,753                    | -                                              | -                           | (233,997)           |
| Unrealized conversion benefits                                                                | -               | (3,648)                   | -                                              | -                           | (3,648)             |
| Depreciation tax differences                                                                  | (558)           | 558                       | -                                              | (43)                        | (43)                |
| Right-of-use assets                                                                           | (13,555)        | 4,981                     | -                                              | (1,320)                     | (9,894)             |
| Land value added tax                                                                          | (35,275)        | -                         | -                                              | -                           | (35,275)            |
| Subtotal                                                                                      | (296,138)       | 14,644                    | -                                              | (1,363)                     | (282,857)           |
| Total                                                                                         | \$ (67,018)     | \$ (37,069)               | \$ (5,033)                                     | \$ 2,059                    | \$ (107,061)        |

| Item                                                                                          | Opening<br>balance | Recognized in<br>(Loss) gain | Year 2021<br>Recognized in<br>other<br>consolidated<br>(loss) income | Exchange<br>Rate<br>Impact<br>Number | End of term<br>balance |
|-----------------------------------------------------------------------------------------------|--------------------|------------------------------|----------------------------------------------------------------------|--------------------------------------|------------------------|
| Deferred income tax assets                                                                    |                    |                              |                                                                      |                                      |                        |
| Temporary differences                                                                         |                    |                              |                                                                      |                                      |                        |
| Allowance for loss in excess of limit                                                         | \$ 24,105          | \$ 2,028                     | \$ -                                                                 | \$ (160)                             | \$ 25,973              |
| Leasing Liabilities                                                                           | 18,465             | (4,441)                      | -                                                                    | (469)                                | 13,555                 |
| Unrealized Warranty Costs                                                                     | 2,686              | (213)                        | -                                                                    | -                                    | 2,473                  |
| Gross profit on unrealized sales                                                              | 17,953             | (184)                        | -                                                                    | -                                    | 17,769                 |
| Unrealized exchange loss                                                                      | 12,096             | (574)                        | -                                                                    | -                                    | 11,522                 |
| Unrealized loss on inventories                                                                | 95,024             | 4,341                        | -                                                                    | 2,367                                | 101,732                |
| Unused vacation bonus                                                                         | 4,274              | (1,750)                      | -                                                                    | 17                                   | 2,541                  |
| Net defined benefit obligation                                                                | 6,812              | (116)                        | 95                                                                   | -                                    | 6,791                  |
| Depreciation tax differences                                                                  | 1,387              | 179                          | -                                                                    | (41)                                 | 1,525                  |
| Others                                                                                        | 91                 | (11)                         | -                                                                    | -                                    | 80                     |
| Exchange differences on translation of financial statements of foreign operating institutions | 16,830             | -                            | (4,898)                                                              | -                                    | 11,932                 |
| Loss deduction credit                                                                         | 16,372             | 2,605                        | -                                                                    | -                                    | 18,977                 |
| Investment offsets                                                                            | 32,883             | (18,633)                     | -                                                                    | -                                    | 14,250                 |
| Subtotal                                                                                      | 248,978            | (16,769)                     | (4,803)                                                              | 1,714                                | 229,120                |
| Deferred income tax liabilities                                                               |                    |                              |                                                                      |                                      |                        |
| Temporary differences                                                                         |                    |                              |                                                                      |                                      |                        |
| Income from foreign investments accounted for using the equity method                         | (213,029)          | (33,721)                     | -                                                                    | -                                    | (246,750)              |
| Depreciation tax differences                                                                  | (1,811)            | 1,216                        | -                                                                    | 37                                   | (558)                  |
| Right-of-use assets                                                                           | (18,465)           | 4,441                        | -                                                                    | 469                                  | (13,555)               |
| Net defined benefit assets                                                                    | (24)               | -                            | 24                                                                   | -                                    | -                      |
| Land value added tax                                                                          | (35,275)           | -                            | -                                                                    | -                                    | (35,275)               |
| Subtotal                                                                                      | (268,604)          | (28,064)                     | 24                                                                   | 506                                  | (296,138)              |
| Total                                                                                         | \$ (19,626)        | \$ (44,833)                  | \$ (4,779)                                                           | \$ 2,220                             | \$ (67,018)            |

5. (1) The Company's income tax business is approved by the tax authorities until 2020.

(2) Awea Mechatronics Co., Ltd.'s income tax business is approved by the tax authorities until 2019.

### 6.33 Other comprehensive income or loss

| Item                                                                                                        | Amount before tax | Year 2022<br>Income tax<br>(expense)<br>benefit | Net after tax |
|-------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------|---------------|
| Items not reclassified to profit or loss:                                                                   |                   |                                                 |               |
| Re-measurement of defined benefit plans                                                                     | \$ (1,286)        | \$ 257                                          | \$ (1,029)    |
| Equity at fair value through other comprehensive income or loss                                             | (306,312)         | -                                               | (306,312)     |
| Unrealized valuation gains or losses on investments in instruments                                          |                   |                                                 |               |
| Remeasurement of defined benefit plans recognized under the equity method for affiliates and joint ventures | 3,296             | (659)                                           | 2,637         |
| Investments in affiliated companies and joint ventures recognized by the equity method through other        | (13,848)          | -                                               | (13,848)      |
| Investments in equity instruments measured at fair value through consolidated profit or loss                |                   |                                                 |               |
| Unrealized gain or loss on valuation                                                                        |                   |                                                 |               |
| Subtotal                                                                                                    | (318,150)         | (402)                                           | (318,552)     |
| Items that may be reclassified subsequently to profit or loss:                                              |                   |                                                 |               |
| Exchange differences on translation of financial statements of foreign operating institutions               | 34,822            | -                                               | 34,822        |
| The equity method is used to recognize the shares of affiliated companies and joint ventures.               |                   |                                                 |               |
| Exchange differences on translation of financial statements of foreign operating institutions               | 23,154            | (4,631)                                         | 18,523        |
| Subtotal                                                                                                    | 57,976            | (4,631)                                         | 53,345        |
| Recognized in other comprehensive income                                                                    | \$ (260,174)      | \$ (5,033)                                      | \$ (265,207)  |

| Item                                                                                                        | Amount before tax | Year 2021<br>Income tax<br>(expense)<br>benefit | Net after tax |
|-------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------|---------------|
| Items not reclassified to profit or loss:                                                                   |                   |                                                 |               |
| Re-measurement of defined benefit plans                                                                     | \$ (2,136)        | \$ (88)                                         | \$ (2,224)    |
| Equity at fair value through other comprehensive income or loss                                             | 166,187           | -                                               | 166,187       |
| Unrealized valuation gains or losses on investments in instruments                                          |                   |                                                 |               |
| Remeasurement of defined benefit plans recognized under the equity method for affiliates and joint ventures | (1,035)           | 207                                             | (828)         |
| Investments in affiliated companies and joint ventures recognized by the equity method through other        | 5,303             | -                                               | 5,303         |
| Investments in equity instruments measured at fair value through consolidated profit or loss                |                   |                                                 |               |
| Unrealized gain or loss on valuation                                                                        |                   |                                                 |               |
| Subtotal                                                                                                    | 168,319           | 119                                             | 168,438       |
| Items that may be reclassified subsequently to profit or loss:                                              |                   |                                                 |               |
| Exchange differences on translation of financial statements of foreign operating institutions               | (11,122)          | -                                               | (11,122)      |
| The equity method is used to recognize the shares of affiliated companies and joint ventures.               |                   |                                                 |               |

|                                                                                               |            |            |            |
|-----------------------------------------------------------------------------------------------|------------|------------|------------|
| Exchange differences on translation of financial statements of foreign operating institutions | 24,493     | (4,898)    | 19,595     |
| Subtotal                                                                                      | 13,371     | (4,898)    | 8,473      |
| Recognized in other comprehensive income                                                      | \$ 181,690 | \$ (4,779) | \$ 176,911 |

### 6.34 Surplus per share

|                                                                                                                | Year 2022  | Year 2021  |
|----------------------------------------------------------------------------------------------------------------|------------|------------|
| A. Basic earnings per share                                                                                    |            |            |
| Net profit for the period attributable to the parent company                                                   | \$ 708,188 | \$ 363,692 |
| Deduct: Dividends on preferred shares                                                                          | -          | -          |
| Net income attributable to equity holders of the parent company's common stock                                 | \$ 708,188 | \$ 363,692 |
|                                                                                                                | Year 2022  | Year 2021  |
| Average number of shares outstanding during the period (in thousands)                                          | 110,400    | 110,400    |
| Basic earnings per share (after tax) (NT\$)                                                                    | \$ 6.42    | \$ 3.30    |
| B. Dilutive earnings per share                                                                                 |            |            |
| Net income attributable to equity holders of the parent company's common stock                                 | \$ 708,188 | \$ 363,692 |
| Effect of dilutive potential common stock                                                                      | -          | -          |
| Calculation of net income for the period from diluted earnings per share                                       | \$ 708,188 | \$ 363,692 |
| Weighted average number of shares after retroactive adjustment (in thousands)                                  | 110,400    | 110,400    |
| Number of employee compensation(Thousands of shares)                                                           | 487        | 315        |
| Weighted-average number of shares outstanding for the calculation of diluted earnings per share (in thousands) | 110,887    | 110,715    |
| Diluted earnings per share (after tax) (NT\$)                                                                  | \$ 6.39    | \$ 3.29    |

### 6.35 Transactions with non-controlling equities

#### Acquisition of additional equities in subsidiaries

As of December 31, 2022, the Company purchased an additional 0.15% of the issued shares of Awea Mechatronics Co., Ltd. for \$4,496 thousand in cash, resulting in an increase in shareholding from 49.45% to 49.60%. Since the above transaction did not change the Company's control over the subsidiary, the Company treated it as an equity transaction:

| Item                                                                                                    | Dec. 31, 2022 |
|---------------------------------------------------------------------------------------------------------|---------------|
| Carrying amount of non-controlling equities acquired                                                    | \$ 4,883      |
| Consideration paid to non-controlling equities                                                          | 4,496         |
| Difference between the price of acquiring or disposing of equity in a subsidiary and its carrying value | 387           |

## 7. Related party transactions

### 7.1 Parent company and ultimate controlling party

The Company is the ultimate controller of the Group.

### 7.2 Names of related parties and their relationship categories

| Name of Related Party           | Relationship with the Group |
|---------------------------------|-----------------------------|
| Wah Han Leasing Co., Ltd.       | Affiliated Companies        |
| INCREGRO Co., LTD               | Other related parties       |
| FITTECH CO., LTD.               | Other related parties       |
| HUNG JIU MACHINE CO., LTD.      | Other related parties       |
| TURVO INTERNATIONAL CO., LTD.   | Other related parties       |
| Yang Wenxu Charity Foundation   | Other related parties       |
| Jia Jin Investment Co., Ltd.    | Other related parties       |
| Hong Hua Investment Co., Ltd.   | Other related parties       |
| Hong Li Investment Co., Ltd.    | Other related parties       |
| Zong Han Investment Co., Ltd.   | Other related parties       |
| King Seung Investment Co., Ltd. | Other related parties       |
| Yu En Investment Co., Ltd.      | Other related parties       |
| Boldwin Bio Co., Ltd.           | Other related parties       |

### 7.3 Significant transactions with related parties

The amounts or balances of transactions between the Group and each of the single related parties listed in Note 7-2 amounting to 10% or more of the total amount or balance of each transaction are shown separately, while the rest are shown in aggregate as follows:

#### 1. Operating revenue

| Type/Name of Related Party    | Year 2022 | Year 2021 |
|-------------------------------|-----------|-----------|
| Affiliated Companies          |           |           |
| Wah Han Leasing Co., Ltd.     | \$ 32,660 | \$ 23,232 |
| Other related parties         |           |           |
| TURVO INTERNATIONAL CO., LTD. | 16,507    | 62,490    |
| Total                         | \$ 49,167 | \$ 85,722 |

The Group's sales to related parties are based on the transaction prices and terms of general customers, and the terms of collection are based on contracts.

#### 2. Import

| Type/Name of Related Party | Year 2022 | Year 2021 |
|----------------------------|-----------|-----------|
| Affiliated Companies       |           |           |
| Wah Han Leasing Co., Ltd.  | \$ -      | \$ 7,673  |

The transaction prices and payment terms of the Group's purchases from related parties are similar to those of ordinary transactions.

### 3. Amounts due from related parties (excluding loans to related parties)

| Account Items       | Type/Name of Related Party    | Dec. 31, 2022 | Dec. 31, 2021 |
|---------------------|-------------------------------|---------------|---------------|
| Notes Receivable    | Other related parties         |               |               |
|                     | TURVO INTERNATIONAL CO., LTD. | \$ 4,568      | \$ 2,159      |
|                     | Deduct: Allowance for losses  | -             | -             |
|                     | Net amount                    | \$ 4,568      | \$ 2,159      |
| Accounts receivable | Other related parties         |               |               |
|                     | TURVO INTERNATIONAL CO., LTD. | \$ 16,468     | \$ 12,559     |
|                     | Deduct: Allowance for losses  | -             | -             |
|                     | Net amount                    | \$ 16,468     | \$ 12,559     |
| Other receivables   | Other related parties         |               |               |
|                     | FITTECH CO., LTD.             | \$ 100        | \$ -          |
|                     | Deduct: Allowance for losses  | -             | -             |
|                     | Net amount                    | \$ 100        | \$ -          |

### 4. Amounts due to related parties (excluding loans from related parties)

| Account Items    | Type/Name of Related Party    | Dec. 31, 2022 | Dec. 31, 2021 |
|------------------|-------------------------------|---------------|---------------|
| Notes Payable    | Other related parties         |               |               |
|                  | TURVO INTERNATIONAL CO., LTD. | \$ 18         | \$ -          |
| Accounts payable | Other related parties         |               |               |
|                  | TURVO INTERNATIONAL CO., LTD. | \$ -          | \$ 212        |
| Other payables   | Other related parties         |               |               |
|                  | Boldwin Bio Co., Ltd.         | \$ 11         | \$ 11         |

### 5. Other current assets

| Account Items | Type/Name of Related Party | Dec. 31, 2022 | Dec. 31, 2021 |
|---------------|----------------------------|---------------|---------------|
| Prepayments   | Other related parties      |               |               |
|               | Boldwin Bio Co., Ltd.      | \$ 48         | \$ 97         |

## 6. Other current liabilities

| Account Items             | Type/Name of Related Party | Dec. 31, 2022 | Dec. 31, 2021 |
|---------------------------|----------------------------|---------------|---------------|
| Other receipts in advance | Affiliated Companies       |               |               |
|                           | Wah Han Leasing Co., Ltd.  | \$ 21         | \$ 9          |
|                           | Other related parties      |               |               |
|                           | Others                     | 15            | 15            |
|                           | Total                      | \$ 36         | \$ 24         |

## 7. Property transactions - acquired property, plant and equipment

|                               |                          | Price Acquisition |           |
|-------------------------------|--------------------------|-------------------|-----------|
| Type/Name of Related Party    | Subject of Transaction   | Year 2022         | Year 2021 |
| Other related parties         |                          |                   |           |
| Boldwin Bio Co., Ltd.         | Transportation Equipment | \$ -              | \$ 394    |
| Kim Seng Investment Co., Ltd. | Transportation Equipment | -                 | 3,675     |
| Total                         |                          | \$ -              | \$ 4,069  |

## 8. Significant tenancy agreements

| Account Items                   | Type/Name of Related Party | Dec. 31, 2022 | Dec. 31, 2021 |
|---------------------------------|----------------------------|---------------|---------------|
| Lease liabilities - current     | Other related parties      |               |               |
|                                 | INCREGRO                   | \$ 18,220     | \$ 15,543     |
| Lease liabilities - non-current | Other related parties      |               |               |
|                                 | INCREGRO                   | \$ 14,944     | \$ 29,886     |

## 9. Major Rental Agreement

In the year 2022, the Group leased the building at Road 5 in the Industrial Park area to another related party, FITTECH CO., LTD. with a three-year lease. The rentals are based on the rental rates of similar assets, and a fixed monthly lease payment is received with a fixed monthly lease payment as a security deposit. As of December 31, 2022, the guarantee deposit was \$567 thousand and the total lease payments to be received in the future amounted to \$20,412 thousand. \$4,728 thousand of lease income was recognized in the year 2022.

## 10. Others

### (1) Various revenues

| Type of Related Party | Year 2022 | Year 2021 | Transaction Nature |
|-----------------------|-----------|-----------|--------------------|
| Affiliated Companies  | \$ 12     | \$ 12     | Rental revenue     |
| Other related parties | 4,812     | 178       | Rental revenue     |
| Affiliated Companies  | 120       | -         | Other revenue      |
| Other related parties | 664       | 134       | Other revenue      |
| Other related parties | -         | 5         | Interest revenue   |
| Total                 | \$ 5,608  | \$ 329    |                    |

### (2) Various expenses

| Type of Related Party | Year 2022 | Year 2021 | Transaction Nature     |
|-----------------------|-----------|-----------|------------------------|
| Other related parties | \$ 18,869 | \$ 20,879 | Rental expenses        |
| Other related parties | 66        | 960       | Manufacturing expenses |
| Other related parties | 309       | 341       | Operating expenses     |
| Other related parties | -         | 72        | Donation expenses      |
| Total                 | \$ 19,244 | \$ 22,252 |                        |

### (4) Key management compensation information

| Item                                          | Year 2022 | Year 2021 |
|-----------------------------------------------|-----------|-----------|
| Salary and other short-term employee benefits | \$ 14,982 | \$ 19,128 |
| Post-employment benefits                      | 318       | 274       |
| Total                                         | \$ 15,300 | \$ 19,402 |

## 8. Pledged assets

The following assets have been provided as collateral for various loans and performance bonds:

| Item                                                             | Dec. 31, 2022 | Dec. 31, 2021 |
|------------------------------------------------------------------|---------------|---------------|
| Other Financial Assets - Current                                 | \$ 236,337    | \$ 30,595     |
| Property, plant and equipment - land                             | 772,572       | 772,572       |
| Property, plant and equipment - buildings and construction (net) | 1,092,093     | 1,141,261     |
| Right-of-use assets - land use rights                            | 94,032        | 95,929        |
| Total                                                            | \$ 2,195,034  | \$ 2,040,357  |

## 9. material contingent liabilities and unrecognized contractual commitments

- 9.1 For the years ended December 31, 2022 and 2021, the Group had the following guaranteed notes issued for financing guarantees and purchase of goods:

|     | Dec. 31, 2022 |                  |     | Dec. 31,<br>2021 |                  |
|-----|---------------|------------------|-----|------------------|------------------|
| NTD | 3,953,699     | thousand dollars | NTD | 4,955,641        | thousand dollars |
| USD | -             | thousand dollars | USD | 1,000            | thousand dollars |

- 9.2 For the years ended December 31, 2022 and 2021, the Group issued guaranteed notes to customers amounting to \$1,492 thousand and \$13,492 thousand, respectively.
- 9.3 As of December 31, 2022 and 2021, the Group had received \$84,656 thousand and \$75,410 thousand of guaranteed notes from customers, respectively.
- 9.4 As of December 31, 2022 and 2021, the Group entrusted Mega International Commercial Bank - Taichung Branch to open a guarantee letter in the amount of \$1,000 thousand for the import courier to facilitate the release of the courier before paying the duty to the Customs Bureau.
- 9.5 For the years ended December 31, 2022 and 2021, the Group received \$1,396 thousand in guarantee notes from vendors for the construction of the Tai Po Mei plant.
- 9.6 As of December 31, 2022 and 2021, the Group had received \$21,180 thousand in guaranteed notes from vendors for leasing solar photoelectric plant.
- 9.7 For the years ended December 31, 2022 and 2021, the Group received \$4,500 thousand in guaranteed utility bills for the rental of plant.
- 9.8 As of December 31, 2022 and 2021, the Group had received \$55 thousand and \$304 thousand of guarantee notes for product warranty, respectively.
- 9.9 As of December 31, 2022 and 2021, the Group entrusted First International Bank to open a guarantee letter in the amount of \$2,000 thousand for the purpose of guaranteeing the first release of imported goods to the Customs Department.
- 9.10 For the years ended December 31, 2022 and 2021, the Group received \$80,000 thousand and \$230,000 thousand, respectively, in loan guarantee notes from YIH CHUAN MACHINERY INDUSTRY CO., LTD., a subsidiary of the borrower.
- 9.11 As of December 31, 2022 and 2021, the Group had entrusted First Bank to issue performance bonds of USD223 thousand and USD229 thousand, respectively, for the import of parts.
- 9.12 As of December 31, 2022 and 2021, the amount of collateral provided by the Group to banks as collaterals for machine sales amounted to \$0 thousand and EUR148 thousand, respectively.
- 9.13 As of December 31, 2022 and 2021, the Group had letters of guarantee of \$0 thousand and \$4,600 thousand, respectively, for its participation in the Industrial Development Bureau's Taiwan Industry Innovation Platform Program.

## 10. Major Disaster Losses

There is no such item.

## 11. Significant Post-Term Events

There is no such item.

## 12. Others

### 12.1 Capital risk management

The Company must maintain sufficient capital to support the expansion and upgrade of its plant and equipment. Therefore, the Company manages its capital to ensure that it has the necessary financial resources and operating plans to meet its working capital, capital expenditures, research and development expenses, debt service and dividend payments for the next 12 months.

### 12.2 Financial instruments

#### 1. Financial risk of financial instruments

##### Financial Risk Management Policy

The Company's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To mitigate these financial risks, the Company is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Company are reviewed by the Board of Directors (and the Audit Committee) in accordance with the relevant regulations and internal control system. During the implementation of the financial plan, the Company must comply with the relevant financial operating procedures regarding the overall financial risk management and segregation of duties and responsibilities.

##### Nature and extent of significant financial risks

#### (1) Market risk

##### A. Exchange rate risk

- (A) The Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions and net investments in foreign operating entities that are not denominated in the functional currency of the respective companies. The Company's functional currency is the New Taiwan dollar. These transactions are mainly denominated in U.S. dollars, Renminbi, Japanese yen and Euro. A portion of the Company's cash inflows and outflows are denominated in foreign currencies and therefore have a natural hedging effect. The Company manages exchange rate risk for hedging purposes, not for profit. The exchange rate risk management strategy is to regularly review the net position of

assets and liabilities in various currencies and to manage the risk in that position.

The Company does not hedge its net investment in foreign operating entities because it is a strategic investment.

(B) Exchange rate risk and sensitivity analysis

| Dec. 31, 2022         |                      |                  |                              |                 |                                                  |                     |
|-----------------------|----------------------|------------------|------------------------------|-----------------|--------------------------------------------------|---------------------|
|                       | External<br>currency | Exchange<br>rate | Carrying<br>amount<br>(NT\$) | Change<br>Range | Sensitivity Analysis<br>Profit or<br>loss impact | Effect of<br>equity |
| Financial Assets      |                      |                  |                              |                 |                                                  |                     |
| Monetary items        |                      |                  |                              |                 |                                                  |                     |
| USD                   | \$131,157            | 30.66            | \$ 4,021,260                 | 5%              | \$ 201,063                                       | \$ -                |
| Euro                  | 3,570                | 32.52            | 116,101                      | 5%              | 5,805                                            | -                   |
| Dec. 31, 2021         |                      |                  |                              |                 |                                                  |                     |
|                       | External<br>currency | Exchange<br>rate | Carrying<br>amount<br>(NT\$) | Change<br>Range | Sensitivity Analysis<br>Profit or<br>loss impact | Effect of<br>equity |
| Financial Assets      |                      |                  |                              |                 |                                                  |                     |
| Monetary items        |                      |                  |                              |                 |                                                  |                     |
| USD                   | \$ 79,016            | 27.63            | \$ 2,183,202                 | 5%              | \$ 109,160                                       | \$ -                |
| Euro                  | 4,383                | 31.12            | 136,400                      | 5%              | 6,820                                            | -                   |
| Financial liabilities |                      |                  |                              |                 |                                                  |                     |
| Monetary items        |                      |                  |                              |                 |                                                  |                     |
| USD                   | 3,468                | 27.63            | 95,818                       | 5%              | 4,791                                            | -                   |
| Non-monetary items    |                      |                  |                              |                 |                                                  |                     |
| USD                   | 3,486                | 27.63            | 96,315                       | 5%              | 4,816                                            | -                   |

Note: The exchange rate is the amount per unit of foreign currency converted to New Taiwan dollars.

If the value of the New Taiwan dollar had appreciated relative to the above currencies, the amounts reflected in the above currencies would have had an equal but opposite effect as of December 31, 2022, and 2021 if all other variables had remained constant.

The Group's realized and unrealized net foreign currency exchange gains (losses) amounted to \$248,940 thousand and \$(97,527) thousand in the year 2022 and 2021, respectively. Due to the wide variety of foreign currency transactions and the Group's functional currencies, it is impossible to disclose the exchange gains and losses separately for each significant foreign currency impact.

**B. Price risk**

Because the Company holds investments in equity instruments, the Company is exposed to the price risk of equity instruments. The Company's investments in equity instruments are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Company invests mainly in equity instruments of domestic listed and unlisted companies. The prices of these equity instruments are subject to uncertainty as to the future value of the underlying investments.

If the price of equity instruments had increased or decreased by 1%, the after-tax income or loss for fiscal years 2022 and 2021 would have increased (decreased) by \$13,090 thousand and \$7,413 thousand, respectively, from the increase or decrease in the fair value of equity instruments measured at fair value through profit or loss; Other comprehensive income after tax will increase (decrease) by \$2,300 thousand and \$5,903 thousand, respectively, due to the increase or decrease at fair value of financial assets measured at fair value through other comprehensive income.

**C. Interest rate risk**

**(A) Sensitivity analysis of instruments with fair value interest rate risk:**

The Company does not classify any financial assets and liabilities with fixed interest rates as financial assets at fair value through profit or loss, and does not designate derivatives (interest rate swaps) as hedging instruments under the fair value hedge accounting model. Therefore, changes in interest rates at the reporting date will not affect profit or loss and other comprehensive net income.

**(B) Sensitivity analysis with cash flow interest rate risk instruments:**

The Company's variable-rate financial instruments are floating-rate assets (liabilities). Therefore, changes in market interest rates will cause the effective interest rates to change accordingly, resulting in fluctuations in future cash flows. Each 1% increase in market interest rates will reduce net income by \$47,966 thousand and \$29,354 thousand for the year 2022 and 2021, respectively.

**(2) Credit risk**

Credit risk refers to the risk that the counter-parties breach their contractual obligations and cause financial loss to the Company. The Company's credit risk arises mainly from receivables from operating activities and bank deposits and other financial instruments from investing activities. Operation-related credit risk is managed separately from financial credit risk.

A. Operating-related credit risk:

To maintain the quality of accounts receivable, the Company has established procedures to manage credit risk associated with operations.

The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial condition, the Company's internal credit rating, historical transaction history and current economic conditions.

B. Financial credit risk:

The credit risk of bank deposits and other financial instruments is measured and monitored by each financial department of the Company. The Company has no significant credit risk because the counter-parties and performance counter-parties are creditworthy banks and financial institutions with investment grade or higher, corporate organizations and governmental authorities, and there is no significant doubt about their performance. In addition, the Company has no investments in debt instruments classified as at amortized cost and at fair value through other comprehensive income.

(A) Credit concentration risk

As of December 31, 2022 and 2021, the percentages of accounts receivable from the top ten customers to the Company's accounts receivable were 49% and 46%, respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

(B) Measurement of expected credit impairment loss

- a. Accounts receivable: Please refer to Note 6-4 for the simplified presentation.
- b. The basis for determining whether there is a significant increase in credit risk: None. (The Company has no investments in debt instruments classified as at amortized cost and those classified as at fair value through other comprehensive income)

(3) Liquidity risk

A. Liquidity Risk Management:

The Company's objectives in managing liquidity risk are to maintain cash and cash equivalents for operations, highly liquid marketable securities and adequate bank financing lines to ensure adequate financial flexibility.

B. Financial liability maturity analysis:

The following table summarizes the analysis of the Company's financial liabilities by maturity date and undiscounted maturity amount over the contractual repayment period:

Dec. 31, 2022

|                                                                               | Within 6 months | 7-12 months | 1-2 years  | 2-5 years  | Over 5 years | Contract Cash Flow | Carrying amount |
|-------------------------------------------------------------------------------|-----------------|-------------|------------|------------|--------------|--------------------|-----------------|
| Non-derivative financial liabilities                                          |                 |             |            |            |              |                    |                 |
| Short-term borrowings                                                         | \$3,636,214     | \$ 186,443  | \$ -       | \$ -       | \$ -         | \$3,822,657        | \$3,822,657     |
| Lease liabilities (including current)                                         | 18,070          | 21,183      | 14,838     | 524        | -            | 54,615             | 54,615          |
| Short-term notes payable                                                      | 1,058,142       | -           | -          | -          | -            | 1,058,142          | 1,058,142       |
| Notes payable (including related parties)                                     | 822,466         | -           | -          | -          | -            | 822,466            | 822,466         |
| Accounts payable (including related parties)                                  | 360,752         | 316         | 1,643      | 1,100      | 37           | 363,848            | 363,848         |
| Other payables (including related parties)                                    | 319,277         | 507         | 11         | 990        | -            | 320,785            | 320,785         |
| Other current liabilities                                                     | 2,872           | 6           | 9          | -          | -            | 2,887              | 2,887           |
| Guarantee deposit received                                                    | 25,601          | -           | -          | 4,255      | -            | 29,856             | 29,856          |
| Long-term loans (including maturity of one year or within one business cycle) | 130,290         | 30,290      | 660,581    | 151,741    | 1,016        | 973,918            | 973,918         |
| Total                                                                         | \$ 6,373,684    | \$ 238,745  | \$ 677,082 | \$ 158,610 | \$ 1,053     | \$ 7,449,174       | \$ 7,449,174    |

Further information on the maturity analysis of lease liabilities is as follows:

Dec. 31, 2022

|                     | Less than 1 year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | More than 20 years | Total undiscounted lease payments |
|---------------------|------------------|-----------|------------|-------------|-------------|--------------------|-----------------------------------|
| Leasing Liabilities | \$ 40,642        | \$ 15,661 | \$ -       | \$ -        | \$ -        | \$ -               | \$ 56,303                         |

Dec. 31, 2021

|                                                                               | Within 6 months | 7-12 months | 1-2 years  | 2-5 years | Over 5 years | Contract Cash Flow | Carrying amount |
|-------------------------------------------------------------------------------|-----------------|-------------|------------|-----------|--------------|--------------------|-----------------|
| Non-derivative financial liabilities                                          |                 |             |            |           |              |                    |                 |
| Short-term borrowings                                                         | \$2,110,856     | \$ 160,781  | \$ -       | \$ -      | \$ -         | \$2,271,637        | \$2,271,637     |
| Lease liabilities (including current)                                         | 17,804          | 18,075      | 36,981     | 13,467    | -            | 86,327             | \$ 86,327       |
| Short-term notes payable                                                      | 979,220         | -           | -          | -         | -            | 979,220            | 979,220         |
| Notes payable (including related parties)                                     | 913,424         | 775         | -          | -         | -            | 914,199            | 914,199         |
| Accounts payable (including related parties)                                  | 443,128         | 332         | 796        | 1,159     | 121          | 445,536            | 445,536         |
| Other payables                                                                | 298,430         | 197         | 196        | 111       | -            | 298,934            | 298,934         |
| Other current liabilities                                                     | 1,268           | 3           | -          | -         | -            | 1,271              | 1,271           |
| Guarantee deposit received                                                    | 26,957          | 500         | -          | 1,728     | 2,048        | 31,233             | 31,233          |
| Long-term loans (including maturity of one year or within one business cycle) | 73,530          | 423,525     | 162,672    | -         | 4,063        | 663,790            | 663,790         |
| Total                                                                         | \$ 4,864,617    | \$ 604,188  | \$ 200,645 | \$ 16,465 | \$ 6,232     | \$ 5,692,147       | \$ 5,692,147    |

Further information on the maturity analysis of lease liabilities is as follows:

Dec. 31, 2021

|                     | Less than 1 year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | More than 20 years | Total undiscounted lease payments |
|---------------------|------------------|-----------|------------|-------------|-------------|--------------------|-----------------------------------|
| Leasing Liabilities | \$ 38,237        | \$ 51,970 | \$ -       | \$ -        | \$ -        | \$ -               | \$ 90,207                         |

The Group does not expect the timing of the cash flows for the maturity analysis to occur significantly earlier or the actual amounts to be significantly different.

## 2. Types of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities as of December 31, 2022 and 2021 were as follows

| Item                                                                                    | Dec. 31, 2022 | Dec. 31, 2021 |
|-----------------------------------------------------------------------------------------|---------------|---------------|
| <u>Financial Assets</u>                                                                 |               |               |
| Financial assets measured at amortised cost                                             |               |               |
| Cash and cash equivalents                                                               | \$ 2,722,346  | \$ 1,607,258  |
| Notes and accounts receivable (including related parties)                               | 2,068,724     | 1,776,111     |
| Other receivables (including related parties)                                           | 29,333        | 23,954        |
| Other Financial Assets - Mobile                                                         | 823,755       | 564,869       |
| Deposit Guarantee                                                                       | 10,785        | 18,949        |
| Financial assets at fair value through profit or loss - current                         | 1,308,976     | 741,323       |
| Financial assets at fair value through other comprehensive income or loss - current     | 219,591       | 573,436       |
| Financial assets at fair value through other comprehensive income or loss - non-current | 10,458        | 16,829        |
| <u>Financial liabilities</u>                                                            |               |               |
| Financial liabilities measured at amortized cost                                        |               |               |
| Short-term borrowings                                                                   | 3,822,657     | 2,271,637     |
| Net short-term notes payable                                                            | 1,058,142     | 979,220       |
| Notes and accounts payable (including related parties)                                  | 1,186,314     | 1,359,735     |
| Other payables (including related parties)                                              | 320,785       | 298,934       |
| Lease liabilities - current                                                             | 39,253        | 35,879        |
| Other current liabilities                                                               | 2,887         | 1,271         |
| Long-term liabilities due within one year or one business cycle                         | 160,580       | 497,055       |
| Long-term loans                                                                         | 813,338       | 166,735       |
| Lease liabilities - non-current                                                         | 15,362        | 50,448        |
| Guarantee deposit received                                                              | 29,856        | 31,233        |

## (3) Fair value information

Please refer to Note 12-3, 3. for the fair value information of the Company's financial assets and liabilities not carried at fair value. Please refer to Note 6-11 for the fair value of the Company's investment properties carried at cost.

## 2. Definition of the three levels of fair value measurement:

### First level:

The input value of this class refers to an active market in which the instruments are publicly quoted in an active market for the same instruments. An active market is a market in which all of the following conditions are met: the commodities traded in the market are homogeneous; willing buyers and sellers are readily available in the market and price information is accessible to the public. The fair value of the Group's investments in listed stocks, beneficiary certificates, Taiwan central government bonds, which are popular securities, and derivative instruments with active market quotations are all included in this category.

### Second level:

Inputs in this class are observable prices other than those quoted in active markets, including observable inputs obtained directly (e.g., at price) or indirectly (e.g., derived from price) from active markets. The Company's investments in non-popular bonds, corporate bonds, financial debentures, convertible bonds, and most derivatives are included in this category.

### Third level:

Inputs in this category represent inputs that are measured at fair value and are not observable inputs based on market availability. Certain of the Company's investments in derivative instruments and investments in equity instruments with no active market are included in this category.

## 3. Financial instruments that are not measured at fair value

The carrying amounts of financial instruments not carried at fair value, such as cash and cash equivalents, receivables, other financial assets, refundable deposits, short-term loans, short-term notes payable, accounts payable, long-term loans (including those due within one year or one business cycle), lease liabilities (including current) and guarantee deposits, are a reasonable approximation of fair value.

## 4. Fair value hierarchy information:

The Group's financial instruments that are measured at fair value are measured at fair value on a recurring basis. The Group's fair value level information is shown in the table below:

| Dec. 31, 2022                                         |             |         |         |             |
|-------------------------------------------------------|-------------|---------|---------|-------------|
| Item                                                  | Level 1     | Level 2 | Level 3 | Total       |
| Assets:                                               |             |         |         |             |
| <u>Repeated fair values</u>                           |             |         |         |             |
| Financial assets at fair value through profit or loss |             |         |         |             |
| Domestic listed (over-the-counter) Stocks             | \$1,308,976 | \$ -    | \$ -    | \$1,308,976 |

Dec. 31, 2022

| Item                                                                               | Level 1    | Level 2 | Level 3   | Total      |
|------------------------------------------------------------------------------------|------------|---------|-----------|------------|
| Financial assets measured at fair value through other comprehensive income or loss |            |         |           |            |
| Investments in equity instruments                                                  |            |         |           |            |
| Domestic Listed (Over-the-Counter) Stocks                                          | \$ 219,099 | \$ -    | \$ -      | \$ 219,099 |
| Domestic unlisted (over-the-counter) stocks                                        | -          | -       | 10,950    | 10,950     |
| Total                                                                              | \$ 219,099 | \$ -    | \$ 10,950 | \$ 230,049 |

Dec. 31, 2021

| Item                                                                               | Level 1    | Level 2 | Level 3  | Total      |
|------------------------------------------------------------------------------------|------------|---------|----------|------------|
| Assets:                                                                            |            |         |          |            |
| <u>Repeated fair values</u>                                                        |            |         |          |            |
| Financial assets at fair value through profit or loss                              |            |         |          |            |
| Domestic listed (over-the-counter) Stocks                                          | \$ 741,323 | \$ -    | \$ -     | \$ 741,323 |
| Financial assets measured at fair value through other comprehensive income or loss |            |         |          |            |
| Investments in equity instruments                                                  |            |         |          |            |
| Domestic listed (over-the-counter) Stocks                                          | \$ 581,175 | \$ -    | \$ -     | \$ 581,175 |
| Domestic unlisted (over-the-counter) stocks                                        | -          | -       | 9,090    | 9,090      |
| Total                                                                              | \$ 581,175 | \$ -    | \$ 9,090 | \$ 590,265 |

#### 5. Fair value valuation techniques for instruments measured at fair value:

- (1) If there is an active market for a financial instrument, the fair value of the instrument is based on the quoted market price in the active market. The fair value of listed equity instruments and debt instruments with active quoted market prices are based on the market prices announced by the major exchanges and the central government bond counter trading center, which are judged to be popular securities.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service, or competent authority in a timely manner and on a regular basis, and if the prices represent actual and frequent arm's-length market transactions. If these conditions are not met, the market is not considered active. In general, a very large bid-ask spread, a significant increase in the bid-ask spread, or a very low trading volume are all indicators of an inactive market.

The fair values of financial instruments with an active market are presented below by category and attribute:

Listed counter stocks: Closing price.

- (2) Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained by valuation techniques or by reference to quoted prices from counterparties. The fair values obtained through valuation techniques may be calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available on the consolidated balance sheet data (e.g., over-the-counter reference yield curves, Reuters average quoted commercial paper rates).
- The fair value of the Company's unlisted stocks without an active market is estimated mainly by the market approach and is determined by reference to the valuation of similar companies, third-party quotes, net worth, and operating conditions. In addition, the significant unobservable inputs are mainly liquidity discounts. However, since possible changes in liquidity discounts do not result in significant potential financial impact, the Company does not intend to disclose the quantitative information.
- (3) Derivative financial instruments are evaluated based on valuation models that are widely accepted by market users, such as the discount method and option pricing models.
- (4) The outputs of the valuation models are pre-estimated estimates, and the valuation techniques may not reflect all relevant factors of the Company's holdings of financial instruments and non-financial instruments. Therefore, the pre-estimated values of the valuation models are appropriately adjusted for additional parameters, such as model risk or liquidity risk. In accordance with the Company's fair value model management policy and related control procedures, management believes that valuation adjustments are appropriate and necessary to properly represent the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process were carefully evaluated and adjusted appropriately based on current market conditions.
- (5) The Company incorporates credit risk evaluation adjustments into the fair value calculations of financial instruments and non-financial instruments to reflect the counterparty's credit risk and the Company's credit quality, respectively.

6. Transfer between the first level and the second level: None.

7. Change of the third level:

A reconciliation of financial assets measured at fair value through other comprehensive income to investments in equity instruments measured at fair value in level 3 for fiscal years 2022 and 2021 is as follows:

| Item                                     | Investments in equity instruments<br>without public quotation |           |
|------------------------------------------|---------------------------------------------------------------|-----------|
|                                          | Year 2022                                                     | Year 2021 |
| Opening balance                          | \$ 9,090                                                      | \$ 7,950  |
| Recognized in other comprehensive income | 1,860                                                         | 1,140     |
| Balance at the end of the period         | \$ 10,950                                                     | \$ 9,090  |

8. Valuation techniques and assumptions used to measure the fair value of level 3

The fair value of unlisted stocks without an active market is estimated primarily by the market approach.

The market approach is based on the transaction price of comparable targets, and the difference between the appraisal target and the comparable target is considered to estimate the value of the appraisal target by an appropriate multiplier. Commonly used valuation-specific methods include the Comparable Listed Company Act and the Comparable Transaction Act. The application of the market approach is based on comparable companies with comparable business lines, products, size, and financial ratios, which are considered to have similar performance and value, and therefore the value of the evaluated company should be estimated from the value of comparable companies. In addition, the market approach reflects objective market values and maximizes observable input values, which makes the information transparent and highly verifiable.

### 13. Other disclosure

#### 13.1 Information on significant transactions (before consolidation and elimination):

1. Lending of funds to others: Please refer to Table 1.
2. Endorsement for others: Please refer to Table 2.
3. Marketable securities held at the end of the period: Please refer to Table 3.
4. Accumulated purchase or sale of the same marketable securities amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4.
5. Acquisition of real estate amounting to at least NT\$100 million or 20% of the paid-in capital: None.
6. Disposal of real-estate property amounting to at least NT\$100 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 5.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Engaged in derivative transactions: Please refer to Note 12.
10. Business relationships and significant intercompany transactions between the parent and subsidiary: Please see Table 6.

#### 13.2 Information relating to the transfer of investment business (before consolidation and elimination): Please refer to Table 7.

#### 13.3 Investment information in China (before consolidation and elimination): Please refer to Table 8.

#### 13.4 Information on major shareholders (name, amount, and percentage of shares held by shareholders with at least 5%): Please refer to Table 9.

GOODWAY Machine Corp. and its subsidiaries

Lending of funds to others

January 1 to December 31, 2022

Table I

Unit:NTD thousand

| No. | Loan Funding Company                  | Lenders                              | Past Projects                     | Is a related party | Current Issue Maximum Amount | End of term balance | Actual expenditure Amount | Interest Rate Range | Capital Loan and Nature    | Business transactions Amount | There are reasons why short-term financing funds are necessary | Allowance for doubtful accounts | Collateral      |           | For individual objects Funding and Lending Limit (Note 2) | Funding and Lending Total Limit (Note 2) |
|-----|---------------------------------------|--------------------------------------|-----------------------------------|--------------------|------------------------------|---------------------|---------------------------|---------------------|----------------------------|------------------------------|----------------------------------------------------------------|---------------------------------|-----------------|-----------|-----------------------------------------------------------|------------------------------------------|
|     |                                       |                                      |                                   |                    |                              |                     |                           |                     |                            |                              |                                                                |                                 | Name            | Value     |                                                           |                                          |
| 1   | vea Mechatronics Co., Ltd.            | H CHUAN MACHINERY INDUSTRY CO., LTD. | her receivables - related parties | Yes                | \$ 230,000                   | \$ 80,000           | \$ 70,000                 | 1.8%~1.925%         | short-term financing funds | \$ 7,911                     | Business Turnover                                              | \$ -                            | Cashier's check | \$ 80,000 | \$ 325,268                                                | \$ 1,301,070                             |
| 2   | vea Mechatronics Co., Ltd. (Shanghai) | vea Mechatronics Co., Ltd.           | her receivables - related parties | Yes                | 87,680                       | 87,680              | 87,660                    | 3.8%                | short-term financing funds | -                            | Business Turnover                                              | -                               | -               | -         | 145,953                                                   | 145,953                                  |
| 2   | vea Mechatronics Co., Ltd. (Shanghai) | H CHUAN MACHINERY INDUSTRY CO., LTD. | her receivables - related parties | Yes                | 7,451                        | 7,451               | 7,451                     | 3.65%               | short-term financing funds | -                            | Business Turnaround                                            | -                               | -               | -         | 145,953                                                   | 145,953                                  |

Note 1: The description of the number column is as follows:

(1) Enter 0 for issuer.

(2) The investee companies are numbered in order by company, starting with the Arabic numeral

Note 2: The lending limit of funds to individual targets is limited to 10% of the current net financial report, and the total lending limit is limited to 40% of the current net financial report.

GOODWAY Machine Corp. and its subsidiaries

Endorsement for others

January 1 to December 31, 2022

Table 2

Unit:NTD thousand

| No. | Endorser<br>Company Name | Endorsed Guarantees     |               | Endorsement<br>guarantee<br>limit for a<br>single<br>enterprise<br>(Note 3) | Maximum<br>endorsement<br>guarantee<br>balance for<br>the period | End-of-Term<br>Endorsement<br>Guaranteed<br>Balance | Actual<br>expenditures    | Amount of<br>endorsement<br>guarantee by<br>property<br>guarantee | Ratio of<br>accumulated<br>endorsement<br>guarantee to<br>net worth of<br>the most<br>recent<br>financial<br>statements | Endorsement<br>Guarantee<br>Maximum<br>Limit<br>(Note 4) | Parent<br>company<br>endorsement<br>of<br>subsidiary | Subsidiary<br>endorsement<br>of parent<br>company | Endorsement<br>of Mainland<br>China<br>Guarantee |
|-----|--------------------------|-------------------------|---------------|-----------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------|---------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|
|     |                          | Company Name            | Relationships |                                                                             |                                                                  |                                                     |                           |                                                                   |                                                                                                                         |                                                          |                                                      |                                                   |                                                  |
| 0   | GOODWAY<br>Machine Corp. | YAMA SEIKI USA,<br>INC. | 2             | \$ 1,564,024                                                                | \$ 192,990<br>(USD 6,000)                                        | \$ 183,960<br>(USD 6,000)                           | \$ 107,310<br>(USD 3,500) | \$ -                                                              | 3.53%                                                                                                                   | \$ 2,606,707                                             | Y                                                    | N                                                 | N                                                |

Note 1: The description of the number column is as follows:

- (1) Enter 0 for issuer.
- (2) The investee companies are numbered in order by company, starting with the Arabic numeral 1.

Note 2: There are seven types of relationships between the endorser and the target of the endorsement, and the types can be indicated as follows:

- (1) Companies that have business dealings.
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly or indirectly hold more than 50% of the voting shares of the Company.
- (4) Intercompany in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured by the contract between peers or co-founders based on the needs of the contracted work.
- (6) Companies that are guaranteed by all contributing shareholders in proportion to their shareholdings due to joint investment.
- (7) Interbank engagement in the performance guarantee of pre-sale contracts in accordance with the Consumer Protection Act.

Note 3: The limit of endorsement and guarantee for a single enterprise is limited to 20% of the current net worth (30% for overseas affiliates).

Note 4: The maximum amount of endorsement guarantee is limited to 50% of the current net worth.

GOODWAY Machine Corp. and its subsidiaries

Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)

December 31, 2022

Table 3

Unit: NT\$ thousand; Number of shares: per share

| Companies held        | Type and Name of Marketable Securities         | Relationship with the issuer of marketable securities | Billing Subjects                                                | End of period    |                 |                    |            | Remark |
|-----------------------|------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|------------------|-----------------|--------------------|------------|--------|
|                       |                                                |                                                       |                                                                 | Number of shares | Carrying amount | Shareholding ratio | Fair Value |        |
| GOODWAY Machine Corp. | Stock - Formosa Plastic Group                  | -                                                     | Financial assets at fair value through profit or loss - current | 355              | \$ 31           | -                  | \$ 31      |        |
|                       | Stock-NAN YA PLASTICS CO., LTD.                | -                                                     | "                                                               | 10,798           | 767             | -                  | 767        |        |
|                       | Stock-Far Eastern New Century Co., Ltd.        | -                                                     | "                                                               | 1,687            | 54              | -                  | 54         |        |
|                       | Stocks-Zeng Hsing Industrial Co., Ltd.         | -                                                     | "                                                               | 678,649          | 80,759          | 1.12%              | 80,759     |        |
|                       | Stock -Tongtai Machine & Tool Co., Ltd.        | -                                                     | "                                                               | 128,625          | 1,794           | 0.05%              | 1,794      |        |
|                       | Stock-Hon Hai Precision Industry Co., Ltd      | -                                                     | "                                                               | 473              | 47              | -                  | 47         |        |
|                       | Stock-Huatai Electronics Co.                   | -                                                     | "                                                               | 46,461           | 815             | 0.01%              | 815        |        |
|                       | Stock-Taiwan Semiconductor Manufacturing Co.   | -                                                     | "                                                               | 21,014           | 9,425           | -                  | 9,425      |        |
|                       | Stock-ORIENT SEMICONDUCTOR ELECTRONICS LIMITED | -                                                     | "                                                               | 7,000            | 197             | -                  | 197        |        |
|                       | Stock - Acer Incorporated                      | -                                                     | "                                                               | 160,463          | 3,779           | 0.01%              | 3,779      |        |
|                       | Stock - ASUSTEK COMPUTER INCORPORATION         | -                                                     | "                                                               | 32,000           | 8,592           | -                  | 8,592      |        |
|                       | Stock-SUNPLUS TECHNOLOGY CO., LTD.             | -                                                     | "                                                               | 53,516           | 1,199           | 0.01%              | 1,199      |        |
|                       | Stock-UNIVERSAL MICROELECTRONICS CO., LTD.     | -                                                     | "                                                               | 143,462          | 3,558           | 0.11%              | 3,558      |        |
|                       | Stocks-Wistron Corporation                     | -                                                     | "                                                               | 48,585           | 1,428           | -                  | 1,428      |        |
|                       | Stocks-BES Engineering Inc.                    | -                                                     | "                                                               | 1,190            | 10              | -                  | 10         |        |
|                       | Stock-TAIWAN BUSINESS BANK,LTD.                | -                                                     | "                                                               | 1,423            | 18              | -                  | 18         |        |

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## GOODWAY Machine Corp. and its subsidiaries

Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)

December 31, 2022

Table 3

Unit: NT\$ thousand; Number of shares: per share

| Companies held              | Type and Name of Marketable Securities                 | Relationship with the issuer of marketable securities | Billing Subjects                                                                    | End of period    |                 |                    | Remark   |
|-----------------------------|--------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|------------------|-----------------|--------------------|----------|
|                             |                                                        |                                                       |                                                                                     | Number of shares | Carrying amount | Shareholding ratio |          |
| GOODWAY Machine Corp.       | Stock-Hua Nan Financial Holdings Co., Ltd.             | -                                                     | Financial assets at fair value through profit or loss - current                     | 106,129          | \$ 2,382        | -                  | \$ 2,382 |
|                             | Stock-CATHAY FINANCIAL HOLDING CO., LTD.               | -                                                     | "                                                                                   | 53,239           | 2,130           | -                  | 2,130    |
|                             | Stocks-E.SUN Financial Holding Co., Ltd.               | -                                                     | "                                                                                   | 113,262          | 2,724           | -                  | 2,724    |
|                             | Stock - Mega Financial Holding Company Ltd.            | -                                                     | "                                                                                   | 102,500          | 3,111           | -                  | 3,111    |
|                             | Stock- SinoPac Securities Corporation                  | -                                                     | "                                                                                   | 101,000          | 1,692           | -                  | 1,692    |
|                             | Stock-First Financial Holding Co. Ltd.                 | -                                                     | "                                                                                   | 22,382           | 593             | -                  | 593      |
|                             | Stock-Taiwan Cooperative Financial Holding Co.,Ltd.    | -                                                     | "                                                                                   | 105,060          | 2,731           | -                  | 2,731    |
|                             | Stock-EAGLE COLD STORAGE ENTERPRISE CO.,LTD.           | -                                                     | "                                                                                   | 444,000          | 9,768           | 0.37%              | 9,768    |
|                             | Stocks-TCI Co.,Ltd.                                    | -                                                     | "                                                                                   | 5,000            | 855             | -                  | 855      |
|                             | Stock-TURVO INTERNATIONAL CO., LTD.                    | Other related parties                                 | "                                                                                   | 6,036,216        | 609,658         | 10.01%             | 609,658  |
|                             | Stock-P-DUKE TECHNOLOGY CO., LTD.                      | -                                                     | "                                                                                   | 2,127,960        | 183,856         | 2.71%              | 183,856  |
|                             | Stock-TAICHUNG INTERNATIONAL ENTERTAINMENT CORPORATION | -                                                     | Financial assets at fair value through other comprehensive income or loss - current | 3                | 10,950          | 0.09%              | 10,950   |
| Awea Mechatronics Co., Ltd. | Stock-FITTECH CO., LTD.                                | Other related parties                                 | "                                                                                   | 2,370,923        | 208,641         | 3.22%              | 208,641  |
|                             | Stock-AUTECH EUROPE                                    | -                                                     | Financial assets at fair value through profit or loss - non-current                 | 50               | -               | 5.00%              | -        |
|                             | Stock-P-DUKE TECHNOLOGY CO., LTD.                      | -                                                     | Financial assets at fair value through profit or loss - current                     | 1,063,852        | 91,917          | 1.36%              | 91,917   |

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GOODWAY Machine Corp. and its subsidiaries

Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)

December 31, 2022

Table 3

Unit: NT\$ thousand; Number of shares: per share

| Companies held  | Type and Name of Marketable Securities             | Relationship with the issuer of marketable securities | Billing Subjects                                                                        | End of period    |                 |                    |            | Remark |
|-----------------|----------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------|-----------------|--------------------|------------|--------|
|                 |                                                    |                                                       |                                                                                         | Number of shares | Carrying amount | Shareholding ratio | Fair Value |        |
| Awesome E&M Co. | Stock-TURVO INTERNATIONAL CO., LTD.                | Other related parties                                 | Financial assets at fair value through profit or loss - current                         | 2,607,000        | \$ 263,307      | 4.32%              | \$ 263,307 |        |
|                 | Stock-EAGLE COLD STORAGE ENTERPRISE CO., LTD.      | -                                                     | "                                                                                       | 675,000          | 14,850          | 0.57%              | 14,850     |        |
|                 | Stock-TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD. | -                                                     | "                                                                                       | 10,000           | 4,485           | -                  | 4,485      |        |
|                 | Stocks-Zeng Hsing Industrial Co., Ltd.             | -                                                     | "                                                                                       | 20,534           | 2,444           | 0.03%              | 2,444      |        |
|                 | Stock-FITTECH CO., LTD.                            | Other related parties                                 | Financial assets at fair value through other comprehensive income or loss - non-current | 118,846          | 10,458          | 0.16%              | 10,458     |        |

Note: In 1996, the value of the investee company was impaired and there was little hope of recovery, so the loss was recognized in full.

GOODWAY Machine Corp. and its subsidiaries

Accumulated purchase or sale of the same marketable securities amounting to at least NT\$300 million or 20 percent of the paid-in capital

January 1 to December 31, 2022

Table 4

Unit: NT\$ thousand; Number of shares: per share

| Involved Companies    | Marketable Securities Type and Name | Billing Subjects                                                                    | Trading Pair Image | Relationships | Period Beginning |            | Buy              |            | Sell             |         |               |                            | Other adjustments (Note 3) | End of period    |                 |
|-----------------------|-------------------------------------|-------------------------------------------------------------------------------------|--------------------|---------------|------------------|------------|------------------|------------|------------------|---------|---------------|----------------------------|----------------------------|------------------|-----------------|
|                       |                                     |                                                                                     |                    |               | Number of shares | Amount     | Number of shares | Amount     | Number of shares | Price   | Billing Costs | Profit or loss on disposal |                            | Number of shares | Amount (Note 2) |
| GOODWAY Machine Corp. | Stock-TURVO INTERNATIONAL CO., LTD. | Financial assets at fair value through profit or loss - current                     | Note 1             | Note 1        | 3,426,216        | \$ 266,619 | 2,610,000        | \$ 295,199 | -                | \$ -    | \$ -          | \$ -                       | \$ (11,074)                | 6,036,216        | \$ 550,744      |
|                       | Stock-FITTECH CO., LTD.             | Financial assets at fair value through other comprehensive income or loss - current | Note 1             | Note 1        | 2,576,923        | 193,280    | 357,000          | 81,345     | 563,000          | 122,951 | 48,774        | 74,177                     | (5,927)                    | 2,370,923        | 219,924         |

Note 1: Investors whose marketable securities are accounted for using the equity method must fill in these two columns, while the rest are exempted.

Note 2: Represents the original acquisition cost before valuation adjustments.

Note 3: Cash dividends from capital surplus in the form of shareholders' contributions were received from the investee company.

GOODWAY Machine Corp. and its subsidiaries

The amount of purchase or sale of goods with related parties reaches at least NT\$100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Table 5

Unit:NTD thousand

| Import (sales) of the company | Counterparty Name               | Relationships      | Transaction Scenario |            |                                     |                                        | Transaction tapestries are different from normal transactions circumstances and reasons |               | Notes receivable (paid) and accounts payable |                                                             | Remark |
|-------------------------------|---------------------------------|--------------------|----------------------|------------|-------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------|---------------|----------------------------------------------|-------------------------------------------------------------|--------|
|                               |                                 |                    | Import (Sales)       | Amount     | Percentage of total imports (sales) | Credit Period                          | price                                                                                   | Credit Period | Balance                                      | Percentage of total notes and accounts receivable (payable) |        |
| GOODWAY Machine Corp.         | GOODWAY Machine Corp. (Wujiang) | Sub Sub-subsidiary | Sales                | \$ 277,508 | 11.29%                              | Same as general company                | -                                                                                       | -             | \$ 51,923                                    | 4.65%                                                       | Note 2 |
| GOODWAY Machine Corp.         | YAMA SEIKI USA, INC.            | Sub-subsidiary     | Sales                | 153,364    | 6.24%                               | Same as general company                | -                                                                                       | -             | 16,063                                       | 1.44%                                                       | Note 2 |
| Awea Mechatronics Co., Ltd.   | Awea Mechatronics Co., Ltd.     | Sub-subsidiary     | Sales                | 287,814    | 12.60%                              | Remittance three months after shipment | Note 1                                                                                  | Note 1        | 35,351                                       | 4.71%                                                       | Note 2 |
| Awea Mechatronics Co., Ltd.   | YAMA SEIKI USA, INC.            | Subsidiaries       | Sales                | 240,190    | 10.52%                              | Remittance three months after shipment | Note 1                                                                                  | Note 1        | 33,396                                       | 4.45%                                                       | Note 2 |

Note1: The functions of products sold by Awea Mechatronics Co., Ltd. (suzhou) and YAMA SEIKI USA, INC. have different functions, so there is no other customer for comparison.

Note 2: Eliminated in the preparation of the consolidated financial statements.

GOODWAY Machine Corp. and its subsidiaries  
Business relationships and significant transactions between parent and subsidiary  
January 1 to December 31, 2022

Table 7

Unit:NTD thousand

| No. | Name of the trader    | Trading partners                   | Relationship with the counterparty | Transaction history                 |         |                    |                                                                        |
|-----|-----------------------|------------------------------------|------------------------------------|-------------------------------------|---------|--------------------|------------------------------------------------------------------------|
|     |                       |                                    |                                    | Subjects                            | Amount  | Trading Conditions | As a percentage of total consolidated revenue or Ratio of total assets |
| 0   | GOODWAY Machine Corp. | Awea Mechatronics Co., Ltd.        | 1                                  | Sales revenue                       | \$ 185  | Note 3             | -                                                                      |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Inbound                             | 981     | Note 3             | 0.02%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Production and repair costs, etc.   | 876     | Note 3             | 0.01%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Rental income                       | 1,300   | Note 3             | 0.02%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Other income                        | 3,099   | Note 3             | 0.05%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Notes Receivable                    | 146     | Note 3             | -                                                                      |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Accounts receivable                 | 21      | Note 3             | -                                                                      |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Other receivables                   | 1,177   | Note 3             | 0.01%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Other prepayments                   | 190     | Note 3             | -                                                                      |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Prepayment of equipment             | 855     | Note 3             | 0.01%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Notes Payable                       | 1,030   | Note 3             | 0.01%                                                                  |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Accounts payable                    | 143     | Note 3             | -                                                                      |
|     |                       | Awea Mechatronics Co., Ltd.        | 1                                  | Other payables                      | 27      | Note 3             | -                                                                      |
|     |                       | YAMA SEIKI USA, INC.               | 1                                  | Sales revenue                       | 153,364 | Note 4             | 2.40%                                                                  |
|     |                       | YAMA SEIKI USA, INC.               | 1                                  | Other income                        | 665     | Note 4             | 0.01%                                                                  |
|     |                       | YAMA SEIKI USA, INC.               | 1                                  | Accounts receivable                 | 16,063  | Note 4             | 0.11%                                                                  |
|     |                       | GOODWAY Machine Corp.<br>(Wujiang) | 1                                  | Sales revenue                       | 277,508 | Note 4             | 4.35%                                                                  |
|     |                       | GOODWAY Machine Corp.<br>(Wujiang) | 1                                  | Inbound                             | 696     | Note 4             | 0.01%                                                                  |
|     |                       | GOODWAY Machine Corp.<br>(Wujiang) | 1                                  | Production and shipping costs, etc. | 68      | Note 4             | -                                                                      |

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GOODWAY Machine Corp. and its subsidiaries

Business relationships and significant transactions between parent and subsidiary

January 1 to December 31, 2022

Table 6

Unit:NTD thousand

| No. | Name of the trader          | Trading partners                          | Relationship with the<br>counterparty | Subjects                                      | Transaction history<br>Amount | Trading<br>Conditions | As a percentage of total<br>consolidated revenue or<br>Ratio of total assets |
|-----|-----------------------------|-------------------------------------------|---------------------------------------|-----------------------------------------------|-------------------------------|-----------------------|------------------------------------------------------------------------------|
| 0   | GOODWAY Machine Corp.       | GOODWAY Machine Corp. (Wujiang)           | 1                                     | Other income                                  | \$ 1                          | Note 4                | -                                                                            |
|     |                             | GOODWAY Machine Corp. (Wujiang)           | 1                                     | Accounts receivable                           | 51,923                        | Note 4                | 0.34%                                                                        |
|     |                             | GOODWAY Machine Corp. (Wujiang)           | 1                                     | Accounts payable                              | 124                           | Note 4                | -                                                                            |
|     |                             | GOODWAY Machine Corp. (Wujiang)           | 1                                     | Prepayment                                    | 559                           | Note 4                | -                                                                            |
|     |                             | GOODWAY Machine Corp. (Wujiang)           | 1                                     | Other payables                                | 84                            | Note 4                | -                                                                            |
|     |                             | YIH CHUAN MACHINERY<br>INDUSTRY CO., LTD. | 1                                     | Sales revenue                                 | 237                           | Note 3                | -                                                                            |
|     |                             | YIH CHUAN MACHINERY<br>INDUSTRY CO., LTD. | 1                                     | Rental income                                 | 120                           | Note 3                | -                                                                            |
|     |                             | YIH CHUAN MACHINERY<br>INDUSTRY CO., LTD. | 1                                     | Accounts receivable                           | 19                            | Note 3                | -                                                                            |
|     |                             | ALLRICH CNC, LTD.                         | 1                                     | Inbound                                       | 13,649                        | Note 3                | 0.21%                                                                        |
|     |                             | ALLRICH CNC, LTD.                         | 1                                     | Production - Miscellaneous<br>purchases, etc. | 61                            | Note 3                | -                                                                            |
|     |                             | ALLRICH CNC, LTD.                         | 1                                     | Rental income                                 | 12                            | Note 3                | -                                                                            |
|     |                             | ALLRICH CNC, LTD.                         | 1                                     | Notes Payable                                 | 2,230                         | Note 3                | 0.01%                                                                        |
|     |                             | ALLRICH CNC, LTD.                         | 1                                     | Accounts payable                              | 764                           | Note 3                | 0.01%                                                                        |
|     |                             | ALLRICH CNC, LTD.                         | 1                                     | Other receipts in advance                     | 1                             | Note 3                | -                                                                            |
| 1   | Awea Mechatronics Co., Ltd. | ALLRICH CNC, LTD.                         | 3                                     | Inbound                                       | 3,573                         | Note 4                | 0.06%                                                                        |
|     |                             | ALLRICH CNC, LTD.                         | 3                                     | Notes Payable                                 | 368                           | Note 4                | -                                                                            |
|     |                             | ALLRICH CNC, LTD.                         | 3                                     | Accounts payable                              | 759                           | Note 4                | -                                                                            |
|     |                             | YIH CHUAN MACHINERY<br>INDUSTRY CO., LTD. | 1                                     | Sales revenue                                 | 7,911                         | Note 4                | 0.12%                                                                        |
|     |                             | YIH CHUAN MACHINERY<br>INDUSTRY CO., LTD. | 1                                     | Inbound (incoming)                            | 22,603                        | Note 4                | 0.35%                                                                        |

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GOODWAY Machine Corp. and its subsidiaries

Business relationships and significant transactions between parent and subsidiary

January 1 to December 31, 2022

Table 6

Unit:NTD thousand

| No. | Name of the trader                     | Trading partners                       | Relationship with the counterparty | Transaction history                        |         |                    |                                                                        |
|-----|----------------------------------------|----------------------------------------|------------------------------------|--------------------------------------------|---------|--------------------|------------------------------------------------------------------------|
|     |                                        |                                        |                                    | Subjects                                   | Amount  | Trading Conditions | As a percentage of total consolidated revenue or Ratio of total assets |
| 1   | Awesome E&M Co.                        | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | 1                                  | Operating costs - after-sales service fees | \$ 75   | Note 4             | -                                                                      |
|     |                                        | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | 1                                  | Interest income                            | 1,004   | Note 4             | 0.02%                                                                  |
|     |                                        | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | 1                                  | Notes Receivable                           | 29      | Note 4             | -                                                                      |
|     |                                        | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | 1                                  | Other receivables                          | 70,042  | Note 4             | 0.46%                                                                  |
|     |                                        | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | 1                                  | Notes Payable                              | 11,256  | Note 4             | 0.07%                                                                  |
|     |                                        | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | 1                                  | Accounts payable                           | 709     | Note 4             | -                                                                      |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Sales revenue                              | 287,814 | Note 4             | 4.51%                                                                  |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Production and repair costs                | 229     | Note 4             | -                                                                      |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Sales - Warranty Fee                       | 659     | Note 4             | 0.01%                                                                  |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Sales and repair costs                     | 232     | Note 4             | -                                                                      |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Sales - other expenses                     | 175     | Note 4             | -                                                                      |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Accounts receivable                        | 35,350  | Note 4             | 0.23%                                                                  |
|     |                                        | Aweda Mechatronics Co., Ltd.(Suzhou)   | 1                                  | Other payables                             | 489     | Note 4             | -                                                                      |
|     |                                        | YAMA SEIKI USA, INC.                   | 1                                  | Sales revenue                              | 240,190 | Note 4             | 3.76%                                                                  |
|     |                                        | YAMA SEIKI USA, INC.                   | 1                                  | Other revenue                              | 84      | Note 4             | -                                                                      |
|     |                                        | YAMA SEIKI USA, INC.                   | 1                                  | Accounts receivable                        | 33,396  | Note 4             | 0.22%                                                                  |
| 2   | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | ATRUMP MACHINERY INC. (Jiaxing)        | 3                                  | Sales revenue                              | 168     | Note 4             | -                                                                      |
| 3   | Aweda Mechatronics Co., Ltd.(Suzhou)   | Aweda Mechatronics Co., Ltd.(Shanghai) | 3                                  | Finance costs - interest expense           | 1,390   | Note 4             | 0.02%                                                                  |
|     |                                        | Aweda Mechatronics Co., Ltd.(Shanghai) | 3                                  | Other payables                             | 87,660  | Note 4             | 0.58%                                                                  |

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GOODWAY Machine Corp. and its subsidiaries

Business relationships and significant transactions between parent and subsidiary

January 1 to December 31, 2022

Table 6

Unit:NTD thousand

| No. | Name of the trader                     | Trading partners                       | Relationship with the counterparty | Transaction history             |           |                    |                                                                        |
|-----|----------------------------------------|----------------------------------------|------------------------------------|---------------------------------|-----------|--------------------|------------------------------------------------------------------------|
|     |                                        |                                        |                                    | Subjects                        | Amount    | Trading Conditions | As a percentage of total consolidated revenue or Ratio of total assets |
| 3   | Awea Mechatronics Co., Ltd.(Suzhou)    | Awea Mechatronics Co., Ltd. (Shanghai) | 3                                  | Prepayments                     | \$ 26,298 | Note 4             | 0.17%                                                                  |
| 4   | GOODWAY Machine Corp.(Wujiang)         | Awea Mechatronics Co., Ltd.(Suzhou)    | 3                                  | Sales revenue                   | 254       | Note 3             | -                                                                      |
|     |                                        | Awea Mechatronics Co., Ltd.(Suzhou)    | 3                                  | Inbound                         | 24,758    | Note 3             | 0.39%                                                                  |
|     |                                        | Awea Mechatronics Co., Ltd.(Suzhou)    | 3                                  | Production - utility deductions | 5,691     | Note 3             | 0.09%                                                                  |
|     |                                        | Awea Mechatronics Co., Ltd.(Suzhou)    | 3                                  | Prepayment                      | 5,148     | Note 3             | 0.03%                                                                  |
|     |                                        | Awea Mechatronics Co., Ltd.(Suzhou)    | 3                                  | Other receivables               | 819       | Note 3             | 0.01%                                                                  |
|     |                                        | ATRUMP MACHINERY INC.                  | 3                                  | Prepayment                      | 4,403     | Note 3             | 0.03%                                                                  |
| 5   | Awea Mechatronics Co., Ltd. (Shanghai) | ATRUMP MACHINERY INC.                  | 3                                  | Other receivables               | 7,451     | Note 4             | 0.05%                                                                  |

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be completed as follows:

(1) Enter 0 for the parent company.

(2) Subsidiaries are numbered in order by company, starting with the Arabic numeral 1.

Note 2: There are three types of relationship with the trader, and the type can be indicated:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Based on general trading conditions and prices.

Note 4: The contract is based on the contract method.

Note 5: The above inter-parent-subsidiary transactions have been eliminated in the preparation of the consolidated financial statements.

GOODWAY Machine Corp. and its subsidiaries

Name of investee company, location... and other related information (excluding China investees)

January 1 to December 31, 2022

Table 7

Unit: NT\$ thousand; Number of shares: per share

| Name of Investment Company | Name of investee company               | Location       | Main Business Items                                                                                                                                                                                                                                                     | Original investment amount |                      | Held at the end of the period |         |                 | Investee companies Profit and Loss | Recognized in this issue Investment income or loss (Note) | Remark               |
|----------------------------|----------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------|-------------------------------|---------|-----------------|------------------------------------|-----------------------------------------------------------|----------------------|
|                            |                                        |                |                                                                                                                                                                                                                                                                         | End of the period          | The end of last year | Number of shares              | Ratio   | Carrying amount |                                    |                                                           |                      |
| GOODWAY Machine Corp.      | Awea Mechatronics Co., Ltd.            | Taiwan         | Design, manufacture and sales of specialized and automated equipment<br>Design, manufacture and sales of computer-controlled tooling machines<br>Manufacture and sale of precision components<br>Import and export trade of the above products, parts and raw materials | \$ 1,056,794               | \$ 1,052,298         | 47,912,311                    | 49.60%  | \$ 1,688,584    | \$ 354,143                         | \$ 167,991                                                | Subsidiaries         |
|                            | TAITEC CAYMANS, INC.                   | Cayman Islands | International Investment and International Trade                                                                                                                                                                                                                        | 392,141 (USD12,790)        | 392,141 (USD12,790)  | 12,790,000                    | 100.00% | 892,244         | 89,279                             | 91,628                                                    | Subsidiaries         |
|                            | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | Taiwan         | Machinery equipment manufacturing industry, product design industry, machinery wholesale industry, machinery apparatus retail industry                                                                                                                                  | 212,000                    | 212,000              | 3,943,200                     | 40.00%  | 158,176         | (12,140)                           | (4,829)                                                   | Subsidiaries         |
|                            | Baldwin Bio Co., Ltd.                  | Taiwan         | Machinery and equipment manufacturing, machinery and equipment retailing                                                                                                                                                                                                | 4,430                      | 4,430                | -                             | 100.00% | 11,970          | 2,700                              | 2,700                                                     | Subsidiaries         |
|                            | Wah Han Leasing Co., Ltd.              | Taiwan         | Machinery and Equipment Leasing                                                                                                                                                                                                                                         | 7,333                      | 7,333                | 666,666                       | 13.33%  | 7,905           | 4,097                              | 546                                                       | Affiliated Companies |

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## GOODWAY Machine Corp. and its subsidiaries

Name of investee company, location... and other related information (excluding China investees)

January 1 to December 31, 2022

Table 7

Unit: NT\$ thousand; Number of shares: shares

| Name of Investment Company  | Name of investee company               | Location       | Main Business Items                                                                                                                                                                                                                                                     | Original investment amount |                    | Held at the end of the period |         |                 | Investee companies Profit and Loss | Recognized in this issue Investment income or loss(Note) | Remark     |
|-----------------------------|----------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------|-------------------------------|---------|-----------------|------------------------------------|----------------------------------------------------------|------------|
|                             |                                        |                |                                                                                                                                                                                                                                                                         | End of the period          | Late last year     | Number of shares              | Ratio   | Carrying amount |                                    |                                                          |            |
| TAITEC CAYMANS, INC.        | YAMASEIKI CAYMANS, INC.                | Cayman Islands | International Investment and International Trade                                                                                                                                                                                                                        | 279,006 (USD9,100)         | 279,006 (USD9,100) | 9,100,000                     | 100.00% | 699,857         | 72,907                             | 72,907                                                   | Subsidiary |
|                             | YAMA SEIKI USA, INC.                   | United States  | Design, manufacture and sales of specialized and automated equipment<br>Design, manufacture and sales of computer-controlled tooling machines<br>Manufacture and sale of precision components<br>Import and export trade of the above products, parts and raw materials | 113,135 (USD3,690)         | 113,135 (USD3,690) | 1,460,000                     | 71.42%  | 270,068         | 22,916                             | 16,367                                                   | Subsidiary |
| Awea Mechatronics Co., Ltd. | B-Way (Cayman) CO., Ltd.               | Cayman Islands | International Investment and International Trade                                                                                                                                                                                                                        | 332,212                    | 332,212            | 10,665,029                    | 100.00% | 718,246         | 95,283                             | 95,278                                                   | Subsidiary |
|                             | YAMA SEIKI USA, INC.                   | United States  | Sales of machinery and equipment, installation of machinery and equipment, international trade                                                                                                                                                                          | 53,968                     | 53,968             | 584,192                       | 28.58%  | 101,849         | 22,916                             | 7,236                                                    | Subsidiary |
|                             | YIH CHUAN MACHINERY INDUSTRY CO., LTD. | Taiwan         | Machinery equipment manufacturing industry, product design industry, machinery wholesale industry, machinery apparatus retail industry                                                                                                                                  | 264,592                    | 264,592            | 5,914,800                     | 60.00%  | 173,920         | (12,140)                           | (7,284)                                                  | Subsidiary |

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GOODWAY Machine Corp. and its subsidiaries

Name of investee company, location... and other related information (excluding China investees)

January 1 to December 31, 2022

Table 7

Unit: NT\$ thousand; Number of shares: per share

| Name of Investment Company             | Name of investee company        | Location         | Main Business Items                              | Original investment amount |                     | Held at the end of the period |         |                 | Investee companies Profit and Loss | Recognized in this issue Investment income or loss (Note) | Remark               |
|----------------------------------------|---------------------------------|------------------|--------------------------------------------------|----------------------------|---------------------|-------------------------------|---------|-----------------|------------------------------------|-----------------------------------------------------------|----------------------|
|                                        |                                 |                  |                                                  | End of the period          | Late last year      | Number of shares              | Ratio   | Carrying amount |                                    |                                                           |                      |
| Awea Mechatronics Co., Ltd.            | ALLRICH CNC, LTD.               | Taiwan           | Machinery and equipment rental                   | 7,333                      | 7,333               | 666,667                       | 13.33%  | 8,001           | 4,097                              | 546                                                       | Affiliated Companies |
| B-Way (Cayman) CO., Ltd.               | Billion-Way (Cayman) Co.        | Cayman Islands   | International Investment and International Trade | 393,368 (USD12,830)        | 393,368 (USD12,830) | 12,829,840                    | 100.00% | 733,801         | 85,859                             | 85,859                                                    | Subsidiary           |
| YIH CHUAN MACHINERY INDUSTRY CO., LTD. | AXTRON INT'L INVESTMENT CO.,TLD | Marshall Islands | International Investment and International Trade | 200,000                    | 200,000             | 50,000                        | 100.00% | 230,394         | (7,257)                            | (7,257)                                                   | Subsidiary           |
| AXTRON INT'L INVESTMENT CO.,TLD        | AXTRON INT'L INVESTMENT LIMITED | Hong Kong        | International Investment and International Trade | 39 (HKD10)                 | 39 (HKD10)          | 10,000                        | 100.00% | 230,394         | (7,257)                            | (7,257)                                                   | Subsidiary           |

Note 1: The investment revenue or loss recognized in the current period takes into account the effect of unrealized gain or loss from intercompany transactions.

Note 2: Eliminated in the preparation of the consolidated financial statements.

GOODWAY Machine Corp. and its subsidiaries

China Investment Information

January 1 to December 31, 2022

Table 8

Unit:NTD thousand

| Mainland Invested Company Name       | Main Business Items                                                                                                      | Paid-in capital      | Investment Mode (Note 1) | Beginning of the period from Taiwan Remittance Accumulation Investment amount | Amount of investment remitted or recovered during the period |         | End of period self Taiwan Remittance Cumulative Investment Amount | Investee companies Profit and Loss | Shareholding of the Company's direct or indirect investments | This issue recognizes Investment income or loss (Note 2) | End of period investment Carrying amount | Investment income remitted for the period ended |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------|---------|-------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|------------------------------------------|-------------------------------------------------|
|                                      |                                                                                                                          |                      |                          |                                                                               | Meeting Out                                                  | Collect |                                                                   |                                    |                                                              |                                                          |                                          |                                                 |
| GOODWAY Machine Corp.(Suzhou) Co.    | Machinery and equipment sales, machinery and equipment installation and international trade                              | \$ 33,726 (USD1,100) | 2                        | \$ 33,726 (USD1,100)                                                          | \$ -                                                         | \$ -    | \$ 33,726 (USD1,100)                                              | \$ 605                             | 100.00%                                                      | \$ 605 (1)                                               | \$ 58,632                                | \$ 261,526 (CNY59,599)                          |
| GOODWAY Machine Corp.(Wujiang) Co.   | Sales of machinery and equipment, installation of machinery and equipment, international trade                           | 245,280 (USD8,000)   | 2                        | 245,280 (USD8,000)                                                            | -                                                            | -       | 245,280 (USD8,000)                                                | 71,672                             | 100.00%                                                      | 71,672 (1)                                               | 635,311                                  | 109,703 (CNY25,000)                             |
| GOODWAY Machine Corp. (Shangha)      | Machinery and equipment sales, machinery and equipment installation, business management consulting, international trade | 76,650 (USD2,500)    | 2                        | 76,466 (USD2,494)                                                             | -                                                            | -       | 76,466 (USD2,494)                                                 | 3,148                              | 100.00%                                                      | 3,667 (2)                                                | 143,541                                  | 458,016 (USD15,438)                             |
| Awea Mechatronics Co., Ltd. (Suzhou) | Sales of machinery and equipment, installation of machinery and equipment, international trade                           | 349,524 (USD11,400)  | 2                        | 318,864 (USD10,400)                                                           | -                                                            | -       | 318,864 (USD10,400)                                               | 81,807                             | 100.00%                                                      | 81,807 (1)                                               | 583,296                                  | 285,977 (USD2,306) (CNY49,580)                  |
| ATRUMP MACHINERY INC. (Jiaxing) Co.  | Sales of machinery and equipment, installation of machinery and equipment, international trade                           | 76,957 (USD2,510)    | 2                        | 76,957 (USD2,510)                                                             | -                                                            | -       | 76,957 (USD2,510)                                                 | (7,257)                            | 100.00%                                                      | (7,257) (2)                                              | 230,394                                  | -                                               |

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GOODWAY Machine Corp. and its subsidiaries

China Investment Information

January 1 to December 31, 2022

Table 8

Unit:NTD thousand

| Investment Companies                      | Cumulative remittances from Taiwan at the end of the period<br>Amount of investment in China | INVESTMENT COMMISSION,<br>MOEA,<br>Approved Investment Amount | According to the regulations of the<br>INVESTMENT COMMISSION,<br>MOEA |
|-------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|
|                                           |                                                                                              |                                                               | Net value X 60%                                                       |
| GOODWAY Machine Corp.                     | \$ 279,006 (USD9,100)                                                                        | \$ 279,006 (USD9,100)                                         | \$ 3,128,048                                                          |
| Awea Mechatronics Co., Ltd.               | 395,330 (USD12,894)                                                                          | 426,174 (USD13,900)                                           | 1,951,606                                                             |
| YIH CHUAN MACHINERY INDUSTRY<br>CO., LTD. | 76,957 (USD2,510)                                                                            | 76,957 (USD2,510)                                             | 173,278                                                               |

Note 1: Investment methods are divided into the following three categories, please indicate the type:

(1) Direct investment in Mainland China.

(2) Investment in Mainland China through a third-country company.

(3) Other methods.

Note 2: The recognition basis for investment gains and losses in the "Investment gains and losses recognized in this period" column is based on the financial statements for the same period audited by the accountant.

Note 3: The amounts in New Taiwan Dollars are converted based on the exchange rate on the balance sheet date (income and expenses are converted based on the average exchange rate).

Note 4: Significant events that occurred directly or indirectly through third-country entities with invested companies in Mainland China: please refer to Schedule 5.

GOODWAY Machine Corp. and its subsidiaries

Major Shareholders Information

December 31, 2022

Table 9

Number of shares: per share

| Name of Major Shareholders    | Shares                |                    |
|-------------------------------|-----------------------|--------------------|
|                               | Number of shares held | Shareholding ratio |
| Yang Dehua                    | 45,498,740            | 41.21%             |
| Jia Jin Investment Co., Ltd.  | 8,162,691             | 7.39%              |
| Hong Li Investment Co., Ltd.  | 7,898,700             | 7.15%              |
| Zhiyuan Investment Co., Ltd.  | 7,146,038             | 6.47%              |
| Yu En Investment Co., Ltd.    | 7,096,629             | 6.42%              |
| Zong Han Investment Co., Ltd. | 6,715,416             | 6.08%              |
| Kim Seng Investment Co., Ltd. | 6,396,277             | 5.79%              |

Note: The information on major shareholders in this table is based on the last business day of each quarter, and the total number of common shares and preferred shares held by shareholders of the Company that have been delivered without physical registration (including treasury shares) is 5% or more. The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of computation.

#### 14. Departmental Information

##### 14.1 General Information

The Group's reportable segments are strategic business units that offer different products. Since a strategic business unit requires different technologies and marketing strategies, and the Board of Directors, the Group's chief operating decision maker, evaluates the performance of each operating unit and determines the allocation of resources based on the profit or loss of each operating unit, it must be managed separately.

The Group has two reportable divisions, CNC lathe division and the processing machinery division, which are mainly engaged in the design, manufacture, and sale of industrial workhorses.

##### 14.2 Measurement of departmental information

The Group's operating decision-makers assess the performance of the operating segments based on the exclusion of investment income and loss recognized under the equity method, dividend income, gain or loss on disposal of investments, and unrealized gain or loss on financial instruments from the segment net income before income tax. Gains or losses on investments recognized under the equity method, dividend income, gains or losses on disposal of investments, and unrealized gains or losses on financial instruments are managed on a group basis and are not apportioned to operating segments. In addition, the Group does not include the amounts of assets and liabilities in the operating decision report, so the measurement of assets and liabilities of the operating segment is zero. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in Note 4 to the consolidated financial statements.

##### 14.3 The reportable segment information and reconciliation of segment profit and loss, assets, and liabilities provided to the chief operating decision-maker are as follows:

###### Year 2022

| Item                               | CNC Lathe<br>Department | Processing<br>Machinery<br>Division | Adjustment<br>and elimination | Total         |
|------------------------------------|-------------------------|-------------------------------------|-------------------------------|---------------|
| Revenue                            |                         |                                     |                               |               |
| Revenue from<br>external customers | \$ 3,243,297            | \$ 3,141,778                        | \$ -                          | \$ 6,385,075  |
| Interdepartmental<br>Revenue       | 422                     | 266,443                             | (266,865)                     | -             |
| Total revenue                      | \$ 3,243,719            | \$ 3,408,221                        | \$ (266,865)                  | \$ 6,385,075  |
| Departmental Profit<br>and Loss    | \$ 957,748              | \$ 459,787                          | \$ (284,395)                  | \$ 1,133,140  |
| Total Departmental<br>Assets       | \$ 11,384,508           | \$ 6,791,798                        | \$ (2,964,782)                | \$ 15,211,524 |
| Segment liabilities                | \$ 5,082,095            | \$ 3,423,604                        | \$ (123,260)                  | \$ 8,382,439  |

###### Year 2021

| Item                               | CNC Lathe<br>Department | Processing<br>Machinery<br>Division | Adjustment and<br>elimination | Total        |
|------------------------------------|-------------------------|-------------------------------------|-------------------------------|--------------|
| Revenue                            |                         |                                     |                               |              |
| Revenue from<br>external customers | \$ 3,028,102            | \$ 3,697,391                        | \$ -                          | \$ 6,725,493 |
| Interdepartmental<br>Revenue       | 15,407                  | 169,973                             | (185,380)                     | -            |
| Total revenue                      | \$ 3,043,509            | \$ 3,867,364                        | \$ (185,380)                  | \$ 6,725,493 |

| Item                            | CNC Lathe<br>Department | Processing<br>Machinery<br>Division | Adjustment and<br>elimination | Total         |
|---------------------------------|-------------------------|-------------------------------------|-------------------------------|---------------|
| Departmental Profit<br>and Loss | \$ 594,113              | \$ 237,800                          | \$ (171,989)                  | \$ 659,924    |
| Total Departmental<br>Assets    | \$ 9,672,481            | \$ 6,207,280                        | \$ (2,791,674)                | \$ 13,088,087 |
| Segment liabilities             | \$ 3,570,055            | \$ 3,050,792                        | \$ (105,964)                  | \$ 6,514,883  |

The Group does not allocate income tax expense (benefit) or extraordinary gain or loss to reportable segments. In addition, not all reportable segments' profit or loss includes significant non-cash items other than depreciation and amortization. The amounts reported are consistent with the reports used by the operating decision-makers.

The accounting policies of the operating segments are the same as the summary of significant accounting policies described in Note 4. The Group's operating segment profit or loss is measured at pre-tax operating profit or loss and is used as the basis for evaluating performance. The Group considers inter-segment sales and transfers as third-party transactions, which are measured at current market prices.

#### 14.4 Information on product and labor categories

| Product and Labor Name             | Year 2022    | Year 2021    |
|------------------------------------|--------------|--------------|
| CNC Lathe Manufacturing            | \$ 3,243,297 | \$ 3,028,102 |
| Processing Machinery Manufacturing | 3,141,778    | 3,697,391    |
| Total                              | \$ 6,385,075 | \$ 6,725,493 |

#### 14.5 Area-specific information

The Group's principal operating bases are located in Taiwan, China, and the United States. For the years ended December 31, 2022 and 2021, revenue from continuing operations from external customers and information on their non-current assets by region are as follows:

##### 1. Revenue from external customers (classified based on the country of the customer)

| Region        | Year 2022    | Year 2021    |
|---------------|--------------|--------------|
| Taiwan        | \$ 1,279,243 | \$ 1,479,295 |
| China         | 2,027,976    | 2,671,647    |
| United States | 514,569      | 402,196      |
| Turkey        | 732,290      | 658,092      |
| Italy         | 413,841      | 154,653      |
| Other regions | 1,417,156    | 1,359,610    |
| Total         | \$ 6,385,075 | \$ 6,725,493 |

## 2. Non-current assets

| Region        | Dec. 31, 2022 | Dec. 31, 2021 |
|---------------|---------------|---------------|
| Taiwan        | \$ 3,208,080  | \$ 3,380,996  |
| China         | 844,645       | 882,465       |
| United States | 114,322       | 126,780       |
| Total         | \$ 4,167,047  | \$ 4,390,241  |

### 14.6 Important Customer Information

For the years ended December 31, 2022, and 2021, there were no cases in which revenues from a single customer accounted for more than 10% of the consolidated net operating revenues.