

## **Dyaco International Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2022 and 2021 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Dyaco International Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Dyaco International Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Hsin Hsieh and Chao-Mei Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 11, 2022

Notice to Readers

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

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

# **DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

## **CONSOLIDATED BALANCE SHEETS** (In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash (Note 6)	\$ 967,535	9	\$ 1,212,636	10	\$ 1,541,677	12
Financial assets at fair value through profit or loss (Note 7)	8,246	-	-	-	2,446	-
Financial assets at amortized cost (Notes 9 and 37)	154,877	1	292,394	2	208,999	2
Notes receivable (Notes 10 and 27)	1,483	-	1,490	-	1,370	-
Accounts receivable (Notes 10 and 27)	1,655,415	15	1,647,028	14	2,474,866	19
Other receivables (Note 10)	27,103	-	68,090	1	49,858	-
Current tax assets (Note 29)	35,733	-	35,596	-	26,918	-
Inventories (Notes 11 and 38)	3,014,934	27	3,531,206	29	3,505,558	27
Prepayments (Note 12)	123,745	1	155,988	1	160,161	1
Other current assets	<u>25,573</u>	<u>-</u>	<u>22,631</u>	<u>-</u>	<u>18,873</u>	<u>-</u>
Total current assets	<u>6,014,644</u>	<u>53</u>	<u>6,967,059</u>	<u>57</u>	<u>7,990,726</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (Note 7)	143,814	1	139,035	1	-	-
Financial assets at fair value through other comprehensive income (Note 8)	70,696	1	58,785	1	51,089	-
Investments accounted for using the equity method (Note 14)	31,408	-	29,706	-	5,213	-
Property, plant and equipment (Notes 15, 36 and 37)	2,999,392	26	2,913,174	24	2,848,304	22
Right-of-use assets (Notes 16 and 37)	333,282	3	328,889	3	341,732	3
Investment properties (Note 17)	48,150	-	53,481	1	55,964	-
Goodwill (Notes 18 and 32)	546,027	5	528,950	4	477,588	4
Other intangible assets (Note 19)	747,432	7	742,471	6	752,784	6
Deferred income tax assets (Note 29)	395,287	4	383,136	3	387,474	3
Prepayments for equipment	3,303	-	9,533	-	11,971	-
Refundable deposits	18,900	-	19,553	-	57,695	1
Prepayments for investment	-	-	-	-	20,000	-
Other non-current assets	<u>2,507</u>	<u>-</u>	<u>2,855</u>	<u>-</u>	<u>9,211</u>	<u>-</u>
Total non-current assets	<u>5,340,198</u>	<u>47</u>	<u>5,209,568</u>	<u>43</u>	<u>5,019,025</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 11,354,842</u>	<u>100</u>	<u>\$ 12,176,627</u>	<u>100</u>	<u>\$ 13,009,751</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 37)	\$ 2,450,143	22	\$ 2,866,075	24	\$ 1,874,403	14
Financial liabilities at fair value through profit or loss (Note 7)	18,505	-	14,135	-	1,121	-
Notes payable (Note 22)	13,882	-	33,271	-	633,112	5
Accounts payable (Note 22)	864,043	8	1,338,034	11	2,016,120	16
Other payables (Notes 23 and 36)	965,520	8	650,538	5	1,707,521	13
Current income tax liabilities (Note 29)	43,672	-	27,907	-	495,687	4
Provisions (Note 24)	25,108	-	19,343	-	18,863	-
Lease liabilities (Note 16)	17,791	-	17,859	-	17,753	-
Contract liabilities (Note 27)	12,167	-	21,470	-	63,662	1
Current portion of long-term borrowings (Notes 20 and 37)	228,177	2	232,812	2	160,047	1
Other current liabilities	<u>72,144</u>	<u>1</u>	<u>76,561</u>	<u>1</u>	<u>62,330</u>	<u>-</u>
Total current liabilities	<u>4,711,152</u>	<u>41</u>	<u>5,298,005</u>	<u>43</u>	<u>7,050,619</u>	<u>54</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 21)	1,384,184	12	1,379,436	11	414,747	3
Long-term borrowings (Notes 20 and 37)	523,290	5	557,615	5	751,083	6
Deferred tax liabilities (Note 29)	418,020	4	408,402	4	434,084	4
Lease liabilities (Note 16)	31,391	-	34,620	-	42,625	-
Long-term payables (Note 23)	106,882	1	107,094	1	35,426	-
Net defined benefit liabilities (Note 25)	19,372	-	19,284	-	20,595	-
Guarantee deposits received	<u>2,809</u>	<u>-</u>	<u>2,732</u>	<u>-</u>	<u>2,634</u>	<u>-</u>
Total non-current liabilities	<u>2,485,948</u>	<u>22</u>	<u>2,509,183</u>	<u>21</u>	<u>1,701,194</u>	<u>13</u>
Total liabilities	<u>7,197,100</u>	<u>63</u>	<u>7,807,188</u>	<u>64</u>	<u>8,751,813</u>	<u>67</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)</b>						
Share capital						
Ordinary shares	1,339,822	12	1,339,822	11	1,326,523	10
Advance share capital	<u>1,325</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>7,919</u>	<u>-</u>
Total share capital	<u>1,341,147</u>	<u>12</u>	<u>1,340,222</u>	<u>11</u>	<u>1,334,442</u>	<u>10</u>
Capital surplus	<u>2,129,887</u>	<u>19</u>	<u>2,115,925</u>	<u>18</u>	<u>2,030,983</u>	<u>16</u>
Retained earnings						
Legal reserve	284,853	2	284,853	2	152,827	1
Special reserve	175,628	2	175,628	1	105,812	1
Unappropriated earnings	<u>315,724</u>	<u>3</u>	<u>676,913</u>	<u>6</u>	<u>702,049</u>	<u>5</u>
Total retained earnings	<u>776,205</u>	<u>7</u>	<u>1,137,394</u>	<u>9</u>	<u>960,688</u>	<u>7</u>
Other equity	<u>(158,855)</u>	<u>(2)</u>	<u>(238,087)</u>	<u>(2)</u>	<u>(181,144)</u>	<u>(1)</u>
Treasury shares	<u>(329,875)</u>	<u>(3)</u>	<u>(368,604)</u>	<u>(3)</u>	<u>(244,018)</u>	<u>(2)</u>
Total equity attributable to owners of the Corporation	3,758,509	33	3,986,850	33	3,900,951	30
<b>NON-CONTROLLING INTERESTS</b>	<u>399,233</u>	<u>4</u>	<u>382,589</u>	<u>3</u>	<u>356,987</u>	<u>3</u>
Total equity	<u>4,157,742</u>	<u>37</u>	<u>4,369,439</u>	<u>36</u>	<u>4,257,938</u>	<u>33</u>
<b>TOTAL</b>	<u>\$ 11,354,842</u>	<u>100</u>	<u>\$ 12,176,627</u>	<u>100</u>	<u>\$ 13,009,751</u>	<u>100</u>

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

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)	\$ 2,331,214	103	\$ 3,887,878	101
LESS: SALES RETURNS	9,850	-	13,098	-
SALES DISCOUNTS AND ALLOWANCES	<u>60,683</u>	<u>3</u>	<u>36,673</u>	<u>1</u>
NET OPERATING REVENUE	2,260,681	100	3,838,107	100
OPERATING COSTS (Notes 11 and 28)				
Cost of sales	<u>1,650,703</u>	<u>73</u>	<u>2,454,600</u>	<u>64</u>
GROSS PROFIT	<u>609,978</u>	<u>27</u>	<u>1,383,507</u>	<u>36</u>
OPERATING EXPENSES (Note 28)				
Selling and marketing	484,567	21	823,958	21
General and administrative	199,883	9	185,969	5
Research and development	25,139	1	22,323	1
Expected credit loss (Note 10)	<u>5,296</u>	<u>-</u>	<u>15,331</u>	<u>-</u>
Total operating expenses	<u>714,885</u>	<u>31</u>	<u>1,047,581</u>	<u>27</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>217</u>	<u>-</u>	<u>165</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(104,690)</u>	<u>(4)</u>	<u>336,091</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	161	-	491	-
Rental income	3,312	-	3,748	-
Other income	4,440	-	4,937	-
Foreign exchange gain, net (Note 28)	123,502	6	3,139	-
Gain (loss) on valuation of financial instruments	7,883	-	(1,268)	-
Other expenses	(2,990)	-	(83)	-
Interest expense	(19,960)	(1)	(13,967)	-
Share of profit (loss) of gain ventures accounted for using equity method	(1,635)	-	-	-
Impairment loss (Note 10)	<u>(39,500)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>75,213</u>	<u>3</u>	<u>(3,003)</u>	<u>-</u>

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# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
PROFIT (LOSS) BEFORE INCOME TAX	\$ (29,477)	(1)	\$ 333,088	9
INCOME TAX EXPENSE (Note 29)	<u>13,217</u>	<u>1</u>	<u>64,896</u>	<u>2</u>
NET PROFIT (LOSS)	<u>(42,694)</u>	<u>(2)</u>	<u>268,192</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>93,798</u>	<u>4</u>	<u>(8,619)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 51,104</u>	<u>2</u>	<u>\$ 259,573</u>	<u>7</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (43,687)	(2)	\$ 264,788	7
Non-controlling interests	<u>993</u>	<u>-</u>	<u>3,404</u>	<u>-</u>
	<u>\$ (42,694)</u>	<u>(2)</u>	<u>\$ 268,192</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 35,545	1	\$ 259,272	7
Non-controlling interests	<u>15,559</u>	<u>1</u>	<u>301</u>	<u>-</u>
	<u>\$ 51,104</u>	<u>2</u>	<u>\$ 259,573</u>	<u>7</u>
EARNINGS (LOSS) PER SHARE (Note 30)				
Basic	<u>\$ (0.34)</u>		<u>\$ 2.10</u>	
Diluted			<u>\$ 1.99</u>	

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

(Concluded)

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 26)											Total Equity
							Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	
							Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Share Capital	Advance Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
	Shares Capital											
BALANCE AT JANUARY 1, 2021	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176	\$ 356,686	\$ 4,869,862
Issuance of ordinary shares under employee share options (Note 31)	1,000	1,380	7,623	-	-	-	-	-	-	10,003	-	10,003
Changes in capital surplus from investments using the equity method	-	-	51	-	-	-	-	-	-	51	-	51
Appropriation of prior year's earnings Cash dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	(953,027)	-	-	-	(953,027)	-	(953,027)
Convertible bonds converted to ordinary shares (Note 21)	14,027	(8,488)	43,162	-	-	-	-	-	-	48,701	-	48,701
Net profit for the three months ended March 31, 2021	-	-	-	-	-	264,788	-	-	-	264,788	3,404	268,192
Other comprehensive loss for the three months ended March 31, 2021	-	-	-	-	-	-	(5,516)	-	-	(5,516)	(3,103)	(8,619)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	264,788	(5,516)	-	-	259,272	301	259,573
Treasury shares transferred to employees (Note 26)	-	-	(5,858)	-	-	-	-	-	28,633	22,775	-	22,775
BALANCE AT MARCH 31, 2021	\$ 1,326,523	\$ 7,919	\$ 2,030,983	\$ 152,827	\$ 105,812	\$ 702,049	\$ (183,984)	\$ 2,840	\$ (244,018)	\$ 3,900,951	\$ 356,987	\$ 4,257,938
BALANCE AT JANUARY 1, 2022	\$ 1,339,822	\$ 400	\$ 2,115,925	\$ 284,853	\$ 175,628	\$ 676,913	\$ (235,727)	\$ (2,360)	\$ (368,604)	\$ 3,986,850	\$ 382,589	\$ 4,369,439
Issuance of ordinary shares under employee share options (Note 31)	-	925	2,488	-	-	-	-	-	-	3,413	-	3,413
Appropriation of prior year's earnings Cash dividends to shareholder - NT\$2.50 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)	-	(317,502)
Net loss for the three months ended March 31, 2022	-	-	-	-	-	(43,687)	-	-	-	(43,687)	993	(42,694)
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	79,232	-	-	79,232	14,566	93,798
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	(43,687)	79,232	-	-	35,545	15,559	51,104
Treasury shares transferred to employees (Note 26)	-	-	11,474	-	-	-	-	-	38,729	50,203	1,085	51,288
BALANCE AT MARCH 31, 2022	\$ 1,339,822	\$ 1,325	\$ 2,129,887	\$ 284,853	\$ 175,628	\$ 315,724	\$ (156,495)	\$ (2,360)	\$ (329,875)	\$ 3,758,509	\$ 399,233	\$ 4,157,742

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

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (29,477)	\$ 333,088
Adjustments for:		
Depreciation expense	46,949	50,138
Amortization expense	18,823	21,960
Expected credit loss recognized	44,796	15,331
Interest expense	19,960	13,967
Interest income	(161)	(491)
Compensation costs of employee share options	24,497	511
Share of loss of associates	1,635	-
Gain on disposal of property, plant and equipment	(217)	(167)
Loss on disposal of intangible assets	-	2
Loss on inventories valuation and obsolescence	334	7,344
Unrealized gain on foreign currency exchange	(99,356)	(87)
Net loss (gain) on fair value changes of financial instruments at fair value through profit or loss	(8,655)	1,267
Changes in operating assets and liabilities		
Notes receivable	7	650
Accounts receivable	32,150	556,981
Other receivables	1,487	36,401
Inventories	606,844	(373,538)
Prepayments	32,243	23,224
Other current assets	(6,707)	(2,385)
Contract liabilities	(9,303)	(10,869)
Notes payable	(19,389)	(148,241)
Accounts payable	(496,688)	(419,088)
Provisions	6,128	349
Other payables	(34,990)	(222,022)
Other current liabilities	(4,417)	(1,571)
Net defined benefit liabilities	88	196
Cash generated from (used in) operations	126,581	(117,050)
Interest received	161	491
Interest paid	(16,615)	(12,491)
Income tax paid	(122)	(29,198)
Net cash generated from (used in) operating activities	110,005	(158,248)

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# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (11,760)	\$ -
Decrease (increase) in financial assets at amortized cost	137,517	(68)
Purchase of investments accounted for using the equity method	(4,000)	-
Increase in prepayment for investment	-	(20,000)
Net cash outflow on acquisition of subsidiaries (Note 33)	(7,470)	(86,520)
Payments for property, plant and equipment (Note 33)	(48,809)	(15,995)
Proceeds from disposal of property, plant and equipment	13,867	400
Decrease in refundable deposits	4,418	4,098
Payments for intangible assets (Note 33)	(3,243)	(14,245)
Decrease (increase) in other non-current assets	<u>348</u>	<u>2,707</u>
Net cash generated from (used in) investing activities	<u>80,868</u>	<u>(129,623)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) short-term borrowings	(434,547)	303,760
Repayments of long-term borrowings	(41,078)	(39,949)
Increase (decrease) in guarantee deposits received	73	(102)
Repayment of the principal portion of lease liabilities	(4,267)	(5,006)
Exercise of employee share options	3,413	9,543
Proceeds from treasury shares transferred to employees	<u>26,791</u>	<u>22,775</u>
Net cash generated from (used in) financing activities	<u>(449,615)</u>	<u>291,021</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>13,641</u>	<u>(3,797)</u>
<b>NET DECREASE IN CASH</b>	<u>(245,101)</u>	<u>(647)</u>
<b>CASH, BEGINNING OF THE PERIOD</b>	<u>1,212,636</u>	<u>1,542,324</u>
<b>CASH, END OF THE PERIOD</b>	<u>\$ 967,535</u>	<u>\$ 1,541,677</u>

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

(Concluded)

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 11, 2022.

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

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### **b. Basis of preparation**

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

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

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

##### **c. Basis of consolidation**

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

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

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

See Note 13, Tables 7 and 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Please see the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2021 except for the information below.

1) Retirement benefits

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

2) Taxation

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

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

The accounting judgments and key sources of estimation uncertainty of these consolidated financial statements are the same as the consolidated financial statements for the year ended December 31, 2021.

## 6. CASH

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Cash on hand	\$ 6,786	\$ 14,618	\$ 1,189
Checking accounts and demand deposits	<u>960,749</u>	<u>1,198,018</u>	<u>1,540,488</u>
	<u>\$ 967,535</u>	<u>\$ 1,212,636</u>	<u>\$ 1,541,677</u>

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Demand deposits	0.001%-0.35%	0.001%-0.35%	0.001%-0.35%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Convertible bonds options (Note 21)	\$ -	\$ -	\$ 2,446
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Cross-currency swap contracts	7,974	-	-
Foreign exchange forward contracts	<u>272</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,246</u>	<u>\$ -</u>	<u>\$ 2,446</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible promissory notes (Note 14)	<u>\$ 143,814</u>	<u>\$ 139,035</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities(not under hedge accounting)			
Cross-currency swap contracts	\$ -	\$ 772	\$ 1,071
Foreign exchange forward contracts	-	-	50
Convertible bonds options (Note 21)	<u>18,505</u>	<u>13,363</u>	<u>-</u>
	<u>\$ 18,505</u>	<u>\$ 14,135</u>	<u>\$ 1,121</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2022</u>			
Cross-currency swap contracts	NTD/USD	2022.08.02-2023.01.03	NTD290,327/USD10,500
Foreign exchange forward contracts	NTD/USD	2022.04.27-2022.07.26	NTD85,968/USD3,000
<u>December 31, 2021</u>			
Cross-currency swap contracts	NTD/USD	2022.08.02-2022.12.30	NTD262,788/USD9,500
<u>March 31, 2021</u>			
Cross-currency swap contracts	NTD/USD	2021.06.18-2021.10.12	NTD43,799/USD1,500
Foreign exchange forward contracts	NTD/USD	2021.06.01-2021.09.29	NTD57,063/USD2,000
Foreign exchange forward contracts	USD/RMB	2021.09.29	USD500/RMB3,300

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Domestic investments			
Listed private placement shares	\$ 11,760	\$ -	\$ -
Unlisted ordinary shares	13,290	13,290	-
Foreign investments			
Unlisted ordinary shares	<u>45,646</u>	<u>45,495</u>	<u>51,089</u>
	<u>\$ 70,696</u>	<u>\$ 58,785</u>	<u>\$ 51,089</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Restricted deposits	<u>\$ 154,877</u>	<u>\$ 292,394</u>	<u>\$ 208,999</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Restricted deposits	0.22%-0.55%	0.12%-0.29%	0.11%-0.20%

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

## 10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,483	\$ 1,490	\$ 1,370
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,483</u>	<u>\$ 1,490</u>	<u>\$ 1,370</u>

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,823,419	\$ 1,807,038	\$ 2,630,204
Less: Allowance for impairment loss	<u>168,004</u>	<u>160,010</u>	<u>155,338</u>
	<u>\$ 1,655,415</u>	<u>\$ 1,647,028</u>	<u>\$ 2,474,866</u>
<u>Other receivables</u>			
Deposit refund receivable	\$ 4,000	\$ 43,500	\$ -
Tax refund receivables	5,698	8,514	34,318
Others	<u>17,405</u>	<u>16,076</u>	<u>15,540</u>
	<u>\$ 27,103</u>	<u>\$ 68,090</u>	<u>\$ 49,858</u>
			(Concluded)

a. Notes receivable

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

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

b. Accounts receivable

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

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

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

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

### March 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-0.56%	0%-27.21%	1.84%-48.87%	12.03%-61.30%	10.00%-100%	100%	
Gross carrying amount	\$ 1,466,542	\$ 144,354	\$ 43,092	\$ 11,953	\$ 20,643	\$ 136,835	\$ 1,823,419
Loss allowance (Lifetime ECLs)	(5,049)	(3,319)	(5,677)	(2,930)	(14,194)	(136,835)	(168,004)
Amortized cost	<u>\$ 1,461,493</u>	<u>\$ 141,035</u>	<u>\$ 37,415</u>	<u>\$ 9,023</u>	<u>\$ 6,449</u>	<u>\$ -</u>	<u>\$ 1,655,415</u>

### December 31, 2021

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-0.56%	0%-27.21%	1.84%-48.87%	12.03%-61.30%	10.00%-100%	100%	
Gross carrying amount	\$ 1,500,327	\$ 105,530	\$ 29,616	\$ 23,705	\$ 13,425	\$ 134,435	\$ 1,807,038
Loss allowance (Lifetime ECLs)	(2,699)	(2,615)	(4,216)	(7,098)	(8,947)	(134,435)	(160,010)
Amortized cost	<u>\$ 1,497,628</u>	<u>\$ 102,915</u>	<u>\$ 25,400</u>	<u>\$ 16,607</u>	<u>\$ 4,478</u>	<u>\$ -</u>	<u>\$ 1,647,028</u>

### March 31, 2021

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-3.76%	0%-21.00%	1.84%-27.90%	2.57%-43.50%	5.00%-100%	100%	
Gross carrying amount	\$ 2,012,880	\$ 376,232	\$ 97,153	\$ 9,883	\$ 7,642	\$ 126,414	\$ 2,630,204
Loss allowance (Lifetime ECLs)	(2,810)	(5,441)	(14,024)	(1,954)	(4,695)	(126,414)	(155,338)
Amortized cost	<u>\$ 2,010,070</u>	<u>\$ 370,791</u>	<u>\$ 83,129</u>	<u>\$ 7,929</u>	<u>\$ 2,947</u>	<u>\$ -</u>	<u>\$ 2,474,866</u>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of March 31, 2022, accounts receivable from New Level UK Ltd. amounted to \$106,552 thousand (NT\$79,163 thousand and US\$960 thousand). Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance.

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 160,010	\$ 140,359
Add: Net remeasurement of loss allowance	5,296	15,331
Less: Amounts written off	(21)	(321)
Foreign exchange gains and losses	<u>2,719</u>	<u>(31)</u>
Ending balance	<u>\$ 168,004</u>	<u>\$ 155,338</u>

#### c. Other receivables

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



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

## 11. INVENTORIES

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials	\$ 215,762	\$ 229,361	\$ 345,981
Work in progress	174,634	319,555	251,379
Finished goods	2,163,606	2,549,890	2,553,527
Merchandise	<u>460,932</u>	<u>432,400</u>	<u>354,671</u>
	<u>\$ 3,014,934</u>	<u>\$ 3,531,206</u>	<u>\$ 3,505,558</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 1,613,912	\$ 2,422,426
Inventory write-downs	334	7,344
Warranties	<u>36,457</u>	<u>24,830</u>
	<u>\$ 1,650,703</u>	<u>\$ 2,454,600</u>

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

## 12. PREPAYMENTS

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Prepayments for goods	\$ 60,318	\$ 65,985	\$ 79,283
Prepaid expenses	37,730	51,258	43,502
Tax overpayment retained for offsetting future tax payable	19,275	32,751	27,649
Others	<u>6,422</u>	<u>5,994</u>	<u>9,727</u>
	<u>\$ 123,745</u>	<u>\$ 155,988</u>	<u>\$ 160,161</u>

### 13. SUBSIDIARIES

#### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	100	-
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	100	-
	Wing Long Co., Ltd.	Import, export and selling	100	100	100	Note 5
	Dyaco UK Ltd.	Import, export and selling	100	100	100	-
	SOLE INC.	Investment	100	100	100	-
	President Plastic Products MFG Co., Ltd.	Rental of property	100	100	100	Note 1
	Cikayda Inc.	Manufacturing and selling	100	100	-	Note 2
SOLE INC.	CITY SPORTS (THAILAND) CO., LTD	Fitness equipment selling	44	44	-	Note 3
	Neutron Ventures Ltd	Sporting goods online selling	80	80	-	Note 4
	Fitness Equipment Services LLC.	Import, export and selling	100	100	100	-
	CARDIO fitness GmbH & Co. KG	Import, export and selling	100	100	100	-
Dyaco Europe GmbH	CARDIO fitness Verwaltungs GmbH	Investment	100	100	100	-
	Fuel-Spirit International Inc.	Import, export and selling	100	100	100	-
Dyaco International Holding Limited	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	60	-
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	100	100	100	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	-
	Dyaco Canada Inc.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	-	100	100	Note 6
Neutron Ventures Ltd	Interactive Online Commerce Ltd	Investment	100	100	-	Note 4
	Neutron Ventures Poland S.p z o.o	Service industry	100	100	-	Note 4
Interactive Online Commerce Ltd	Sweatband.com Ltd	Sporting goods selling	100	100	-	Note 4

#### Remarks:

- 1) On August 12, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. As of March 31, 2022, December 31, 2021 and March 31, 2021, NT\$18,889, NT\$18,889 and NT\$27,354 thousand was not paid respectively and recognized as other payables.
- 2) In April 2021, the Corporation established Cikayda Inc. in the amount of NT\$20,000 thousand.
- 3) In November 2021, the Corporation purchased 44% equity of CITY SPORTS (THAILAND) CO., LTD for THB14,420 thousand (NT\$12,450 thousand), and according to the acquisition agreement, the Corporation obtained two out of three seats in the board of directors of CITY SPORTS (THAILAND) CO., LTD as the Corporation has control over the decision making of the relevant activities of the company; therefore, it is listed as a subsidiary. As of March 31, 2022 and December 31, 2021, NT\$1,245 and NT\$8,715 thousand was not paid respectively and recognized as other payables. For related information on business combinations, refer to Note 32.
- 4) In December 2021, the Corporation purchased 80% equity of Neutron Ventures Ltd for GBP3,258 thousand (NT\$120,790 thousand). As of March 31, 2022 and December 31, 2021, NT\$30,871 thousand was not paid and recognized as other payables. For related information on business combinations, refer to Note 32.
- 5) The Corporation acquired interests in subsidiary, Wing Long Co., Ltd., for NT\$5,000 thousand in December 2021.
- 6) Dyaco Commercial & Medical North America, LLC. has been completed liquidation and cancellation in the first quarter of 2022.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2022	December 31, 2021	March 31, 2021
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

See Table 8 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Three Months Ended March 31		March 31, 2022	December 31, 2021	March 31, 2021
	2022	2021			
Shelton Corporation (Jiaxing), Ltd.	\$ 5,897	\$ 3,404	\$ 380,665	\$ 360,781	\$ 356,987

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 1,518,360	\$ 1,738,935	\$ 1,976,201
Non-current assets	931,938	918,445	966,763
Current liabilities	(1,214,541)	(1,479,458)	(1,766,551)
Non-current liabilities	(140,436)	(136,518)	(139,737)
Equity	\$ 1,095,321	\$ 1,041,404	\$ 1,036,676
Equity attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 714,656	\$ 680,623	\$ 679,689
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	380,665	360,781	356,987
	\$ 1,095,321	\$ 1,041,404	\$ 1,036,676
	For the Three Months Ended March 31		
	2022	2021	
Revenue	\$ 692,434	\$ 1,163,693	
Net profit from continuing operations (Remark)	\$ 14,745	\$ 8,510	
Other comprehensive income for the period	34,968	(7,756)	
Total comprehensive income for the period	\$ 49,713	\$ 754	

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 8,848	\$ 5,106
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>5,897</u>	<u>3,404</u>
	<u>\$ 14,745</u>	<u>\$ 8,510</u>
Total comprehensive income attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 29,828	\$ 453
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>19,885</u>	<u>301</u>
	<u>\$ 49,713</u>	<u>\$ 754</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (28,608)	\$ (43,255)
Investing activities	(98)	(1,356)
Financing activities	<u>12,874</u>	<u>43,760</u>
Net cash inflow (outflow)	<u>\$ (15,832)</u>	<u>\$ (851)</u>
		(Concluded)

Remark: Net profit was \$18,186 thousand less amortization of \$3,441 thousand for the three months ended March 31, 2022. Net profit was \$11,928 thousand less amortization of \$3,418 thousand for the three months ended March 31, 2021.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Investments in associates	<u>\$ 31,408</u>	<u>\$ 29,706</u>	<u>\$ 5,213</u>
Associates that are not individually material			
Morsel, Inc.	\$ 22,740	\$ 25,061	\$ -
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	4,668	4,645	5,213
Hongdaxin Projection Co., Ltd.	<u>4,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 31,408</u>	<u>\$ 29,706</u>	<u>\$ 5,213</u>

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

On August 11, 2021, the board of directors resolved to invest in Morsel Inc., an intelligent fitness content production company, with a total amount of US\$6,000 thousand. The ordinary shares were acquired for US\$1,000 thousand (approximately NT\$27,750 thousand), which accounted for 11% of Morsel Inc.'s total equity; and in accordance with the investment agreement, the parent company has the right to appoint one third of the director seats and the ability to exercise significant influence over Morsel Inc. In addition, the three-year convertible promissory notes issued by Morsel Inc. were acquired for US\$5,000 thousand (approximately NT\$138,750 thousand) at an annual interest rate of 1%, which was recognized as financial assets at fair value through profit or loss and gain on fair value changes to NT\$4,779 thousand was recognized on March 31, 2022, please refer to Note 7.

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

Refer to Tables 7 and 8 for the principal places of business and countries of incorporation.

Aggregate information of associates that are not individually material

	For the Three Month Ended March 31	
	2022	2021
The Group's share of:		
Loss from continuing operations	\$ (1,635)	\$ -
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
	<u>\$ (1,635)</u>	<u>\$ -</u>

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

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,283,139	\$ 1,895,939	\$ 626,529	\$ 51,566	\$ 78,641	\$ 21,986	\$ 150,758	\$ 4,108,558
Additions	-	270	27,012	-	657	325	67,993	96,257
Disposals	-	-	(13,507)	(1,119)	(94)	-	-	(14,720)
Reclassification	-	6,621	-	-	-	-	-	6,621
Effects of foreign currency exchange differences	668	44,544	13,127	885	1,371	338	5,779	66,712
Balance at March 31, 2022	<u>1,283,807</u>	<u>1,947,374</u>	<u>653,161</u>	<u>51,332</u>	<u>80,575</u>	<u>22,649</u>	<u>224,530</u>	<u>4,263,428</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	-	663,776	420,878	33,376	65,616	11,738	-	1,195,384
Depreciation expenses	-	16,746	18,923	1,166	1,853	640	-	39,328
Disposals	-	-	(673)	(303)	(94)	-	-	(1,070)
Reclassification	-	961	-	-	-	-	-	961
Effects of foreign currency exchange differences	-	18,097	9,296	632	1,225	183	-	29,433
Balance at March 31, 2022	<u>-</u>	<u>699,580</u>	<u>448,424</u>	<u>34,871</u>	<u>68,600</u>	<u>12,561</u>	<u>-</u>	<u>1,264,036</u>
Carrying amounts at March 31, 2022	<u>\$ 1,283,807</u>	<u>\$ 1,247,794</u>	<u>\$ 204,737</u>	<u>\$ 16,461</u>	<u>\$ 11,975</u>	<u>\$ 10,088</u>	<u>\$ 224,530</u>	<u>\$ 2,999,392</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,277,444	\$ 1,911,892	\$ 790,276	\$ 49,855	\$ 74,460	\$ 24,297	\$ -	\$ 4,128,224
Additions	-	896	10,582	736	4,260	818	-	17,292
Disposals	-	-	(3,490)	(743)	(1,515)	(143)	-	(5,891)
Effects of foreign currency exchange differences	27	(4,544)	(2,006)	(118)	(1,680)	(855)	-	(9,176)
Balance at March 31, 2021	<u>1,277,471</u>	<u>1,908,244</u>	<u>795,362</u>	<u>49,730</u>	<u>75,525</u>	<u>24,117</u>	<u>-</u>	<u>4,130,449</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	-	598,857	549,088	32,511	59,623	10,548	-	1,250,627
Depreciation expenses	-	16,878	20,574	1,213	2,120	888	-	41,673
Disposals	-	-	(3,320)	(699)	(1,496)	(143)	-	(5,658)
Effects of foreign currency exchange differences	-	(2,486)	(1,332)	(79)	(298)	(302)	-	(4,497)
Balance at March 31, 2021	<u>-</u>	<u>613,249</u>	<u>565,010</u>	<u>32,946</u>	<u>59,949</u>	<u>10,991</u>	<u>-</u>	<u>1,282,145</u>
Carrying amounts at March 31, 2021	<u>\$ 1,277,471</u>	<u>\$ 1,294,995</u>	<u>\$ 230,352</u>	<u>\$ 16,784</u>	<u>\$ 15,576</u>	<u>\$ 13,126</u>	<u>\$ -</u>	<u>\$ 2,848,304</u>

(Concluded)

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

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

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 287,563	\$ 279,783	\$ 283,483
Buildings	34,657	36,423	49,380
Transportation equipment	11,062	12,683	8,812
Office equipment	<u>-</u>	<u>-</u>	<u>57</u>
	<u>\$ 333,282</u>	<u>\$ 328,889</u>	<u>\$ 341,732</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>3,486</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,598	\$ 2,076
Buildings	2,565	4,388
Transportation equipment	1,696	1,150
Office equipment	<u>-</u>	<u>19</u>
	\$ <u>6,859</u>	\$ <u>7,633</u>

b. Lease liabilities

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Carrying amounts</u>			
Current	\$ <u>17,791</u>	\$ <u>17,859</u>	\$ <u>17,753</u>
Non-current	\$ <u>31,391</u>	\$ <u>34,620</u>	\$ <u>42,625</u>

Range of discount rate for lease liabilities was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Land	5.84%	5.84%	-
Buildings	1.56%-4.90%	1.56%-4.90%	1.56%-4.90%
Transportation equipment	1.66%-4.07%	1.66%-4.07%	1.66%-2.50%
Office equipment	-	-	4.07%

c. Material lease-in activities and terms

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

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

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

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ <u>10,811</u>	\$ <u>6,476</u>
Expenses relating to low-value asset leases	\$ <u>263</u>	\$ <u>165</u>
Total cash outflow for leases	\$ <u>15,341</u>	\$ <u>11,647</u>

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

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 78,917
Reclassification	(6,621)
Effects of foreign currency exchange differences	<u>1,864</u>
Balance at March 31, 2022	<u>74,160</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	25,436
Depreciation expenses	762
Reclassification	(961)
Effects of foreign currency exchange differences	<u>773</u>
Balance at March 31, 2022	<u>26,010</u>
Carrying amount at March 31, 2022	<u>\$ 48,150</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 79,327
Effects of foreign currency exchange differences	<u>(410)</u>
Balance at March 31, 2021	<u>78,917</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 22,266
Depreciation expenses	832
Effects of foreign currency exchange differences	<u>(145)</u>
Balance at March 31, 2021	<u>22,953</u>
Carrying amount at March 31, 2021	<u>\$ 55,964</u>

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



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

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	\$ 8,059	\$ 7,530	\$ 12,515
Year 2	678	663	2,999
Year 3	678	663	668
Year 4	678	663	668
Year 5	113	663	668
Year 5 onwards	<u>-</u>	<u>276</u>	<u>779</u>
	<u>\$ 10,206</u>	<u>\$ 10,458</u>	<u>\$ 18,297</u>

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, the fair value of investment property located in Zhongshan District, Taipei City was \$23,599 thousand, \$22,363 thousand and \$27,912 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaying City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

## 18. GOODWILL

	For the Three Months Ended March 31	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 536,937	\$ 487,049
Effect of foreign currency exchange differences	<u>17,230</u>	<u>(923)</u>
Balance at March 31	<u>554,167</u>	<u>486,126</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	7,987	8,931
Effect of foreign currency exchange differences	<u>153</u>	<u>(393)</u>
Balance at March 31	<u>8,140</u>	<u>8,538</u>
Carrying amounts at March 31	<u>\$ 546,027</u>	<u>\$ 477,588</u>

For related information on business combinations, please refer to Note 32.

## 19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 86,724	\$ 78,105	\$ 94,338	\$ 7,685	\$ 288,159	\$ 631,104	\$ 996	\$ 1,187,111
Additions	3,204	-	-	-	-	-	-	3,204
Effects of foreign currency exchange differences	444	2,642	4,897	-	1,637	21,546	34	31,200
Balance at March 31, 2022	<u>90,372</u>	<u>80,747</u>	<u>99,235</u>	<u>7,685</u>	<u>289,796</u>	<u>652,650</u>	<u>1,030</u>	<u>1,221,515</u>
<b>Accumulated amortization</b>								
Balance at January 1, 2022	66,957	63,742	72,556	7,685	172,830	60,369	501	444,640
Amortization expenses	2,880	1,803	424	-	6,182	7,466	68	18,823
Effects of foreign currency exchange differences	418	2,324	4,163	-	1,467	2,229	19	10,620
Balance at March 31, 2022	<u>70,255</u>	<u>67,869</u>	<u>77,143</u>	<u>7,685</u>	<u>180,479</u>	<u>70,064</u>	<u>588</u>	<u>474,083</u>
Carrying amounts at March 31, 2022	<u>\$ 20,117</u>	<u>\$ 12,878</u>	<u>\$ 22,092</u>	<u>\$ -</u>	<u>\$ 109,317</u>	<u>\$ 582,586</u>	<u>\$ 442</u>	<u>\$ 747,432</u>
<b>Cost</b>								
Balance at January 1, 2021	\$ 87,427	\$ 84,192	\$ 97,402	\$ 7,685	\$ 214,021	\$ 649,344	\$ 1,025	\$ 1,141,096
Additions	985	-	-	-	12,797	-	-	13,782
Disposals	(6,350)	-	-	-	-	-	-	(6,350)
Effects of foreign currency exchange differences	(394)	(1,676)	1,013	-	128	1,254	2	327
Balance at March 31, 2021	<u>81,668</u>	<u>82,516</u>	<u>98,415</u>	<u>7,685</u>	<u>226,946</u>	<u>650,598</u>	<u>1,027</u>	<u>1,148,855</u>
<b>Accumulated amortization</b>								
Balance at January 1, 2021	65,490	60,602	73,267	7,685	141,511	31,749	240	380,544
Amortization expenses	2,296	1,946	424	-	9,760	7,466	68	21,960
Disposals	(6,348)	-	-	-	-	-	-	(6,348)
Effects of foreign currency exchange differences	(306)	(937)	969	-	83	106	-	(85)
Balance at March 31, 2021	<u>61,132</u>	<u>61,611</u>	<u>74,660</u>	<u>7,685</u>	<u>151,354</u>	<u>39,321</u>	<u>308</u>	<u>396,071</u>
Carrying amounts at March 31, 2021	<u>\$ 20,536</u>	<u>\$ 20,905</u>	<u>\$ 23,755</u>	<u>\$ -</u>	<u>\$ 75,592</u>	<u>\$ 611,277</u>	<u>\$ 719</u>	<u>\$ 752,784</u>

- The Group signed royalty agreements of authorization with several foreign well-known sports brands to manufacture and sell products. The discounted cost was recognized as royalty and included in intangible assets at the beginning of authorization period, and the related liability was recorded as current and non-current payables for royalties. The interest expenses were calculated by the effective interest method.
- Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

## 20. BORROWINGS

- Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured borrowings	\$ 1,016,135	\$ 1,837,515	\$ 566,646
Secured borrowings	<u>1,434,008</u>	<u>1,028,560</u>	<u>1,307,757</u>
	<u>\$ 2,450,143</u>	<u>\$ 2,866,075</u>	<u>\$ 1,874,403</u>
Range of interest rates			
Unsecured borrowings	0.98%-4.35%	0.98%-4.35%	0.68%-1.39%
Secured borrowings	1.14%-5.84%	0.85%-5.84%	1.01%-4.45%

b. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings</u>			
Mega Bank	\$ 256,150	\$ 281,500	\$ 357,550
Taishin Bank	168,750	172,500	183,750
Taiwan Cooperative Bank	168,165	170,401	177,062
Bank SinoPac	106,963	113,427	128,648
Bank of Montreal	38,261	36,627	39,829
Chang Hua Bank	<u>13,178</u>	<u>15,972</u>	<u>24,291</u>
	751,467	790,427	911,130
Less: Current portions	<u>228,177</u>	<u>232,812</u>	<u>160,047</u>
Long-term borrowings	<u>\$ 523,290</u>	<u>\$ 557,615</u>	<u>\$ 751,083</u>

- 1) Secured borrowings from Mega Bank: In 2007, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2007 to December 2022. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$7,650 thousand, \$10,200 thousand and \$17,850 thousand, respectively, at the annual borrowing interest rate were 1.65%, 1.38% and 1.38%, respectively. In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$131,000 thousand, \$143,900 thousand and \$182,600 thousand, respectively, at the annual borrowing interest rate were 1.65%, 1.40% and 1.40%, respectively. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of March 31, 2022, December 31, 2021 and March 31, 2021, the amount of borrowings were \$117,500 thousand, \$127,400 thousand and \$157,100 thousand, at the annual borrowing interest rate were 1.70%, 1.45% and 1.45%, respectively.
- 2) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$148,500 thousand, \$150,000 thousand and \$154,500 thousand, respectively, at annual borrowing interest rate were 1.23%. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$20,250 thousand, \$22,500 thousand and \$29,250 thousand, respectively, at annual borrowing interest rate were 1.23%.
- 3) Secured borrowings from Taiwan Cooperative Bank: In November 2018, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2020 to November 2038 after two years of interest payments. As of March 31, 2022, December 31, 2021 and March 31, 2021, annual borrowing interest rate were 1.20%, 1.40% and 1.40%, respectively.

- 4) Secured borrowings from Bank SinoPac: In 2009, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$22,308 thousand, \$25,385 thousand and \$31,539 thousand, respectively, at annual borrowing interest rate were 1.71%, 1.44% and 1.44%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2022. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$79,453 thousand, \$81,745 thousand and \$88,621 thousand, respectively, at annual borrowing interest rate were 1.51%, 1.26% and 1.26%, respectively. In 2016, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of March 31, 2022, December 31, 2021 and March 31, 2021, the borrowings were \$5,202 thousand, \$6,297 thousand and \$8,488 thousand, respectively, at annual borrowing interest rate were 1.60%, 1.33% and 1.33%, respectively.
- 5) Secured borrowings from Bank of Montreal: In 2016, Dyaco Canada Inc. signed a contract for borrowings, under which the principal and interest are repayable monthly from May 2016 to April 2023. As of March 31, 2022, December 31, 2021 and March 31, 2021, the annual borrowing interest rate was 4.07%.
- 6) Secured borrowings from Chang Hua Bank: In May 2008, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to May 2023. As of March 31, 2022, December 31, 2021 and March 31, 2021, the annual borrowing interest rates were 1.50%.

## 21. BONDS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
Secured domestic convertible bonds	\$ 418,632	\$ 417,656	\$ 414,747
Unsecured domestic convertible bonds	<u>965,552</u>	<u>961,780</u>	<u>-</u>
	<u>\$ 1,384,184</u>	<u>\$ 1,379,436</u>	<u>\$ 414,747</u>

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

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

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

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

January 1, 2021 to March 31, 2021, the amount of convertible bonds of NT\$49,800 thousand was reclassified to share capital at NT\$5,539 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$1,051 thousand and NT\$1,099 thousand, respectively. The capital surplus - options of NT\$44,213 thousand was recognized on the conversion date.

Proceeds from issuance (less transaction costs of \$8,352 thousand)	\$ 594,648
Equity component (less transaction costs allocated to the equity component of \$178 thousand)	(12,666)
Financial assets at fair value through profit or loss - call options	<u>1,487</u>
Liability component at the date of issue	583,469
Interest charged at an effective interest rate of 0.93%	1,936
Convertible bonds converted into ordinary shares	<u>(123,033)</u>
Liability component at December 31, 2020	462,372
Interest charged at an effective interest rate of 0.93%	3,985
Convertible bonds converted into ordinary shares	<u>(48,701)</u>
Liability component at December 31, 2021	417,656
Interest charged at an effective interest rate of 0.93%	<u>976</u>
Liability component at March 31, 2022	<u>\$ 418,632</u>

Financial assets at fair value through profit or loss - call options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$42 thousand and \$147 thousand for the three months ended March 31, 2021 and March 31, 2022, respectively.

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

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

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

The record date that the holder is entitled to sell back the convertible bond in advance is June 28, 2024. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 40-day prior written notice. The Corporation will redeem the convertible bonds based on the face value and accrued interests. The redemption amount of the bonds which have been held for full two years is 101.0% of face value.

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

Proceeds from issuance (less transaction costs of \$5,406 thousand)	\$ 994,594
Equity component (less transaction costs allocated to the equity component of \$212 thousand)	(38,988)
Financial liabilities held for trading - call and put options	<u>(1,492)</u>
Liability component at the date of issue	954,114
Interest charged at an effective interest rate of 1.57%	<u>7,666</u>
Liability component at December 31, 2021	961,780
Interest charged at an effective interest rate of 1.57%	<u>3,772</u>
Liability component at March 31, 2022	<u>\$ 965,552</u>

Financial assets at fair value through profit or loss - call and put options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$5,100 thousand for the three months ended March 31, 2022.

## 22. NOTES PAYABLE AND ACCOUNTS PAYABLE

### a. Notes payable

The Group issues notes payable for payment and business expenditure.

### b. Accounts payable

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

## 23. OTHER PAYABLE AND LONG-TERM PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Payables for dividends	\$ 317,502	\$ -	\$ 953,027
Payables for freight	211,272	143,261	241,139
Payables for salaries and bonuses	53,656	77,564	57,489
Payables for investments (Note 13)	51,005	58,475	27,354
Payables for employee benefits	45,876	44,227	44,227
Payables for advertisements	43,939	83,127	72,981
Payables for construction	37,743	-	-
Payables for royalties (Note 19)	21,418	21,245	69,272
Payables for insurance	11,178	14,019	12,843
Payables for labor costs	10,421	16,660	23,204
Payables for purchases of equipment	7,300	3,873	453
Payables for commissions	5,706	6,103	7,086
Payables for employees' compensation	5,518	5,734	19,461
Payables for annual leave	5,178	7,731	10,567
	4,929	31,797	50,269
Payables for remuneration of directors	2,000	2,000	5,055
Others	<u>130,879</u>	<u>134,722</u>	<u>113,094</u>
	<u>\$ 965,520</u>	<u>\$ 650,538</u>	<u>\$ 1,707,521</u>
<u>Non-current</u>			
Payables for royalties (Note 19)	<u>\$ 106,882</u>	<u>\$ 107,094</u>	<u>\$ 35,426</u>

## 24. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021
Warranties	<u>\$ 25,108</u>	<u>\$ 19,343</u>	<u>\$ 18,863</u>

	<b>Warranties</b>
Balance at January 1, 2022	\$ 19,343
Amount used	(31,543)
Additional provisions recognized	36,457
Effect of foreign currency exchange differences	<u>851</u>
Balance at March 31, 2022	<u>\$ 25,108</u>
Balance at January 1, 2021	\$ 18,359
Amount used	(24,481)
Additional provisions recognized	24,830
Effect of foreign currency exchange differences	<u>155</u>
Balance at March 31, 2021	<u>\$ 18,863</u>

## 25. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

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

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

### b. Defined benefit plans

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 26	\$ 26
Operating expenses	<u>66</u>	<u>66</u>
	<u>\$ 92</u>	<u>\$ 92</u>

## 26. EQUITY

### a. Share capital

#### Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>133,982</u>	<u>133,982</u>	<u>132,652</u>
Ordinary shares issued	<u>\$ 1,339,822</u>	<u>\$ 1,339,822</u>	<u>\$ 1,326,523</u>

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

### b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares	\$ 1,327,831	\$ 1,325,152	\$ 1,307,003
Conversion of bonds	613,057	613,057	613,057
Treasury share transaction	124,774	117,644	93,507
<u>May only be used to offset a deficit</u>			
Conversion of employee share options	1,460	1,460	1,460
Gain on disgorgement	140	140	-
<u>May not be used for any purpose</u>			
Conversion of bonds	47,941	47,941	8,953
Employee share options	4,678	4,869	3,166
Employee share options in subsidiaries	<u>10,006</u>	<u>5,662</u>	<u>3,837</u>
	<u>\$ 2,129,887</u>	<u>\$ 2,115,925</u>	<u>\$ 2,030,983</u>

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



The balance adjustment in capital surplus for the three months ended March 31 in 2022 and 2021 was as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Conversion of Employee Share Options	Enforce Disgorgement	Conversion of Bond-options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2022	\$ 1,325,152	\$ 613,057	\$ 117,644	\$ 1,460	\$ 140	\$ 47,941	\$ 4,869	\$ 5,662
Exercise of employee share options	2,679	-	-	-	-	-	(191)	-
Compensation costs of employee share options (Remark)	-	-	-	-	-	-	19,068	4,344
Treasury shares transferred to employees	-	-	7,130	-	-	-	(19,068)	-
Balance at March 31, 2022	<u>\$ 1,327,831</u>	<u>\$ 613,057</u>	<u>\$ 124,774</u>	<u>\$ 1,460</u>	<u>\$ 140</u>	<u>\$ 47,941</u>	<u>\$ 4,678</u>	<u>\$ 10,006</u>
Balance at January 1, 2021	\$ 1,269,348	\$ 568,844	\$ 37,685	\$ 1,460	\$ -	\$ 10,004	\$ 94,878	\$ 3,786
Convertible bond premium	-	44,213	-	-	-	(1,051)	-	-
Exercise of employee share options	37,655	-	-	-	-	-	(30,492)	-
Compensation costs of employee share options	-	-	-	-	-	-	460	51
Treasury shares transferred to employees	-	-	55,822	-	-	-	(61,680)	-
Balance at March 31, 2021	<u>\$ 1,307,003</u>	<u>\$ 613,057</u>	<u>\$ 93,507</u>	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 8,953</u>	<u>\$ 3,166</u>	<u>\$ 3,837</u>

Remark: On January 11, 2022 and August 11, 2021, the Corporation's board of directors resolved to transfer treasury shares to employees. In accordance with the actuarial report, compensation costs recognized by the Corporation were \$19,068 thousand and \$31,337 thousand, respectively. For the three months ended March 31, 2022 and 2021, the compensation costs of employees' shares recognized were \$4,344 thousand and \$511 thousand, respectively.

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings for 2021 and 2020 were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 44,149	\$ 132,026		
Special reserve	62,459	69,816		
Cash dividends	317,502	953,027	\$ 2.50	\$ 7.50

The above 2021 and 2020 appropriation for cash dividends had been resolved by the Corporation's board of directors on March 31, 2022 and March 30, 2021, respectively; the other proposed appropriations for 2020 had been resolved by the shareholders in their meeting on August 27, 2021 and the other proposed appropriations for 2021 will be resolved by the shareholders in their meeting to be held on May 27, 2022.

d. Other equity items

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

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (2,360)	\$ 2,840
Recognized for the period		
Unrealized gain (loss) on equity instruments	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ (2,360)</u>	<u>\$ 2,840</u>

e. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2022	8,013
Increase during the period	<u>(899)</u>
Number of shares at March 31, 2022	<u>7,114</u>
Number of shares at January 1, 2021	7,122
Decrease during the period	<u>(748)</u>
Number of shares at March 31, 2021	<u>6,374</u>

On September 29, 2021, the Corporation's board of directors resolved to redeem 4,000 thousand shares at \$45 to \$90 per share from September 30, 2021 to November 29, 2021. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has accumulatively redeemed 2,488 thousand shares, with total cost of \$157,086 thousand.

On January 11, 2022, August 11, 2021 and December 25, 2021, the Corporation's board of directors resolved to transfer 899 thousand, 849 thousand and 748 thousand shares of treasury shares to employees, respectively. For related information on employees' exercise of the treasury share options, refer to Note 31.

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

f. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 382,589	\$ 356,686
Adjustments relating to changes in capital surplus of granting share options to employees of subsidiaries	1,085	-
Profit for the period attributable to non-controlling interests	993	3,404
Exchange differences on translation of the financial statements of foreign entities	<u>14,566</u>	<u>(3,103)</u>
Balance at March 31	<u>\$ 399,233</u>	<u>\$ 356,987</u>

## 27. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Sporting goods	\$ 1,802,859	\$ 3,446,600
Furniture	454,192	386,632
Other revenue	<u>3,630</u>	<u>4,875</u>
	<u>\$ 2,260,681</u>	<u>\$ 3,838,107</u>

a. Contract balances

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable (Note 10)	<u>\$ 1,483</u>	<u>\$ 1,490</u>	<u>\$ 1,370</u>	<u>\$ 2,020</u>
Accounts receivable (Note 10)	<u>\$ 1,655,415</u>	<u>\$ 1,647,028</u>	<u>\$ 2,474,866</u>	<u>\$ 3,050,265</u>
Contract liabilities				
Sale of goods	<u>\$ 12,167</u>	<u>\$ 21,470</u>	<u>\$ 63,662</u>	<u>\$ 74,531</u>

b. Disaggregation of revenue

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

## 28. NET PROFIT

### a. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
Property, plant and equipment	\$ 39,328	\$ 41,673
Intangible assets	18,823	21,960
Right-of-use assets	6,859	7,633
Investment properties	<u>762</u>	<u>832</u>
	<u>\$ 65,772</u>	<u>\$ 72,098</u>
An analysis of depreciation by function		
Operating costs	\$ 24,567	\$ 25,401
Operating expenses	21,620	23,905
Non-operating income and expenses	<u>762</u>	<u>832</u>
	<u>\$ 46,949</u>	<u>\$ 50,138</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>18,823</u>	<u>21,960</u>
	<u>\$ 18,823</u>	<u>\$ 21,960</u>

### b. Other operating income and expenses

	For the Three Months Ended March 31	
	2022	2021
Gain on disposal of property, plant and equipment	\$ 217	\$ 167
Loss on disposal of intangible assets	<u>-</u>	<u>(2)</u>
	<u>\$ 217</u>	<u>\$ 165</u>

### c. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Post-employment benefits (Note 25)		
Defined contribution plan	\$ 6,077	\$ 7,614
Defined benefit plans	<u>92</u>	<u>92</u>
	<u>6,169</u>	<u>7,706</u>
Employees' compensation	232,526	245,620
Labor and national health insurance expenses	20,706	20,482
Other employee benefits	<u>7,505</u>	<u>12,355</u>
	<u>260,737</u>	<u>278,457</u>
Total employee benefits expense	<u>\$ 266,906</u>	<u>\$ 286,163</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 81,681	\$ 120,504
Operating expenses	<u>185,225</u>	<u>165,659</u>
	<u>\$ 266,906</u>	<u>\$ 286,163</u>
		(Concluded)

d. Compensation of employees and remuneration of directors

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

	<b>For the Three Months Ended March 31, 2021</b>	
	<b>Accrual Rate</b>	<b>Amount</b>
Compensation of employees	1%	\$ 3,225
Remuneration of directors	-	-

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

The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 which had been approved by the Corporation's board of directors on March 31, 2022 and March 30, 2021, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Accrual Rate</b>	<b>Amount</b>	<b>Accrual Rate</b>	<b>Amount</b>
Compensation of employees	1.00%	\$ 5,518	1.00%	\$ 16,236
Remuneration of directors	0.36%	2,000	0.31%	5,055

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

e. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 128,527	\$ 45,669
Foreign exchange losses	<u>(5,025)</u>	<u>(42,530)</u>
Net gains	<u>\$ 123,502</u>	<u>\$ 3,139</u>

f. Interest expenses

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 14,929	\$ 12,459
Interest on convertible bonds	4,748	1,076
Interest on lease liabilities	<u>283</u>	<u>432</u>
	<u>\$ 19,960</u>	<u>\$ 13,967</u>

## 29. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current period	\$ 15,121	\$ 112,632
Adjustments for prior periods	<u>9,216</u>	<u>1,337</u>
	24,337	113,969
Deferred tax		
In respect of the current period	<u>(11,120)</u>	<u>(49,073)</u>
Income tax expense recognized in profit or loss	<u>\$ 13,217</u>	<u>\$ 64,896</u>

b. Income tax assessments

The income tax returns of the Corporation, Daan Health Management Consulting Co., Ltd. and Wing Long Co., Ltd. through 2020 have been assessed by the tax authorities.

The income tax returns of subsidiaries, President Plastic Products MFG Co., Ltd. through 2019 have been assessed by the tax authorities.

### 30. EARNINGS (LOSS) PER SHARE

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

Net profit for the period is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Profit (loss) for the period attributable to owners of the Corporation	<u>\$ (43,687)</u>	<u>\$ 264,788</u>
Earnings used in the computation of basic earnings (loss) per share	\$ (43,687)	\$ 264,788
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax) and gain on financial assets at FVTPL	<u>-</u>	<u>979</u>
Earnings used in the computation of diluted earnings (loss) per share	<u>\$ (43,687)</u>	<u>\$ 265,767</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	126,768	126,154
Effect of potentially dilutive ordinary shares		
Employee share options	-	2,279
Compensation of employees	-	153
Convertible bonds	<u>-</u>	<u>4,717</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>126,768</u>	<u>133,303</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. The Group is net loss at the three months ended March 31, 2022, therefore is not dilutive and diluted earnings per share was not calculated.

### 31. SHARE-BASED PAYMENT ARRANGEMENTS

#### a. Employee share options

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

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

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

Information on employee share options is as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2022</b>		<b>2013</b>	
<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted-average Exercise Price (\$)</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted-average Exercise Price (\$)</b>
Balance at January 1	2,784	\$ 36.90	3,600	\$ 40.45
Options exercised	<u>(93)</u>	36.90	<u>(238)</u>	40.10
Balance at March 31	<u>2,691</u>		<u>3,362</u>	
Options exercisable, end of period	<u>2,691</u>		<u>2,522</u>	

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

	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
Range of exercise price (\$)	\$ 36.90	\$ 40.10
Weighted-average remaining contractual life (in years)	1.75 years	2.75 years

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

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

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

As of March 31, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$191 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$2,679 thousand was recognized on the conversion date.

As of March 31, 2021, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$30,492 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$7,163 thousand was recognized on the conversion date.

Compensation cost recognized by the corporation and subsidiaries was \$460 thousand and \$51 for the three months ended March 31, 2021, respectively.



b. Treasury shares transferred to employees

1) The second treasury shares transferred to employees

Qualified employees of the Group were granted 748 thousand treasury share options on December 25, 2020. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

<b>Employee Share Options</b>	<b>For the three Months Ended March 31, 2021</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (\$)</b>
Balance at January 1	\$ 748	\$ 30.54
Options granted	<u>(748)</u>	<u>30.54</u>
Balance at March 31	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

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

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

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

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

As of March 31, 2021, the abovementioned treasury share options was exercised by the employees, the capital surplus - employee share option of NT\$61,680 thousand was reclassified to the capital surplus - treasury shares transaction on the conversion date. The transfer price was lower than the average price of treasury shares, reducing the capital surplus - treasury shares transaction of \$5,858 thousand.

2) The third treasury shares transferred to employees

Qualified employees of the Group were granted 849 thousand treasury share options on August 11, 2021. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

<b>Employee Share Options</b>	<b>For the Year Ended December 31, 2021</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (\$)</b>
Options granted	849	\$ 29.89
Options operated	<u>(849)</u>	29.89
Balance at December 31	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

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

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

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

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

3) The fourth treasury shares transferred to employees

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

Information on treasury share options is as follows:

<b>Employee Share Options</b>	<b>For the Three months Ended March 31, 2022</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (\$)</b>
Options granted	899	\$ 29.89
Options operated	<u>(899)</u>	29.89
Balance at March 31	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

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

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

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

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

As of March 31, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$19,068 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$11,938 thousand was recognized on the conversion date.

c. Granting treasury share options to employees of subsidiaries

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

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

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

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

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

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

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

Compensation cost recognized by the subsidiaries was \$4,344 thousand for the three months ended March 31, 2022.

## 32. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
CITY SPORTS (THAILAND) CO., LTD	Fitness goods retail	November 1, 2021	44	\$ 12,450
Neutron Ventures Ltd	Sporting goods online selling	December 1, 2021	80	120,790

In order to expand the sales market of fitness equipment in Thailand, the Group acquired 44% equity of CITY SPORTS (THAILAND) CO., LTD.

In order to expand the retail market of sporting goods in the United Kingdom, the Group acquired 80% equity of Neutron Ventures Ltd.

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

	CITY SPORTS (THAILAND) CO., LTD	Neutron Ventures Ltd
Current assets		
Cash	\$ 2,721	\$ 15,608
Accounts receivable	3,248	1,704
Other receivable	996	245
Income tax assets	28	-
Inventories	25,706	116,444
Prepayment	-	8,053
Other current assets	-	2,954
Non-current assets		
Property, plant and equipment	4,340	454
Right-of-use assets	2,910	-
Other non-current assets	207	55
Current liabilities		
Short-term borrowings	(6,093)	-
Accounts payable	-	(29,466)
Other payables	(18,120)	(27,641)
Income tax liabilities	-	(4,353)
Provision	-	(3,082)
Lease liabilities	(955)	-
Other current liabilities	-	(4,147)
Non-current liabilities		
Lease liabilities	(470)	-
	<u>\$ 14,518</u>	<u>\$ 76,828</u>

The initial accounting for the acquisition was only provisionally determined at the end of the 2021. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized.

c. Non-controlling interests

The non-controlling interests of CITY SPORTS (THAILAND) CO., LTD and Neutron Ventures Ltd at the acquisition date were recognized according to the fair value of identifiable net assets.

d. Goodwill recognized on acquisitions

Acquired CITY SPORTS (THAILAND) CO., LTD

	<b>CITY SPORTS (THAILAND) CO., LTD</b>
Consideration transferred	\$ 12,450
Add: Non-controlling interests (56% in CITY SPORTS (THAILAND) CO., LTD)	8,130
Less: Fair value of identifiable net assets acquired	<u>(14,518)</u>
Goodwill recognized on acquisitions	<u>\$ 6,062</u>

Acquired Neutron Ventures Ltd

	<b>Neutron Ventures Ltd</b>
Consideration transferred	\$ 120,790
Add: Non-controlling interests (20% in Neutron Ventures Ltd)	15,366
Less: Fair value of identifiable net assets acquired	<u>(76,828)</u>
Goodwill recognized on acquisitions	<u>\$ 59,328</u>

The initial accounting for business combinations of CITY SPORTS (THAILAND) CO., LTD and Neutron Ventures Ltd was incomplete by the end of the reporting period in which the combination occurred; thus, the Group reported provisional amounts for the items for which the accounting was incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional goodwill is recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

e. Impact of acquisitions on the results of the Group

Had these business combinations been in effect at the beginning of January 1, 2021, the Group's revenue would have been \$3,995,011 thousand, and the loss would have been \$253,677 thousand for the three months ended March 31, 2021. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2021, nor is it intended to be a projection of future results.

The initial accounting for business combinations of CITY SPORTS (THAILAND) CO., LTD and Neutron Ventures Ltd was incomplete by the end of the reporting period in which the combination occurred; thus, the Group reported provisional amounts for the items for which the accounting was incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional goodwill is recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

### 33. PARTIAL CASH TRANSACTIONS

For the three months ended March 31, 2022 and 2021, the Corporation entered into the following partial cash investing and financing activities:

a. From cash investing activities

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 96,257	\$ 17,292
Changes in prepayments for purchases of equipment	(6,278)	(5,632)
Changes in payables for purchase of equipment and construction	<u>(41,170)</u>	<u>4,335</u>
Cash paid	<u>\$ 48,809</u>	<u>\$ 15,995</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 3,204	\$ 13,782
Changes in payables for royalties	39	(1,228)
Changes in prepayments for purchases of equipment	<u>-</u>	<u>1,691</u>
Cash paid	<u>\$ 3,243</u>	<u>\$ 14,245</u>
Subsidiaries acquired		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	<u>7,470</u>	<u>85,440</u>
Cash paid	<u>\$ 7,470</u>	<u>\$ 85,440</u>
Acquisition of a subsidiary that does not constitute a business		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	<u>-</u>	<u>1,080</u>
Cash paid	<u>\$ -</u>	<u>\$ 1,080</u>

b. The cash dividends approved in the board of directors were not yet distributed as of March 31, 2022. (refer to Notes 23 and 26, respectively).

c. Changes in liabilities arising from financing activities

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2022	\$ 2,866,075	\$ 1,379,436	\$ 790,427	\$ 2,732	\$ 52,479
Cash flows	(434,547)	-	(41,078)	73	(4,267)
Non-cash changes					
Interests	-	4,748	-	-	-
Exchange rate impact	18,615	-	2,118	4	970
Balance at March 31, 2022	<u>\$ 2,450,143</u>	<u>\$ 1,384,184</u>	<u>\$ 751,467</u>	<u>\$ 2,809</u>	<u>\$ 49,182</u>
Balance at January 1, 2021	\$ 1,573,781	\$ 462,372	\$ 950,550	\$ 2,737	\$ 64,271
Cash flows	303,760	-	(39,949)	(102)	(5,006)
Non-cash changes					
New leases	-	-	-	-	3,486
Decrease during the period	-	-	-	-	(260)
Equity component	-	(48,701)	-	-	-
Interests	-	1,076	-	-	432
Exchange rate impact	(3,138)	-	529	(1)	(2,545)
Balance at March 31, 2021	<u>\$ 1,874,403</u>	<u>\$ 414,747</u>	<u>\$ 911,130</u>	<u>\$ 2,634</u>	<u>\$ 60,378</u>

### 34. CAPITAL MANAGEMENT

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

### 35. FINANCIAL INSTRUMENTS

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

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

March 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,384,184	\$ -	\$ 1,376,305	\$ -	\$ 1,376,305

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,379,436	\$ -	\$ 1,380,826	\$ -	\$ 1,380,826

March 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 414,747	\$ -	\$ 418,544	\$ -	\$ 418,544

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

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

1) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 7,974	\$ -	\$ 7,974
Foreign exchange forward contracts	-	272	-	272
	\$ -	\$ 8,246	\$ -	\$ 8,246
Hybrid financial assets convertible bonds				
Convertible bonds options	\$ -	\$ -	\$ 143,814	\$ 143,814
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed private placement shares	\$ -	\$ -	\$ 11,760	\$ 11,760
Domestic unlisted shares	-	-	13,290	13,290
Foreign unlisted shares	-	-	45,646	45,646
	\$ -	\$ -	\$ 70,696	\$ 70,696
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	\$ -	\$ 18,505	\$ -	\$ 18,505



December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Hybrid financial assets convertible bonds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>139,035</u>	\$ <u>139,035</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 13,290	\$ 13,290
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>45,495</u>	<u>45,495</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>58,785</u>	\$ <u>58,785</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 772	\$ -	\$ 772
Convertible bonds option	<u>-</u>	<u>13,363</u>	<u>-</u>	<u>13,363</u>
	\$ <u>-</u>	\$ <u>14,135</u>	\$ <u>-</u>	\$ <u>14,135</u>

March 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	\$ <u>-</u>	\$ <u>2,446</u>	\$ <u>-</u>	\$ <u>2,446</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>51,089</u>	\$ <u>51,089</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 1,071	\$ -	\$ 1,071
Foreign exchange forward contracts	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
	\$ <u>-</u>	\$ <u>1,121</u>	\$ <u>-</u>	\$ <u>1,121</u>

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

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

For the three months ended March 31, 2022

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Hybrid Instruments</b>	<b>Equity Instruments</b>
<u>Financial assets</u>		
Balance at January 1, 2022	\$ 139,035	\$ 58,785
Purchases	-	11,760
Recognized in profit or loss	4,779	-
Effects of foreign currency exchange differences	<u>-</u>	<u>151</u>
Balance at December 31, 2022	<u>\$ 143,814</u>	<u>\$ 70,696</u>

For the three months ended March 31, 2021

	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>
<u>Financial assets</u>	
Balance at January 1, 2021	\$ 51,165
Effects of foreign currency exchange differences	<u>(76)</u>
Balance at December 31, 2021	<u>\$ 51,089</u>

3) Valuation techniques and assumptions applied for fair value measurement

<b>Financial Instrument</b>	<b>Valuation Technique and Inputs</b>
Listed private placement shares and unlisted shares	The fair values of non-publicly traded equity investments are mainly determined by using the income approach and asset approach. The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. The asset approach measures the total value of individual assets and individual liabilities included in the valuation objectives.
Convertible promissory notes	The probability-weighted average expected return method is used for value analysis, considering the terms of the purchase agreement and the management's expected probability and rights to future possible scenarios, to calculate the present value of the expected return for each scenario and the analysis results by weighting of scenario against associated probability.

(Continued)

<b>Financial Instrument</b>	<b>Valuation Technique and Inputs</b>
Derivative financial instruments - swap contracts and foreign exchange forward contracts	Swap contracts and foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Derivative financial instruments - put options	Binomial-tree model for convertible bond pricing:  The fair values are determined using ending observable share price, risk-free interest rate and risk discount rate.  (Concluded)

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

c. Categories of financial instruments

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 152,060	\$ 139,035	\$ 2,446
Financial assets at amortized cost (Note 1)	2,819,615	3,232,677	4,300,147
Financial assets at FVTOCI - equity instruments	70,696	58,785	51,089
<u>Financial liabilities</u>			
FVTPL			
Held for trading	18,505	14,135	1,121
Amortized cost (Note 2)	6,093,093	6,984,535	6,442,155

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

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

Sensitivity analysis

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

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

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (186,664)	\$ (223,289)	\$ 13,568	\$ 33,457
	<b>EUR Impact</b>		<b>GBP Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (10,274)	\$ (4,894)	\$ (16,183)	\$ (9,897)

b) Interest rate risk

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 154,868	\$ 292,386	\$ 208,990
Financial liabilities	3,712,213	4,385,261	2,245,509
Cash flow interest rate risk			
Financial assets	810,680	938,770	1,195,259
Financial liabilities	1,051,063	831,496	1,119,847

### Sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2022 would decrease/increase by \$150 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2021 would decrease/increase by \$47 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

## 2) Credit risk

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

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

The credit risk of the Group arises mainly from the top five customers. The accounts receivable from the above customers accounted for 66.69%, 61.36%, and 67.77% of total accounts receivable as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

## 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had available unutilized short-term bank loan facilities of \$4,365,038 thousand, \$3,516,878 thousand, and \$2,041,054 thousand, respectively.

### March 31, 2022

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 481,043	\$ 860,192	\$ 37,764	\$ -	\$ -
Variable interest rate liabilities	1.13%-4.35%	22,200	118,911	422,869	245,318	241,765
Fixed interest rate liabilities	0.98%-5.84%	877	333,081	1,801,783	1,527,290	-
Lease liabilities	1.56%-5.84%	1,743	3,076	12,936	32,783	-
		<u>\$ 505,863</u>	<u>\$ 1,315,260</u>	<u>\$ 2,275,352</u>	<u>\$ 1,805,391</u>	<u>\$ 241,765</u>

December 31, 2021

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 537,007	\$ 1,165,811	\$ 117,439	\$ -	\$ -
Variable interest rate liabilities	1.15%-4.45%	90,878	26,369	191,340	278,746	244,163
Fixed interest rate liabilities	0.85%-5.84%	574,559	529,132	1,707,855	1,521,235	-
Lease liabilities	1.56%-5.84%	<u>1,335</u>	<u>3,065</u>	<u>13,635</u>	<u>35,873</u>	<u>-</u>
		<u>\$ 1,203,779</u>	<u>\$ 1,724,377</u>	<u>\$ 2,030,269</u>	<u>\$ 1,835,854</u>	<u>\$ 244,163</u>

March 31, 2021

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 905,393	\$ 2,199,665	\$ 30,930	\$ 1,080	\$ 108
Variable interest rate liabilities	1.15%-4.45%	163,180	76,393	168,368	437,636	302,498
Fixed interest rate liabilities	0.68%-4.45%	381,131	675,394	646,407	489,429	-
Lease liabilities	1.56%-4.90%	<u>1,785</u>	<u>3,926</u>	<u>13,445</u>	<u>39,027</u>	<u>5,923</u>
		<u>\$ 1,451,489</u>	<u>\$ 2,955,378</u>	<u>\$ 859,150</u>	<u>\$ 967,172</u>	<u>\$ 308,529</u>

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

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	\$ -	\$ -	\$ 10,236	\$ -	\$ -
Foreign exchange forward contracts	<u>-</u>	<u>(107)</u>	<u>14</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ (107)</u>	<u>\$ 10,250</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Net settled</u>					
Swap contracts	\$ -	\$ (1,134)	\$ (116)	\$ -	\$ -
Foreign exchange forward contracts	<u>-</u>	<u>(135)</u>	<u>(417)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ (1,269)</u>	<u>\$ (533)</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 1,016,135	\$ 1,837,515	\$ 566,646
Amount unused	<u>2,473,725</u>	<u>1,552,000</u>	<u>1,158,375</u>
	<u>\$ 3,489,860</u>	<u>\$ 3,389,515</u>	<u>\$ 1,725,021</u>
Secured bank overdraft facilities:			
Amount used	\$ 2,185,475	\$ 1,818,987	\$ 2,218,887
Amount unused	<u>1,891,313</u>	<u>1,964,878</u>	<u>882,679</u>
	<u>\$ 4,076,789</u>	<u>\$ 3,783,865</u>	<u>\$ 3,101,566</u>

### 36. RELATED PARTY TRANSACTIONS

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

a. Related parties and relationships

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Other related parties Houli Construction Co., Ltd.	Director of the Company

b. Other payable

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other related parties Houli Construction Co., Ltd.	<u>\$ 33,700</u>	<u>\$ -</u>	<u>\$ -</u>

c. Purchase of property, plant and equipment

Related Party Category/Name	Acquisition of Property, Plant and Equipment	
	For the Three Months Ended March 31	
	2022	2021
Other related parties		
Houli Construction Co., Ltd.	\$ 32,095	\$ -

The Group signed a construction project contract with a related party and entrusted it to build a factory. The price was \$337,000 thousand, and the construction cost was paid on schedule according to the contract.

d. Compensation of key management personnel

The details of the compensation of key management personnel for the three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 33,649	\$ 26,224
Post-employment benefits	208	268
	<u>\$ 33,857</u>	<u>\$ 26,492</u>

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

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	\$ 1,989,004	\$ 1,972,402	\$ 1,742,805
Right-of-use assets	285,505	279,783	283,483
Pledge deposits - current	154,877	292,394	208,999
Inventories	145,529	168,792	95,089
Investment properties	<u>20,228</u>	<u>20,448</u>	<u>-</u>
	<u>\$ 2,595,143</u>	<u>\$ 2,733,819</u>	<u>\$ 2,330,376</u>

### 38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

### 39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of March 31, 2022, the Groups has signed a contract for the construction of the Dajia factory, and the contracted but unpaid construction cost was \$337,425 thousand.



#### 40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 105,953	28.6250 (USD:NTD)	\$ 3,032,890
USD	26,612	6.3526 (USD:RMB)	761,763
USD	3,123	1.2511 (USD:CAD)	89,404
RMB	24,105	4.5060 (RMB:NTD)	108,616
RMB	346	0.1574 (RMB:USD)	1,557
EUR	6,352	31.9200 (EUR:NTD)	202,750
EUR	91	1.1151 (EUR:USD)	2,909
EUR	12	0.8485 (EUR:GBP)	387
GBP	8,573	37.6200 (GBP:NTD)	322,508
GBP	34	1.1786 (GBP:EUR)	1,296
GBP	12	1.3142 (GBP:USD)	116
Nonmonetary items			
USD	15,798	28.6250 (USD:NTD)	452,204
USD	25,518	7.8296 (USD:HKD)	730,465
HKD	348,199	3.6560 (HKD:NTD)	1,273,016
RMB	197,300	1.2325 (RMB:HKD)	889,033
CAD	11,798	0.7993 (CAD:USD)	269,941
EUR	2,537	31.9200 (EUR:NTD)	80,992
GBP	3,213	37.6200 (GBP:NTD)	120,889
THD	13,546	0.8651 (THD:NTD)	11,719
<u>Financial liabilities</u>			
Monetary items			
USD	182	28.6250 (USD:NTD)	5,205
USD	537	1.2511 (USD:CAD)	15,381
USD	2,319	121.6532 (USD:JPY)	66,377
USD	2,229	6.3526 (USD:RMB)	63,807
RMB	73,383	4.5060 (RMB:NTD)	330,662
RMB	11,289	0.1574 (RMB:USD)	50,868
EUR	18	1.1151 (EUR:USD)	575
GBP	7	1.1786 (GBP:EUR)	254
Nonmonetary items			
GBP	3,500	37.6200 (GBP:NTD)	131,668
JPY	148,876	0.2353 (JPY:NTD)	35,030

December 31, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 140,103	27.6800 (USD:NTD)	\$ 3,878,061
USD	16,221	6.3720 (USD:RMB)	449,000
USD	2,729	1.2803 (USD:CAD)	75,527
RMB	32,151	4.3440 (RMB:NTD)	139,666
RMB	248	0.1569 (RMB:USD)	1,077
EUR	7,286	31.3200 (EUR:NTD)	228,183
EUR	10	1.1315 (EUR:USD)	308
EUR	-	0.8397 (EUR:GBP)	14
GBP	8,241	37.3000 (GBP:NTD)	307,389
GBP	51	1.1909 (GBP:EUR)	1,904
Non-monetary items			
USD	22,880	27.6800 (USD:NTD)	633,315
USD	26,907	7.7994 (USD:HKD)	744,777
HKD	302,065	3.5490 (HKD:NTD)	1,072,030
RMB	194,817	1.2240 (RMB:HKD)	846,284
CAD	12,197	0.7811 (CAD:USD)	263,719
EUR	2,649	31.3200 (EUR:NTD)	82,955
GBP	3,213	37.3000 (GBP:NTD)	119,860
THD	13,546	0.8347 (THD:NTD)	11,308
<u>Financial liabilities</u>			
Monetary items			
USD	1,527	27.6800 (USD:NTD)	42,264
USD	268	1.2803 (USD:CAD)	7,426
USD	2,120	115.0936 (USD:JPY)	58,685
USD	2,174	6.3720 (USD:RMB)	60,179
RMB	146,095	4.3440 (RMB:NTD)	634,637
RMB	16,390	0.1569 (RMB:USD)	71,198
EUR	18	1.1315 (EUR:USD)	564
GBP	5	1.1909 (GBP:EUR)	180
Non-monetary items			
GBP	3,141	37.3000 (GBP:NTD)	117,116
JPY	107,777	0.2405 (JPY:NTD)	25,920

March 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 142,334	28.5350 (USD:NTD)	\$ 4,061,491
USD	16,141	6.5688 (USD:RMB)	460,584
USD	3,326	1.2598 (USD:CAD)	94,912
RMB	71,053	4.3440 (RMB:NTD)	308,656
RMB	54	0.1522 (RMB:USD)	233
EUR	2,854	33.4800 (EUR:NTD)	95,548
EUR	42	1.1733 (EUR:USD)	1,393
EUR	46	0.8534 (EUR:GBP)	1,544
GBP	5,046	39.2300 (GBP:NTD)	197,945
Nonmonetary items			
HKD	274,260	3.6700 (HKD:NTD)	1,006,536
USD	26,664	7.7752 (USD:HKD)	760,857
USD	25,673	28.5350 (USD:NTD)	732,589
RMB	196,347	1.1837 (RMB:HKD)	852,930
CAD	11,391	0.7938 (CAD:USD)	258,013
EUR	3,221	33.4800 (EUR:NTD)	107,852
<u>Financial liabilities</u>			
Monetary items			
USD	1,611	28.5350 (USD:NTD)	45,966
USD	207	1.2598 (USD:CAD)	5,907
USD	1,214	110.7295 (USD:JPY)	34,636
USD	2,267	6.5688 (USD:RMB)	64,694
RMB	210,701	4.3440 (RMB:NTD)	915,287
RMB	14,444	0.1522 (RMB:USD)	62,745
EUR	18	1.1733 (EUR:USD)	603
Nonmonetary items			
GBP	2,267	39.2300 (GBP:NTD)	88,940
JPY	48,417	0.2577 (JPY:NTD)	12,477

For the three months ended March 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$123,502 thousand and \$3,139 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions.

#### 41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: Table 2

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):  
Table 3

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6
  - 9) Trading in derivative instruments: Notes 7 and 35
- b. Information on investees (excluding investees in mainland China): Table 7
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 9
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 9
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Intercompany relationships and significant intercompany transactions: Table 10
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 11

## 42. SEGMENT INFORMATION

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

### a. Segment revenues and results

	Asia	Americas	Europe	Eliminations	Total
Three months ended <u>March 31, 2022</u>					
Revenues from external customers	\$ 696,731	\$ 1,309,400	\$ 254,550	\$ -	\$ 2,260,681
Intersegment revenues	<u>678,377</u>	<u>11,602</u>	<u>3,314</u>	<u>(693,293)</u>	<u>-</u>
Consolidated revenues	<u>\$ 1,375,108</u>	<u>\$ 1,321,002</u>	<u>\$ 257,864</u>	<u>\$ (693,293)</u>	<u>\$ 2,260,681</u>
Segment income (loss)	<u>\$ 324,744</u>	<u>\$ (193,214)</u>	<u>\$ (38,013)</u>	<u>\$ (122,994)</u>	<u>\$ (29,477)</u>
Three months ended <u>March 31, 2021</u>					
Revenues from external customers	\$ 798,252	\$ 2,786,835	\$ 253,020	\$ -	\$ 3,838,107
Intersegment revenues	<u>2,288,828</u>	<u>810</u>	<u>8,866</u>	<u>(2,298,504)</u>	<u>-</u>
Consolidated revenues	<u>\$ 3,087,080</u>	<u>\$ 2,787,645</u>	<u>\$ 261,886</u>	<u>\$ (2,298,504)</u>	<u>\$ 3,838,107</u>
Segment income (loss)	<u>\$ 313,286</u>	<u>\$ (145,142)</u>	<u>\$ 26,405</u>	<u>\$ 138,539</u>	<u>\$ 333,088</u>

### b. Segment assets and liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Segment assets</u>			
Asia	\$ 6,950,310	\$ 7,015,920	\$ 7,244,761
Americas	3,727,081	4,450,060	5,321,869
Europe	<u>677,451</u>	<u>710,647</u>	<u>443,121</u>
Total segment assets	<u>\$ 11,354,842</u>	<u>\$ 12,176,627</u>	<u>\$ 13,009,751</u>
<u>Segment liabilities</u>			
Asia	\$ 3,220,233	\$ 3,272,642	\$ 3,707,307
Americas	3,353,673	3,905,747	4,636,379
Europe	<u>623,194</u>	<u>628,799</u>	<u>408,127</u>
Total segment liabilities	<u>\$ 7,197,100</u>	<u>\$ 7,807,188</u>	<u>\$ 8,751,813</u>

TABLE 1

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Borrowing Amount (Note 6)	Interest Rate	Nature of Financing	Business Transaction Amount (Note 3)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits	Note
													Item	Value			
0	Dyaco International Inc.	Dyaco Japan Co., Ltd.	Other receivables from related parties	Yes	\$ 37,679 (JPY 160,134 thousand)	\$ 37,679 (JPY 160,134 thousand)	\$ 37,679 (JPY 160,134 thousand)	-	Business transaction	\$ 37,851	-	\$ -	-	\$ -	\$ 89,102 (Note 2)	\$ 1,503,404 (Note 4)	
		Dyaco Europe GmbH	Other receivables from related parties	Yes	76,621 (EUR 2,400 thousand)	76,621 (EUR 2,400 thousand)	76,621 (EUR 2,400 thousand)	-	Business transaction	100,475	-	-	-	-	161,014 (Note 2)	1,503,404 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	171,617 (GBP 4,562 thousand)	171,617 (GBP 4,562 thousand)	171,617 (GBP 4,562 thousand)	-	Business transaction	162,907	-	-	-	-	275,467 (Note 2)	1,503,404 (Note 4)	
		Spirit Manufacturing Inc.	Other receivables from related parties	Yes	208,717 (US\$ 7,291 thousand)	208,717 (US\$ 7,291 thousand)	208,717 (US\$ 7,291 thousand)	-	Business transaction	1,847,460	-	-	-	-	1,409,979 (Note 2)	1,503,404 (Note 4)	
		Spirit Direct, LLC.	Other receivables from related parties	Yes	13,644 (US\$ 477 thousand)	13,644 (US\$ 477 thousand)	13,644 (US\$ 477 thousand)	-	Business transaction	16,958	-	-	-	-	23,193 (Note 2)	1,503,404 (Note 4)	
		CARDIO fitness GmbH & Co. KG	Other receivables from related parties	Yes	12,768 (EUR 400 thousand)	12,768 (EUR 400 thousand)	12,768 (EUR 400 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	1,503,404 (Note 1)	1,503,404 (Note 4)	
		CITY SPORTS (THAILAND) CO., LTD	Other receivables from related parties	Yes	25,953 (THB 30,000 thousand)	25,953 (THB 30,000 thousand)	25,953 (THB 30,000 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	751,702 (Note 1)	1,503,404 (Note 4)	
		Sweatband. Com Ltd	Other receivables from related parties	Yes	37,620 (GBP 1,000 thousand)	37,620 (GBP 1,000 thousand)	15,048 (GBP 400 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	751,702 (Note 1)	1,503,404 (Note 4)	

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

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

Note 3: The maximum financing to companies in which the parent entity directly and indirectly holds 100% voting shares is limited to net value of the lender, the maximum financing allowed to other corporations is limited to 40% of the net value of the lender.

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

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

Note 6: Eliminated from the consolidated financial statements.

**TABLE 2**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)	Note
		Name	Relationship											
0	Dyaco International Inc.	Shelton Corporation (Jiaxing), Ltd.	Indirectly held subsidiary	\$ 375,851	\$ 118,745 (US\$ 1,000 thousand and RMB 20,000 thousand)	\$ 118,745 (US\$ 1,000 thousand and RMB 20,000 thousand)	\$ 51,155 (US\$ 1,000 thousand and RMB 5,000 thousand)	\$ -	3.16	\$ 375,851	Y	-	Y	
		Fuel-Spirit International Inc.	Indirectly held subsidiary	1,879,255	42,938 (US\$ 1,500 thousand)	42,938 (US\$ 1,500 thousand)	-	-	1.14	1,879,255	Y	-	-	
		President Plastic Products MFG Co., Ltd.	Directly held subsidiary	1,879,255	30,000	30,000	29,500	-	0.80	1,879,255	Y	-	-	
		Cikayda Inc.	Directly held subsidiary	1,879,255	100,000	100,000	-	-	2.66	1,879,255	Y	-	-	
		CARDIO fitness GmbH & Co. KG	Indirectly held subsidiary	1,879,255	31,920 (EUR 1,000 thousand)	31,920 (EUR 1,000 thousand)	-	-	0.85	1,879,255	Y	-	-	
		Wing Long Co., Ltd.	Directly held subsidiary	1,879,255	10,000	10,000	-	-	0.27	1,879,255	Y	-	-	
1	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	Ultimate parent	1,879,255	770,000	770,000	300,000	770,000	20.49	1,879,255	-	Y	-	
		Cikayda Inc.	Ultimate parent is Dyaco International Inc.	1,879,255	100,000	100,000	-	100,000	2.66	1,879,255	-	-	-	

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

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

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

**TABLE 3****DYACO INTERNATIONAL INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)****MARCH 31, 2022****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	<u>Stock</u> Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	300,000	\$ 5,723	0.74	\$ 5,723	Note 1
	Firenze Cultural Exchange International Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	750,000	7,567	7.50	7,567	Note 1
	INALWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income (FVTOCI)	588,000	11,760	1.18	11,760	Note 1
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	9,558 (US\$ 345 thousand)	2.50	9,558 (US\$ 345 thousand)	Note 1
	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	31,897 (US\$ 1,152 thousand)	10.00	31,897 (US\$ 1,152 thousand)	Note 1
	<u>Convertible promissory note</u> Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	143,814 (US\$ 5,024 thousand)	-	143,814 (US\$ 5,024 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	<u>Stock</u> Bigger Fit Technology (Beijing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	-	2.50	-	Note 1
	Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	4,191 (RMB 930 thousand)	9.00	4,191 (RMB 930 thousand)	Note 1

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

Note 2: For the information on investments and associates in subsidiaries, refer to Tables 7 and 8.



**TABLE 4**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Dyaco International Inc.	New construction of Dajia factory project	2022.3.9	\$ 337,000	Unpaid until March 31, 2022	Houli Construction Co., Ltd.	Director of the Company	-	-	-	\$ -	Negotiated individually and approved by board of directors	Construction of Dajia Factory	None

Note: It is the date of the resolution of the board of directors.

**TABLE 5**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount (Note 3)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	\$ 222,892	36	Flexible	Based on mutual agreement	Flexible	\$ 979,327	51	Note 2
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	200,349	59	Flexible	Based on mutual agreement	Flexible	(328,480)	64	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	222,892	97	Flexible	Based on mutual agreement	Flexible	(1,627,374)	100	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent is Dyaco International Inc.	Sales	200,349	29	Flexible	Based on mutual agreement	Flexible	328,480	29	

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

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

Note 3: Eliminated from the consolidated financial statements.

**TABLE 6**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Receivables from Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance (Note 3)		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	\$ 979,327	75%	\$ -	-	\$ -	\$ -
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	533,025	51%	-	-	-	-
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Accounts receivable	102,624	87%	-	-	-	-
	Dyaco UK Ltd.	Directly held subsidiary	Accounts receivable	65,748	67%	-	-	-	-
	Dyaco Europe GmbH.	Directly held subsidiary	Accounts receivable	25,988	49%	-	-	-	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	328,480	166%	-	-	122,821	-
Dyaco International Inc.	Dyaco UK Ltd.	Directly held subsidiary	Other receivables	205,916	Note 1	-	-	7,852	-
	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Other receivables	645,047	Note 2	-	-	25,600	-
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Other receivables	528,767	Note 2	-	-	65,166	-
	Dyaco Europe GmbH.	Directly held subsidiary	Other receivables	116,548	Note 1	-	-	-	-
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Other receivables	5,218	Note 1	-	-	-	-

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

Note 2: Other receivables refer to product service revenue and the accounts receivable were transferred due to exceeding the credit period for a certain period of time.

Note 3: Eliminated from the consolidated financial statements.

**TABLE 7**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				March 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 7)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 1,128,018	\$ 1,128,018	290,634,628	100	\$ 1,273,016	\$ 10,063	\$ 5,413 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	358,161	358,161	-	100	80,992	(4,368)	(4,368)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	8,340	(247)	(247)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	28,404	28,404	1,020	100	(35,030)	(10,026)	(10,026)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100	7,717	(511)	(511)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	80,574	80,574	-	100	(131,668)	(12,717)	(12,717)
	SOLE INC.	America	Investment	948,631	948,631	-	100	388,009	(187,880)	(193,772) (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	258,640	258,640	1,100,000	100	260,319	773	820 (Note 4)
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100	18,693	(256)	(256)
	CITY SPORTS (THAILAND) CO., LTD	Thailand	Fitness equipment selling	12,450	12,450	176,000	44	10,435	(2,449)	(1,077)
				(THB 14,420 thousand)	(THB 14,420 thousand)			(THB 12,062 thousand)	(THB -2,869 thousand)	(THB -1,262 thousand)
	Neutron Ventures Ltd	United Kingdom	Investment	120,790	120,790	292,666	80	110,993	(17,669)	(14,135)
				(GBP 3,258 thousand)	(GBP 3,258 thousand)			(GBP 2,950 thousand)	(GBP -470 thousand)	(GBP -376 thousand)
	Morsel Inc.	America	Intelligent fitness content production company	27,750	27,750	909,090	11	22,740	(14,002)	(1,489)
				(US\$ 1,000 thousand)	(US\$ 1,000 thousand)			(US\$ 794 thousand)	(US\$ -500 thousand)	(US\$ -53 thousand)
	Hongdaxin Projection Co., Ltd.	Taiwan	Film and television industry investment	4,000	-	400,000	40	4,000	-	-
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	216,813	216,813	-	100	122,790	2,508	1,421
				(EUR 6,296 thousand)	(EUR 6,296 thousand)			(EUR 3,847 thousand)	(EUR 80 thousand)	(EUR 45 thousand) (Note 5)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977	977	-	100	897	5	5
				(EUR 29 thousand)	(EUR 29 thousand)			(EUR 28 thousand)	(EUR 1 thousand)	(EUR 1 thousand)
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262	63,262	-	100	(376,911)	(187,880)	(187,880)
				(US\$ 2,100 thousand)	(US\$ 2,100 thousand)			(US\$ -13,167 thousand)	(US\$ -6,711 thousand)	(US\$ -6,711 thousand)
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	379,727	379,727	12,400,000	100	703,465	(3,551)	(3,551)
				(US\$ 12,400 thousand)	(US\$ 12,400 thousand)			(HK\$ 199,799 thousand)	(HK\$ -990 thousand)	(HK\$ -990 thousand)
Fuel Spirit International Inc.	Spirit Manufacturing Inc.	America	Import, export and selling	265,734	265,734	1,667.50	100	297,932	(4,070)	(4,070)
				(US\$ 8,890 thousand)	(US\$ 8,890 thousand)			(US\$ 10,408 thousand)	(US\$ -145 thousand)	(US\$ -145 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752	271,752	1,000	100	269,941	(8,839)	(8,839)
				(US\$ 9,058 thousand)	(US\$ 9,058 thousand)			(US\$ 9,430 thousand)	(US\$ -316 thousand)	(US\$ -316 thousand)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				March 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 7)		
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	\$ 62,118 (US\$ 2,000 thousand)	\$ 62,118 (US\$ 2,000 thousand)	-	100	\$ (41,106) (US\$ -1,436 thousand)	\$ (8,281) (US\$ -296 thousand)	\$ (8,281) (US\$ -296 thousand)
	Dyaco Commercial & Medical North America, LLC.	America	Import, export and selling	-	6,092 (US\$ 200 thousand)	-	100	-	(75) (US\$ -3 thousand)	(75) (US\$ -3 thousand)
Neutron Ventures Ltd	Interactive Online Commerce Ltd	United Kingdom	Investment	97,577 (GBP 2,632 thousand)	97,577 (GBP 2,632 thousand)	-	100	72,104 (GBP 1,917 thousand)	(16,465) (GBP -438 thousand)	(16,465) (GBP -438 thousand)
	Neutron Ventures Poland S.p Z.o.o	Poland	Service industry	34 (PLN 5 thousand)	34 (PLN 5 thousand)	-	100	(314) (PLN -46 thousand)	(1,485) (PLN -216 thousand)	(1,485) (PLN -216 thousand)
Interactive Online Commerce Ltd	Sweatband.com Ltd	United Kingdom	Sporting Goods selling	96,564 (GBP 2,604 thousand)	96,564 (GBP 2,604 thousand)	-	100	71,902 (GBP 1,911 thousand)	(16,465) (GBP -438 thousand)	(16,465) (GBP -438 thousand)

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

Note 2: Including share of profit of \$10,063 thousand and unrealized profits of \$4,650 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$187,880 thousand minus amortization of investment premium of \$5,892 thousand.

Note 4: Including share of profit of \$773 thousand and unrealized expenses of \$47 thousand.

Note 5: Including share of profit of \$2,508 thousand minus amortization of investment premium of \$1,087 thousand.

Note 6: Dyaco Commercial & Medical North America, LLC. had been eliminated in first quarter of 2022.

Note 7: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 8

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2022
						Outward	Inward						
Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	\$ 88,780 (US\$ 3,000 thousand)	Through an investment company registered in a third region (Note 1)	\$ 88,780 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ 2,483 (HK\$ 692 thousand)	100	\$ 2,483 (HK\$ 692 thousand)	\$ 174,377 (HK\$ 47,696 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	568,888 (US\$ 18,800 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (US\$ 21,830 thousand)	18,187 (HK\$ 5,072 thousand)	60	7,416 (HK\$ 2,068 thousand) (Note 3)	714,656 (HK\$ 195,475 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(71) (RMB -16 thousand)	100	(71) (RMB -16 thousand)	3,471 (RMB 770 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	(366) (RMB -83 thousand)	40	(147) (RMB -33 thousand)	4,668 (RMB 1,036 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
\$ 748,251 (US\$ 24,830 thousand)	\$ 748,251 (US\$ 24,830 thousand)	\$ -

- Note 1: The investment company required in third region is Dyaco International Holding Limited.
- Note 2: The investees’ financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.
- Note 3: Including 60% share of profit of \$10,912 thousand minus amortization of investment premium of \$2,065 thousand, unrealized profits of \$316 thousand from upstream intercompany transactions and unrealized profits of \$1,115 thousand from side stream intercompany transactions.
- Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.
- Note 5: Reinvested RMB1,200 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.
- Note 6: According to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China announced by Ministry of Economic Affairs (MOEA), the Corporation is not subject to an upper limit due to obtaining supporting document for operation headquarters of the company issued by Industrial Development Bureau, MOEA.
- Note 7: Eliminated from the consolidated financial statements.

**TABLE 9**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Investor Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount (Note 2)	% (Note 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance (Note 2)	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ 43,506 200,349	7 59	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 102,624 (328,480)	5 64	\$ 10,269 8,818	

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

Note 2: Eliminated from the consolidated financial statements.

**TABLE 10**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)**

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
2022	0	Dyaco International Inc.	Spirit Direct, LLC.	a	Other operating revenue	\$ 2,955	-	-
					Accounts receivable from related parties	12,201	-	-
					Other receivables from related parties	16,743	-	-
					Investments accounted for using the equity method	593	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	4,292	-	-
					Other payables to related parties	16	-	-
					Other operating revenue	511	-	-
					Sales	2,720	-	-
			Dyaco Japan Co., Ltd.	a	Other operating revenue	130	-	-
					Accounts receivable from related parties	18,490	-	-
					Other receivables from related parties	48,810	-	-
					Investments accounted for using the equity method	5,436	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Sales	43,380	-	2
					Other operating revenue	126	-	-
					Accounts receivable from related parties	102,624	-	1
					Other receivables from related parties	5,220	-	-
			Spirit Manufacturing Inc.	a	Investments accounted for using the equity method	10,269	-	-
					Sales	73,614	-	3
					Other operating revenue	6,984	-	-
					Accounts receivable from related parties	533,025	-	5
			Dyaco Canada Inc.	a	Other receivables from related parties	528,767	-	5
					Investments accounted for using the equity method	100,478	-	1
					Sales	75,950	-	3
					Other operating revenue	168	-	-
			Dyaco Europe GmbH	a	Accounts receivable from related parties	64,759	-	1
					Investments accounted for using the equity method	25,505	-	-
					Sales	4,842	-	-
					Other operating revenue	360	-	-
			Daan Health Management Consulting Co., Ltd. Wing Long Co., Ltd.	a	Accounts receivable from related parties	25,989	-	-
					Other receivables from related parties	116,548	-	1
					Investments accounted for using the equity method	21,354	-	-
					Rental revenue	6	-	-
			Wing Long Co., Ltd.	a	Other receivable from related parties	439	-	-
					Other payables to related parties	548	-	-
					Other expenses	220	-	-

(Continued)



Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			Dyaco UK Ltd.	a	Sales	\$ 12,558	-	1
					Accounts receivable from related parties	66,364	-	1
					Other receivables from related parties	205,916	-	2
					Investments accounted for using the equity method	20,523	-	-
			Shelton Corporation (Jiaxing), Ltd.	a	Cost of goods sold	198,737	-	9
					Accounts payable to related parties	328,480	-	3
					Other receivables from related parties	2	-	-
					Other expenses	1,613	-	-
					Inventories	316	-	-
			CARDIO fitness GmbH&Co.KG	a	Accounts receivable from related parties	19,656	-	-
					Other receivables from related parties	47,425	-	-
					Sales	4,253	-	-
					Investments accounted for using the equity method	4,857	-	-
			SOLE INC.	a	Other receivables from related parties	264	-	-
			Fitness Equipment Services, LLC.	a	Accounts receivable from related parties	979,327	-	9
					Other receivables from related parties	645,047	-	6
					Sales	222,892	-	10
					Investments accounted for using the equity method	210,295	-	2
			President Plastic Products MFG Co., Ltd.	a	Refundable deposits	900	-	-
					Other receivables from related parties	900	-	-
					Lease liabilities	29,815	-	-
					Right-of-use asset	29,666	-	-
					Interest expense	102	-	-
					Depreciation	802	-	-
					Investments accounted for using the equity method	102	-	-
			Cikayda Inc.	a	Other receivables from related parties	285	-	-
					Rental revenue	105	-	-
					Other expense	238	-	-
			CITY SPORTS (THAILAND) CO., LTD	a	Sales	771	-	-
					Other operating revenue	154	-	-
					Accounts receivable from related parties	961	-	-
					Other receivables from related parties	26,110	-	-
					Investments accounted for using the equity method	68	-	-
			Sweatband.com Ltd	a	Other receivables from related parties	15,048	-	-
	1	Spirit Direct, LLC.	Dyaco International Inc.	b	Accounts payable to related parties	25,767	-	-
					Other payables to related parties	3,177	-	-
					Inventories	593	-	-
					Cost of goods sold	2,955	-	-
			Spirit Manufacturing Inc.	c	Other payables to related parties	16,425	-	-
					Accounts payable to related parties	34,064	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	2	Fuel-Spirit International Inc.	Dyaco International Inc.  Spirit Manufacturing Inc. Dyaco Canada Inc.  Shelton Corporation (Jiaxing), Ltd.	b  c c c	Accounts payable to related parties Accounts receivable from related parties Other operating costs Accounts receivable from related parties Other operating revenue Accounts receivable from related parties Cost of goods sold Accounts payable to related parties	\$ 4,292 16 511 94,462 4,625 4,729 29,743 50,003	- - - - - - - -	- - - 1 - - 1 1
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold Other expenses Accounts payable to related parties Inventories	2,834 16 67,300 5,436	- - - -	- - 1 -
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.  Shelton Corporation (Jiaxing), Ltd.  Dyaco Health Technology (Beijing) Co., Ltd.	b  c c	Cost of goods sold Accounts payable to related parties Inventories Cost of goods sold Accounts payable to related parties Inventories Accounts receivable from related parties Other receivables from related parties	43,506 107,844 10,269 7,086 16,461 1,115 121 92	- - - - - - - -	2 1 - - - - - -
	5	Spirit Manufacturing Inc.	Dyaco International Inc.  Spirit Direct, LLC.  Dyaco Canada Inc. Fuel-Spirit International Inc. Fitness Equipment Services, LLC.	b  c c c c	Cost of goods sold Accounts payable to related parties Other payable to related parties Inventories Accounts receivable from related parties Other receivables from related parties Sales Sales Accounts payable to related parties Sales Other receivables from related parties Accounts payable to related parties	80,598 1,038,892 22,900 100,478 34,064 16,425 14,493 6,239 94,462 5,363 50,582 58,767	- - - - - - - - - - - -	4 9 1 - - - - - 1 - - 1
	6	Dyaco Canada Inc.	Dyaco International Inc.  Fuel-Spirit International Inc.  Spirit Manufacturing Inc.	b  c c	Cost of goods sold Accounts payable to related parties Inventories Other expenses Other payables to related parties Cost of goods sold	76,118 64,759 25,505 4,625 4,729 6,239	- - - - - -	3 1 - - - -

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	7	Dyaco Europe GmbH	Dyaco International Inc.  CARDIO fitness GmbH&Co.KG  Dyaco UK Ltd. Sweatband.com Ltd	b  c  c c	Cost of goods sold Accounts payable to related parties Inventories Other operating revenue Cost of goods sold Other expenses Accounts receivable from related parties Accounts receivable from related parties Accounts receivable from related parties	\$ 5,202 142,537 21,354 177 788 123 9,167 1 820	- - - - - - - - -	- 1 - - - - - - -
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	6	-	-
	9	CARDIO fitness GmbH&Co.KG	Dyaco International Inc.  Dyaco Europe GmbH	b  c	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories Cost of goods sold Sales Other expenses Accounts payable to related parties	54,313 12,768 4,253 4,857 123 788 177 9,167	- - - - - - - -	- - - - - - - -
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties Accounts receivable from related parties Sales	439 548 220	- - -	- - -
	11	Dyaco UK Ltd.	Dyaco International Inc.  Dyaco Europe GmbH Sweatband.com Ltd	b  c b	Cost of goods sold Accounts payable to related parties Inventories Accounts payable to related parties Accounts receivable from related parties	12,558 272,280 20,523 1 667	- - - - -	1 2 - - -
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.  Fuel-Spirit International Inc.  Dyaco (Shanghai) Trading Co., Ltd.	b  c c	Sales Accounts receivable from related parties Other payable to related parties Cost of goods sold Sales Accounts receivable from related parties Accounts receivable from related parties Sales Cost of goods sold	200,350 328,480 2 316 29,743 50,003 16,461 7,086 1,115	- - - - - - - - -	9 3 - - 1 - - - -
	13	Dyaco Health Technology (Beijing) Co., Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other payables to related parties	213	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	14	Fitness Equipment Services, LLC.	Spirit Manufacturing Inc.  Dyaco International Inc.  SOLE INC.	c  b  c	Cost of goods sold Accounts payable to related parties Accounts receivable from related parties Accounts payable to related parties Inventories Cost of goods sold Other receivables from related parties	\$ 5,363 50,582 58,767 1,624,374 210,295 222,892 8,931	- - - - - - -	- - 1 14 2 10 -
	15	SOLE INC.	Dyaco International Inc. Fitness Equipment Services, LLC	c c	Other payables to related parties Other payables to related parties	264 8,931	- -	- -
	16	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	b	Guarantee deposits received Other payables to related parties Rental revenue	900 900 857	- - -	- - -
	17	Cikayda Inc.	Dyaco International Inc.	b	Other payables to related parties Rental expenses Labor revenue	285 105 238	- - -	- - -
	18	CITY SPORTS (THAILAND) CO., LTD	Dyaco International Inc.	b	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories	961 26,110 925 68	- - - -	- 1 - -
	19	Neutron Ventures Ltd	Interactive Online Commerce Ltd Sweatband.com Ltd	c c	Other payables to related parties Other receivables from related parties	91,786 83,649	- -	1 1
	20	Interactive Online Commerce Ltd	Neutron Ventures Ltd Sweatband.com Ltd	c c	Other receivables from related parties Other payables to related parties	91,786 91,584	- -	1 1
	21	Neutron Ventures Poland S.p Z.o.o	Sweatband.com Ltd	c	Other payables to related parties Other receivables from related parties Sales	771 1,301 2,527	- - -	- - -
	22	Sweatband.com Ltd	Dyaco International Inc. Dyaco Europe GmbH Dyaco UK Ltd. Neutron Ventures Ltd Interactive Online Commerce Ltd  Neutron Ventures Poland S.p Z.o.o	b c c c c  c	Other payables to related parties Accounts payable to related parties Accounts payable to related parties Other payables to related parties Other receivables from related parties Other expenses Other payables to related parties Other receivables from related parties Other expenses	15,048 820 667 83,649 91,584 802 1,301 771 2,527	- - - - - - - - -	- - - 1 1 - - - -

(Continued)

Note 1: Companies are numbered as follows:

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

Note 2: The flow of transactions is as follows:

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

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

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

Note 5: Eliminated from the consolidated financial statements.

(Concluded)

**TABLE 11****DYACO INTERNATIONAL INC.****INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,038,283	7.48
Guang-Ying Limited	9,796,727	7.30
Chuan-Feng Investment Corporation	8,111,882	6.04
Dyaco International Inc.	7,114,000	5.30
Ho, I-Hsing Investment Corporation	6,865,725	5.11

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