

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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 Wan-I Liao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 10, 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 accepted and applied in the Republic of China.*

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

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

	September 30, 2022 (Reviewed)		December 31, 2021 (Audited) (Retrospectively Adjusted and Reviewed) (Note 32)		September 30, 2021 (Retrospectively Adjusted and Reviewed) (Note 32)	
ASSETS	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash (Note 6)	\$ 746,784	7	\$ 1,212,636	10	\$ 938,206	8
Financial assets at fair value through profit or loss (Note 7)	34,733	-	-	-	156	-
Financial assets at amortized cost (Notes 9 and 37)	157,829	2	292,394	2	237,694	2
Notes receivable (Notes 10 and 27)	872	-	1,490	-	1,006	-
Accounts receivable (Notes 10 and 27)	1,162,631	11	1,647,028	14	2,023,362	16
Other receivables (Note 10)	31,610	-	68,090	1	28,912	-
Current tax assets	7,996	-	35,596	-	57,715	1
Inventories (Notes 11 and 37)	2,967,231	27	3,531,206	29	3,660,768	30
Prepayments (Note 12)	135,491	1	155,988	1	161,349	1
Other current assets	10,170	-	22,631	-	21,312	-
Total current assets	<u>5,255,347</u>	<u>48</u>	<u>6,967,059</u>	<u>57</u>	<u>7,130,480</u>	<u>58</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (Note 7)	159,514	2	139,035	1	138,750	1
Financial assets at fair value through other comprehensive income (Note 8)	70,665	1	58,785	1	63,900	1
Financial assets at amortized cost- non-current (Note 9)	31,750	-	-	-	-	-
Investments accounted for using the equity method (Note 14)	21,792	-	29,527	-	31,019	-
Property, plant and equipment (Notes 15 and 37)	3,059,995	28	2,923,838	24	2,831,128	23
Right-of-use assets (Notes 16 and 37)	318,270	3	328,889	3	330,816	3
Investment properties (Notes 17 and 37)	38,220	-	53,481	-	54,006	-
Goodwill (Notes 18 and 32)	545,281	5	493,455	4	466,375	4
Other intangible assets (Note 19)	826,270	8	791,645	7	762,128	6
Deferred income tax assets	462,375	4	383,136	3	402,410	3
Prepayments for equipment	5,042	-	9,533	-	9,229	-
Refundable deposits	39,350	1	19,553	-	61,235	1
Prepayments for investments (Note 13)	28,000	-	-	-	-	-
Other non-current assets	1,792	-	2,855	-	4,594	-
Total non-current assets	<u>5,608,316</u>	<u>52</u>	<u>5,233,732</u>	<u>43</u>	<u>5,155,590</u>	<u>42</u>
<b>TOTAL</b>	<u>\$ 10,863,663</u>	<u>100</u>	<u>\$ 12,200,791</u>	<u>100</u>	<u>\$ 12,286,070</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 37)	\$ 2,180,186	20	\$ 2,866,075	24	\$ 2,820,225	23
Financial liabilities at fair value through profit or loss (Note 7)	27,905	-	14,135	-	9,465	-
Notes payable (Note 22)	16,962	-	33,271	-	49,521	1
Accounts payable (Note 22)	782,053	7	1,338,034	11	1,539,456	13
Other payables (Note 23)	459,170	4	649,170	5	399,183	3
Other payables - related parties (Note 36)	2,536	-	-	-	-	-
Current income tax liabilities	20,253	-	29,628	-	36,823	-
Provisions (Note 24)	21,394	-	19,343	-	19,280	-
Lease liabilities (Note 16)	16,930	-	17,859	-	17,511	-
Contract liabilities (Note 27)	30,021	-	21,470	-	32,418	-
Current portion of long-term borrowings (Notes 20 and 37)	250,617	3	232,812	2	160,168	1
Current portion of bonds payable (Note 21)	1,393,735	13	-	-	-	-
Other current liabilities	39,443	1	76,561	1	70,356	1
Total current liabilities	<u>5,241,205</u>	<u>48</u>	<u>5,298,358</u>	<u>43</u>	<u>5,154,406</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 21)	-	-	1,379,436	11	1,374,706	11
Long-term borrowings (Notes 20 and 37)	821,364	8	557,615	5	669,715	6
Deferred tax liabilities (Note 29)	498,633	5	420,369	4	430,949	4
Lease liabilities (Note 16)	23,567	-	34,620	-	38,835	-
Long-term payable (Note 23)	94,920	1	107,094	1	117,541	1
Net defined benefit liabilities (Note 25)	19,475	-	19,284	-	20,550	-
Guarantee deposits received	2,912	-	2,732	-	2,628	-
Total non-current liabilities	<u>1,460,871</u>	<u>14</u>	<u>2,521,150</u>	<u>21</u>	<u>2,654,924</u>	<u>22</u>
Total liabilities	<u>6,702,076</u>	<u>62</u>	<u>7,819,508</u>	<u>64</u>	<u>7,809,330</u>	<u>64</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)</b>						
Share capital						
Ordinary shares	1,341,147	12	1,339,822	11	1,339,822	11
Advance share capital	-	-	400	-	-	-
Total share capital	<u>1,341,147</u>	<u>12</u>	<u>1,340,222</u>	<u>11</u>	<u>1,339,822</u>	<u>11</u>
Capital surplus	<u>2,138,575</u>	<u>20</u>	<u>2,115,925</u>	<u>18</u>	<u>2,111,368</u>	<u>17</u>
Retained earnings						
Legal reserve	329,002	3	284,853	2	284,853	2
Special reserve	238,087	2	175,628	1	175,628	2
Unappropriated earnings	<u>223,562</u>	<u>2</u>	<u>676,407</u>	<u>6</u>	<u>661,743</u>	<u>5</u>
Total retained earnings	<u>790,651</u>	<u>7</u>	<u>1,136,888</u>	<u>9</u>	<u>1,122,224</u>	<u>9</u>
Other equity	<u>(68,998)</u>	<u>-</u>	<u>(238,081)</u>	<u>(2)</u>	<u>(227,021)</u>	<u>(2)</u>
Treasury shares	<u>(426,290)</u>	<u>(4)</u>	<u>(368,604)</u>	<u>(3)</u>	<u>(211,518)</u>	<u>(2)</u>
Total equity attributable to owners of the Corporation	3,775,085	35	3,986,350	33	4,134,875	33
<b>NON-CONTROLLING INTERESTS (Notes 13 and 26)</b>	<u>386,502</u>	<u>3</u>	<u>394,933</u>	<u>3</u>	<u>341,865</u>	<u>3</u>
Total equity	<u>4,161,587</u>	<u>38</u>	<u>4,381,283</u>	<u>36</u>	<u>4,476,740</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 10,863,663</u>	<u>100</u>	<u>\$ 12,200,791</u>	<u>100</u>	<u>\$ 12,286,070</u>	<u>100</u>

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

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021 (Retrospectively Adjusted) (Note 32)		2022		2021 (Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 27)	\$ 1,415,882	102	\$ 2,488,826	102	\$ 5,157,798	103	\$ 9,179,517	101
LESS: SALES RETURNS	3,357	-	13,433	-	20,476	1	37,286	-
SALES DISCOUNTS AND ALLOWANCES	<u>26,128</u>	<u>2</u>	<u>39,132</u>	<u>2</u>	<u>110,967</u>	<u>2</u>	<u>93,683</u>	<u>1</u>
NET OPERATING REVENUE	1,386,397	100	2,436,261	100	5,026,355	100	9,048,548	100
OPERATING COSTS (Notes 11 and 28)								
Cost of sales	<u>979,735</u>	<u>71</u>	<u>1,615,886</u>	<u>66</u>	<u>3,677,055</u>	<u>73</u>	<u>5,900,540</u>	<u>65</u>
GROSS PROFIT	<u>406,662</u>	<u>29</u>	<u>820,375</u>	<u>34</u>	<u>1,349,300</u>	<u>27</u>	<u>3,148,008</u>	<u>35</u>
OPERATING EXPENSES (Note 28)								
Selling and marketing	320,327	23	417,103	17	1,144,127	23	1,802,140	20
General and administrative	190,698	14	183,191	8	581,525	11	545,810	6
Research and development	22,870	1	25,098	1	67,700	1	69,092	1
Expected credit loss (Note 10)	<u>15,413</u>	<u>1</u>	<u>8,179</u>	<u>-</u>	<u>36,825</u>	<u>1</u>	<u>19,917</u>	<u>-</u>
Total operating expenses	<u>549,308</u>	<u>39</u>	<u>633,571</u>	<u>26</u>	<u>1,830,177</u>	<u>36</u>	<u>2,436,959</u>	<u>27</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>(28,248)</u>	<u>(2)</u>	<u>(164)</u>	<u>-</u>	<u>(28,087)</u>	<u>(1)</u>	<u>(2,026)</u>	<u>-</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(170,894)</u>	<u>(12)</u>	<u>186,640</u>	<u>8</u>	<u>(508,964)</u>	<u>(10)</u>	<u>709,023</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	307	-	192	-	746	-	1,130	-
Rental income	3,410	-	4,381	-	10,453	-	12,253	-
Other income	4,648	-	4,986	-	32,134	-	12,254	-
Foreign exchange gain or loss, net (Note 28)	236,636	17	(13,037)	(1)	496,864	10	(133,160)	(1)
Other expenses	-	-	(2,703)	-	(4,357)	-	(2,962)	-
Gain (loss) on valuation of financial instruments	23,446	2	(10,107)	-	40,070	1	(10,410)	-
Interest expense (Note 28)	(22,306)	(2)	(19,629)	(1)	(62,589)	(1)	(48,441)	(1)
Impairment loss (Note 10)	-	-	-	-	(39,500)	(1)	-	-
Share of loss of associates (Note 14)	<u>(3,626)</u>	<u>-</u>	<u>(1,271)</u>	<u>-</u>	<u>(7,940)</u>	<u>-</u>	<u>(1,909)</u>	<u>-</u>
Total non-operating income and expenses	<u>242,515</u>	<u>17</u>	<u>(37,188)</u>	<u>(2)</u>	<u>465,881</u>	<u>9</u>	<u>(171,245)</u>	<u>(2)</u>
(LOSS) PROFIT BEFORE INCOME TAX	71,621	5	149,452	6	(43,083)	(1)	537,778	6
INCOME TAX EXPENSE (Note 29)	<u>1,078</u>	<u>-</u>	<u>41,820</u>	<u>2</u>	<u>1,303</u>	<u>-</u>	<u>121,053</u>	<u>1</u>
NET (LOSS) PROFIT	<u>70,543</u>	<u>5</u>	<u>107,632</u>	<u>4</u>	<u>(44,386)</u>	<u>(1)</u>	<u>416,725</u>	<u>5</u>

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# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021 (Retrospectively Adjusted) (Note 32)		2022		2021 (Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 62,787	5	\$ (8,477)	-	\$ 173,045	4	\$ (56,615)	(1)
Total Other comprehensive income	62,787	5	(8,477)	-	173,045	4	(56,615)	(1)
TOTAL COMPREHENSIVE INCOME	<u>\$ 133,330</u>	<u>10</u>	<u>\$ 99,155</u>	<u>4</u>	<u>\$ 128,659</u>	<u>3</u>	<u>\$ 360,110</u>	<u>4</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 76,690	5	\$ 110,626	4	\$ (28,735)	(1)	\$ 426,324	5
Non-controlling interests	(6,147)	-	(2,994)	-	(15,651)	-	(9,599)	-
	<u>\$ 70,543</u>	<u>5</u>	<u>\$ 107,632</u>	<u>4</u>	<u>\$ (44,386)</u>	<u>(1)</u>	<u>\$ 416,725</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 140,333	10	\$ 102,353	4	\$ 140,348	3	\$ 374,931	4
Non-controlling interests	(7,003)	-	(3,198)	-	(11,689)	-	(14,821)	-
	<u>\$ 133,330</u>	<u>10</u>	<u>\$ 99,155</u>	<u>4</u>	<u>\$ 128,659</u>	<u>3</u>	<u>\$ 360,110</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE (Note 30)								
Basic	<u>\$ 0.61</u>		<u>\$ 0.87</u>		<u>\$ (0.23)</u>		<u>\$ 3.36</u>	
Diluted	<u>\$ 0.59</u>		<u>\$ 0.85</u>				<u>\$ 3.21</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)											
	Retained Earnings						Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
							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		Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Retrospectively Adjusted) (Note 32)						
Shares Capital	Advance 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)	8,760	(1,000)	56,073	-	-	-	-	-	-	63,833	-	63,833
Equity component of convertible bonds issued by the Corporation (Note 21)	-	-	38,988	-	-	-	-	-	-	38,988	-	38,988
Changes in capital surplus from investments using the equity method (Note 31)	-	-	153	-	-	-	-	-	-	153	-	153
Gain on disgorgement	-	-	45	-	-	-	-	-	-	45	-	45
Appropriation of prior year's earnings												
Legal reserve	-	-	-	132,026	-	(132,026)	-	-	-	-	-	-
Special reserve	-	-	-	-	69,816	(69,816)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	(953,027)	-	-	-	(953,027)	-	(953,027)
	-	-	-	132,026	69,816	(1,154,869)	-	-	-	(953,027)	-	(953,027)
Convertible bonds converted to ordinary shares (Note 21)	19,566	(14,027)	43,162	-	-	-	-	-	-	48,701	-	48,701
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	-	426,324	-	-	-	426,324	(9,599)	416,725
Other comprehensive loss for the nine months ended September 30, 2021	-	-	-	-	-	-	(51,393)	-	-	(51,393)	(5,222)	(56,615)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	426,324	(51,393)	-	-	374,931	(14,821)	360,110
Treasury shares transferred to employees (Note 26)	-	-	(13,058)	-	-	-	-	-	61,133	48,075	-	48,075
BALANCE AT SEPTEMBER 30, 2021	\$ 1,339,822	\$ -	\$ 2,111,368	\$ 284,853	\$ 175,628	\$ 661,743	\$ (229,861)	\$ 2,840	\$ (211,518)	\$ 4,134,875	\$ 341,865	\$ 4,476,740
BALANCE AT JANUARY 1, 2022	\$ 1,339,822	\$ 400	\$ 2,115,925	\$ 284,853	\$ 175,628	\$ 676,407	\$ (235,721)	\$ (2,360)	\$ (368,604)	\$ 3,986,350	\$ 394,933	\$ 4,381,283
Issuance of ordinary shares under employee share options (Note 31)	1,325	(400)	2,488	-	-	-	-	-	-	3,413	-	3,413
Appropriation of prior year's earnings												
Legal reserve	-	-	-	44,149	-	(44,149)	-	-	-	-	-	-
Special reserve	-	-	-	-	62,459	(62,459)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$ 2.5 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)	-	(317,502)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)	-	(317,502)
Net loss for the nine months ended September 30, 2022	-	-	-	-	-	(28,735)	-	-	-	(28,735)	(15,651)	(44,386)
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	169,083	-	-	169,083	3,962	173,045
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	(28,735)	169,083	-	-	140,348	(11,689)	128,659
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(96,415)	(96,415)	-	(96,415)
Treasury shares transferred to employees (Note 26)	-	-	20,162	-	-	-	-	-	38,729	58,891	3,258	62,149
BALANCE AT SEPTEMBER 30, 2022	\$ 1,341,147	\$ -	\$ 2,138,575	\$ 329,002	\$ 238,087	\$ 223,562	\$ (66,638)	\$ (2,360)	\$ (426,290)	\$ 3,775,085	\$ 386,502	\$ 4,161,587

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

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021 (Retrospectively Adjusted) (Note 32)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit before income tax	\$ (43,083)	\$ 537,778
Adjustments for:		
Depreciation expense	134,167	151,849
Amortization expense	59,994	62,984
Expected credit loss recognized	76,325	19,917
Net (gain) loss on fair value changes of financial instrument at fair value through profit or loss	(40,070)	8,725
Interest income	(746)	(1,130)
Compensation costs of employee share options	35,358	32,869
Share of loss of associates	7,940	1,909
Impairments loss on prepayment for goods	28,118	-
(Gain) loss on disposal of property, plant and equipment	(31)	2,024
Loss on disposal of intangible assets	-	2
Loss on inventories valuation and obsolescence	48,138	12,635
Unrealized (gain) loss on foreign currency exchange	(488,469)	126,811
Interest expense	62,589	48,441
Changes in operating assets and liabilities		
Notes receivable	618	1,014
Accounts receivable	605,538	942,729
Other receivables	(3,020)	57,347
Inventories	947,012	(625,570)
Prepayments	(7,621)	22,036
Other current assets	8,747	(4,689)
Contract liabilities	8,551	(42,113)
Notes payable	(16,309)	(731,832)
Accounts payable	(738,730)	(860,485)
Other payables	(132,307)	(530,248)
Other payables - related parties	2,536	-
Provisions	(378)	1,284
Other current liabilities	(37,118)	6,455
Net defined benefit liabilities	191	151
Cash generated from (used in) operations	517,940	(759,107)
Interest received	746	1,130
Interest paid	(48,514)	(42,009)
Income tax paid	(6,922)	(593,087)
Net cash generated from (used in) operating activities	463,250	(1,393,073)

(Continued)

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021 (Retrospectively Adjusted) (Note 32)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (11,760)	\$ (12,900)
Decrease (increase) in financial assets at amortized cost	102,815	(28,763)
Purchase of financial assets at fair value through profit or loss	(600)	(138,750)
Purchase of investments accounted for using the equity method	(4,000)	(27,750)
Prepayments for investments	(28,000)	-
Net cash outflow on acquisition of subsidiaries (Note 33)	(57,107)	(94,985)
Payments for property, plant and equipment (Note 33)	(159,331)	(109,281)
Proceeds from disposal of property, plant and equipment	14,017	10,301
(Increase) decrease in refundable deposits	(16,083)	423
Payments for intangible assets (Note 33)	(20,846)	(36,196)
Decrease in other non-current assets	<u>1,063</u>	<u>7,324</u>
Net cash used in investing activities	<u>(179,832)</u>	<u>(430,577)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments of) proceeds from short-term borrowings	(729,844)	1,253,714
Proceeds from issuance of convertible bonds	-	994,594
Proceeds from long-term borrowings	400,000	-
Repayments of long-term borrowings	(121,164)	(119,446)
Refund of guarantee deposits received	(102)	(59)
Repayment of the principal portion of lease liabilities	(14,699)	(14,498)
Cash dividends	(317,502)	(953,027)
Exercise of employee stock options	3,413	31,117
Payments for buy-back of ordinary shares	(96,415)	-
Proceeds from treasury shares transferred to employees	26,791	48,075
Imposition of disgorgement	<u>-</u>	<u>45</u>
Net cash (used in) generated from financing activities	<u>(849,522)</u>	<u>1,240,515</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>100,252</u>	<u>(20,983)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(465,852)</u>	<u>(604,118)</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>\$ 746,784</u>	<u>\$ 938,206</u>

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

(Concluded)

# DYACO INTERNATIONAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 November 10, 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)

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: Except that deferred taxes will be recognized on January 1, 2022 (commencement of the earliest presentational time) 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 (commencement of the earliest presentational time).

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

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

<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
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

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

- a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

Refer to 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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 8,912	\$ 14,618	\$ 1,627
Checking accounts and demand deposits	<u>737,872</u>	<u>1,198,018</u>	<u>936,579</u>
	<u>\$ 746,784</u>	<u>\$ 1,212,636</u>	<u>\$ 938,206</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Demand deposits	0.001%-0.35%	0.001%-0.35%	0.001%-0.35%

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Convertible bonds options (Note 21)	\$ -	\$ -	\$ 156
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Cross-currency swap contracts	<u>34,733</u>	<u>-</u>	<u>-</u>
	<u>\$ 34,733</u>	<u>\$ -</u>	<u>\$ 156</u>

### Financial assets - non-current

Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible promissory notes (Note 14)	<u>\$ 159,514</u>	<u>\$ 139,035</u>	<u>\$ 138,750</u>
			(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial liabilities - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Convertible bonds options (Note 21)	\$ 27,905	\$ 13,363	\$ 9,092
Cross-currency swap contracts (not under hedge accounting)	<u>-</u>	<u>772</u>	<u>373</u>
	<u>\$ 27,905</u>	<u>\$ 14,135</u>	<u>\$ 9,465</u> (Concluded)

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2022</u>			
Cross-currency swap contracts	NTD/USD	2022.11.10-2023.01.03	NTD234,765/USD8,500
<u>December 31, 2021</u>			
Cross-currency swap contracts	NTD/USD	2022.08.02-2022.12.30	NTD262,788/USD9,500
<u>September 30, 2021</u>			
Cross-currency swap contracts	NTD/USD	2021.10.12	NTD14,299/USD500

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

### Investments in Equity Instruments at FVTOCI

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Domestic investments			
Listed private placement shares	\$ 11,760	\$ -	\$ -
Unlisted ordinary shares	13,290	13,290	12,900
Foreign investments			
Unlisted ordinary shares	<u>45,615</u>	<u>45,495</u>	<u>51,000</u>
	<u>\$ 70,665</u>	<u>\$ 58,785</u>	<u>\$ 63,900</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Restricted deposits	\$ 157,829	\$ 292,394	\$ 237,694
<u>Non-current</u>			
Bank debenture	\$ 31,750	\$ -	\$ -

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

	September 30, 2022	December 31, 2021	September 30, 2021
Restricted deposits	0.47%-2.90%	0.12%-0.29%	0.10%-0.195%

- b. In June 2022 and September 2022, the Group purchased 1.5-year financial debentures of Mega International Commercial Bank at a face value of \$23,813 thousand (US\$750 thousand) and \$7,937 thousand (US\$250 thousand), respectively. With a maturity date of January 5, 2024 and September 15, 2024, respectively. The coupon rate and effective interest rate are both 2.5% and 3.05%, respectively.
- c. The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

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

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

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

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

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 872	\$ 1,490	\$ 1,006
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 872</u>	<u>\$ 1,490</u>	<u>\$ 1,006</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,367,573	\$ 1,807,038	\$ 2,181,875
Less: Allowance for impairment loss	<u>204,942</u>	<u>160,010</u>	<u>158,513</u>
	<u>\$ 1,162,631</u>	<u>\$ 1,647,028</u>	<u>\$ 2,023,362</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 27,950	\$ 8,514	\$ 11,210
Deposit refund receivable	-	43,500	-
Others	<u>3,660</u>	<u>16,076</u>	<u>17,702</u>
	<u>\$ 31,610</u>	<u>\$ 68,090</u>	<u>\$ 28,912</u>

### a. Notes receivable

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

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

### b. Accounts receivable

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

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

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

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

### September 30, 2022

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

### 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%-61.3%	20.33%-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>

### September 30, 2021

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-3.76%	0%-21.00%	1.84%-36.13%	2.57%-58.41%	5.00%-100%	100%	
Gross carrying amount	\$ 1,513,061	\$ 469,920	\$ 26,246	\$ 22,313	\$ 24,573	\$ 125,762	\$ 2,181,875
Loss allowance (Lifetime ECLs)	(2,341)	(5,970)	(3,842)	(8,101)	(12,497)	(125,762)	(158,513)
Amortized cost	<u>\$ 1,510,720</u>	<u>\$ 463,950</u>	<u>\$ 22,404</u>	<u>\$ 14,212</u>	<u>\$ 12,076</u>	<u>\$ -</u>	<u>\$ 2,023,362</u>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of September 30, 2022, accounts receivable from New Level UK Ltd. amounted to \$109,638 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 Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 160,010	\$ 140,359
Add: Net remeasurement of loss allowance	36,825	19,917
Less: Amounts written off	(209)	(428)
Foreign exchange gains and losses	<u>8,316</u>	<u>(1,335)</u>
Ending balance	<u>\$ 204,942</u>	<u>\$ 158,513</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, but the Group will continue to pursue recourse against the debtor.

## 11. INVENTORIES

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Finished goods	\$ 2,082,849	\$ 2,549,890	\$ 2,590,638
Merchandise	415,345	432,400	503,186
Work in progress	270,956	319,555	265,981
Raw materials	<u>198,081</u>	<u>229,361</u>	<u>300,963</u>
	<u>\$ 2,967,231</u>	<u>\$ 3,531,206</u>	<u>\$ 3,660,768</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 948,280	\$ 1,583,408	\$ 3,554,271	\$ 5,809,105
Inventory write-downs and loss for market price	12,167	5,129	48,138	12,635
Warranties	<u>19,288</u>	<u>27,349</u>	<u>74,646</u>	<u>78,800</u>
	<u>\$ 979,735</u>	<u>\$ 1,615,886</u>	<u>\$ 3,677,055</u>	<u>\$ 5,900,540</u>

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

## 12. PREPAYMENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments for goods	\$ 57,285	\$ 65,985	\$ 73,075
Prepaid expenses	45,421	51,258	46,103
Tax overpayment retained for offsetting future tax payable	28,406	32,751	34,290
Others	<u>4,379</u>	<u>5,994</u>	<u>7,881</u>
	<u>\$ 135,491</u>	<u>\$ 155,988</u>	<u>\$ 161,349</u>

## 13. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2022	December 31, 2021	September 30, 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	100	Note 2
	CITY SPORTS (THAILAND) CO., LTD.	Fitness equipment selling	44	44	-	Note 3
SOLE INC.	Neutron Ventures Ltd.	Sporting goods online selling	80	80	-	Note 4
	Spirit Manufacturing Inc.	Import, export and selling	100	-	-	Note 7
	Dyaco Canada Inc.	Import, export and selling	100	-	-	Note 7
	Fitness Equipment Services LLC.	Import, export and selling	100	100	100	-
	Dyaco Europe GmbH	CARDIO fitness GmbH & Co. KG	100	100	100	-
	CARDIO fitness Verwaltungs GmbH	Investment	100	100	100	-
	Fuel-Spirit International Inc.	Import and export	100	100	100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	60	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	100	100	100	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	-	100	100	Note 7
	Dyaco Canada Inc.	Import, export and selling	-	100	100	Note 7
	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	-	100	100	Note 6
	Interactive Online Commerce Ltd.	Investment	100	100	-	Note 4
Neutron Ventures Ltd.	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 December 8, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. for NT\$258,640 thousand. As of September 30, 2022, December 31, 2021 and September 30, 2021, NT\$18,889 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 December 31, 2021, NT\$8,715 thousand was not paid 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 GBP3,220 thousand (NT\$119,421 thousand). As of December 31, 2021, NT\$46,128 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.
- 7) After the Corporation went through a non-cash reduction reorganization on July 1, 2022, Spirit Manufacturing Inc. and Dyaco Canada Inc. are directly 100% held by Dyaco International Inc., the divestment is still in process as of July 1, 2022.
- 8) On August 24, 2022, the Corporation signed a contract with the major shareholder of IUVO Industry Co., Ltd. The Corporation acquired 70% interest on the base date October 3, 2022 and paid NT\$28,000 thousand as of September 30, 2022 (under prepayments of investments).

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2022	December 31, 2021	September 30, 2021
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

Refer to table 8 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2022	December 31, 2021	September 30, 2021
	2022	2021	2022	2021			
Shelton Corporation (Jiaxing), Ltd.	<u>\$ (2,136)</u>	<u>\$ (2,994)</u>	<u>\$ (1,146)</u>	<u>\$ (9,599)</u>	<u>\$ 364,213</u>	<u>\$ 360,781</u>	<u>\$ 341,865</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,212,701	\$ 1,738,935	\$ 1,698,743
Non-current assets	899,908	918,445	928,138
Current liabilities	(905,975)	(1,479,458)	(1,495,375)
Non-current liabilities	<u>(137,197)</u>	<u>(136,518)</u>	<u>(136,327)</u>
Equity	<u>\$ 1,069,437</u>	<u>\$ 1,041,404</u>	<u>\$ 995,179</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
Equity attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 705,224	\$ 680,623	\$ 653,314
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>364,213</u>	<u>360,781</u>	<u>341,865</u>
	<u>\$ 1,069,437</u>	<u>\$ 1,041,404</u>	<u>\$ 995,179</u> (Concluded)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	<u>\$ 347,040</u>	<u>\$ 778,711</u>	<u>\$ 1,480,215</u>	<u>\$ 2,814,440</u>
Net loss from continuing operations (Remark)	\$ (5,339)	\$ (7,483)	\$ (2,864)	\$ (23,995)
Other comprehensive (loss) income for the period	<u>(1,943)</u>	<u>(511)</u>	<u>11,447</u>	<u>(13,058)</u>
Total comprehensive (loss) income for the period	<u>\$ (7,282)</u>	<u>\$ (7,994)</u>	<u>\$ 8,583</u>	<u>\$ (37,053)</u>
Loss attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (3,203)	\$ (4,489)	\$ (1,718)	\$ (14,396)
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(2,136)</u>	<u>(2,994)</u>	<u>(1,146)</u>	<u>(9,599)</u>
	<u>\$ (5,339)</u>	<u>\$ (7,483)</u>	<u>\$ (2,864)</u>	<u>\$ (23,995)</u>
Total comprehensive (loss) income attributable to:				
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (4,369)	\$ (4,796)	\$ 5,150	\$ (22,232)
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(2,913)</u>	<u>(3,198)</u>	<u>3,433</u>	<u>(14,821)</u>
	<u>\$ (7,282)</u>	<u>\$ (7,994)</u>	<u>\$ 8,583</u>	<u>\$ (37,053)</u>

	For the Nine Months Ended September 30	
	2022	2021
Net cash inflow (outflow) from:		
Operating activities	\$ 236,658	\$ 62,979
Investing activities	(4,323)	(8,653)
Financing activities	<u>(203,916)</u>	<u>69,479</u>
Net cash inflow	<u>\$ 28,419</u>	<u>\$ 123,805</u>

Note: Net profit was \$7,512 thousand less amortization of \$10,376 thousand for the nine months ended September 30, 2022. Net loss was \$13,832 thousand less amortization of \$10,163 thousand for the nine months ended September 30, 2021.

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

	September 30, 2022	December 31, 2021 (Retrospectively Adjusted)	September 30, 2021 (Retrospectively Adjusted)
Investments in associates	<u>\$ 21,792</u>	<u>\$ 29,527</u>	<u>\$ 31,019</u>
Associates that are not individually material			
Morsel Inc.	\$ 14,922	\$ 24,882	\$ 26,432
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	2,944	4,645	4,587
Hongdaxin Projection Co., Ltd.	<u>3,926</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,792</u>	<u>\$ 29,527</u>	<u>\$ 31,019</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 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 Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The Group's share of:				
Loss from continuing operations	\$ (3,626)	\$ (1,271)	\$ (7,940)	\$ (1,909)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (3,626)</u>	<u>\$ (1,271)</u>	<u>\$ (7,940)</u>	<u>\$ (1,909)</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.

To enhance product competitiveness, the Group acquired 11% voting shares of Morsel, Inc, an American company.

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

	December 31, 2021	September 30, 2021
Investments accounted for using the equity method	\$ (226)	\$ (57)
Retained earnings	\$ (226)	\$ (57)
Share of loss of associates	\$ (57)	\$ (57)
Net Profit or loss for the period	\$ (57)	\$ (57)
Comprehensive income	\$ (57)	\$ (57)

## 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 (retrospectively adjusted)	\$ 1,283,139	\$ 1,906,647	\$ 626,529	\$ 51,566	\$ 78,641	\$ 21,986	\$ 150,758	\$ 4,119,266
Additions	-	1,312	32,679	1,859	1,673	1,325	122,812	161,660
Disposals	-	-	(14,090)	(2,678)	(1,183)	(162)	-	(18,113)
Reclassification	-	15,818	-	-	-	-	-	15,818
Effects of foreign currency exchange differences	2,878	70,582	21,133	1,183	1,406	95	28,765	126,042
Balance at September 30, 2022	<u>1,286,017</u>	<u>1,994,359</u>	<u>666,251</u>	<u>51,930</u>	<u>80,537</u>	<u>23,244</u>	<u>302,335</u>	<u>4,404,673</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022 (retrospectively adjusted)	-	663,820	420,878	33,376	65,616	11,738	-	1,195,428
Depreciation expenses	-	51,169	50,394	3,336	4,699	1,861	-	111,459
Disposals	-	-	(1,172)	(1,673)	(1,161)	(121)	-	(4,127)
Reclassification	-	2,055	-	-	-	-	-	2,055
Effects of foreign currency exchange differences	-	21,581	16,023	703	1,424	132	-	39,863
Balance at September 30, 2022	<u>-</u>	<u>738,625</u>	<u>486,123</u>	<u>35,742</u>	<u>70,578</u>	<u>13,610</u>	<u>-</u>	<u>1,344,678</u>
Carrying amounts at December 31, 2021 and January 1, 2022 (retrospectively adjusted)	<u>\$ 1,283,139</u>	<u>\$ 1,242,827</u>	<u>\$ 205,651</u>	<u>\$ 18,190</u>	<u>\$ 13,025</u>	<u>\$ 10,248</u>	<u>\$ 150,758</u>	<u>\$ 2,923,838</u>
Carrying amounts at September 30, 2022	<u>\$ 1,286,017</u>	<u>\$ 1,255,734</u>	<u>\$ 180,128</u>	<u>\$ 16,188</u>	<u>\$ 9,959</u>	<u>\$ 9,634</u>	<u>\$ 302,335</u>	<u>\$ 3,059,995</u>
<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	7,606	3,627	46,821	2,899	7,514	1,085	43,288	112,840
Disposals	(1,436)	(12,927)	(8,090)	(6,288)	(2,184)	(141)	-	(31,066)
Effects of foreign currency exchange differences	(355)	(21,416)	(6,262)	(926)	(4,549)	(1,506)	(338)	(35,352)
Balance at September 30, 2021	<u>1,283,259</u>	<u>1,881,176</u>	<u>822,745</u>	<u>45,540</u>	<u>75,241</u>	<u>23,735</u>	<u>42,950</u>	<u>4,174,646</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	-	598,857	549,088	32,511	59,623	10,548	-	1,250,627
Depreciation expenses	-	50,021	64,582	3,492	5,814	2,717	-	126,626
Disposals	-	(3,251)	(7,301)	(5,906)	(2,142)	(141)	-	(18,741)
Effects of foreign currency exchange differences	-	(7,656)	(4,216)	(592)	(1,935)	(595)	-	(14,994)
Balance at September 30, 2021	<u>-</u>	<u>637,971</u>	<u>602,153</u>	<u>29,505</u>	<u>61,360</u>	<u>12,529</u>	<u>-</u>	<u>1,343,518</u>
Carrying amounts at September 30, 2021	<u>\$ 1,283,259</u>	<u>\$ 1,243,205</u>	<u>\$ 220,592</u>	<u>\$ 16,035</u>	<u>\$ 13,881</u>	<u>\$ 11,206</u>	<u>\$ 42,950</u>	<u>\$ 2,831,128</u>

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

Buildings	
Main buildings	15-50 years
Decoration	2-49 years
Machinery equipment	1-11 years
Transportation equipment	3-11 years
Office equipment	1-10 years
Leasehold improvements	1-10 years

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2022		December 31, 2021	September 30, 2021
<u>Carrying amounts</u>				
Land	\$ 280,168		\$ 279,783	\$ 276,854
Buildings	30,391		36,423	40,225
Transportation equipment	7,711		12,683	13,719
Office equipment	<u>-</u>		<u>-</u>	<u>18</u>
	<u>\$ 318,270</u>		<u>\$ 328,889</u>	<u>\$ 330,816</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions for right-of-use assets			<u>\$ 1,738</u>	<u>\$ 11,599</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,344	\$ 2,041	\$ 7,563	\$ 6,172
Buildings	2,677	3,557	7,913	12,283
Transportation equipment	1,574	1,750	4,909	4,232
Office equipment	<u>-</u>	<u>18</u>	<u>-</u>	<u>56</u>
	<u>\$ 6,595</u>	<u>\$ 7,366</u>	<u>\$ 20,385</u>	<u>\$ 22,743</u>

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

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current	\$ 16,930	\$ 17,859	\$ 17,511
Non-current	\$ 23,567	\$ 34,620	\$ 38,835

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
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%-4.07%
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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 9,802	\$ 9,434	\$ 30,551	\$ 23,303
Expenses relating to low-value asset leases	\$ 142	\$ 116	\$ 368	\$ 505
Total cash outflow for leases	\$ 15,461	\$ 13,696	\$ 46,693	\$ 38,306

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

## 17. INVESTMENT PROPERTIES

### Completed Investment Properties

#### Cost

Balance at January 1, 2022	\$ 78,917
Reclassification	(15,818)
Effects of foreign currency exchange differences	<u>1,444</u>
Balance at September 30, 2022	<u>64,543</u>

#### Accumulated depreciation

Balance at January 1, 2022	25,436
Depreciation expenses	2,323
Reclassification	(2,055)
Effects of foreign currency exchange differences	<u>619</u>
Balance at September 30, 2022	<u>26,323</u>

Carrying amount at September 30, 2022 \$ 38,220

#### Cost

Balance at January 1, 2021	\$ 79,327
Effects of foreign currency exchange differences	<u>(895)</u>
Balance at September 30, 2021	<u>78,432</u>

#### Accumulated depreciation

Balance at January 1, 2021	22,266
Depreciation expenses	2,480
Effects of foreign currency exchange differences	<u>(320)</u>
Balance at September 30, 2021	<u>24,426</u>

Carrying amount at September 30, 2021 \$ 54,006

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 2,446	\$ 7,530	\$ 7,185
Year 2	676	663	662
Year 3	676	663	662
Year 4	676	663	662
Year 5	282	663	662
Year 5 onwards	<u>-</u>	<u>276</u>	<u>441</u>
	<u>\$ 4,756</u>	<u>\$ 10,458</u>	<u>\$ 10,274</u>

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

As of September 30, 2022, December 31, 2021 and September 30, 2021, the fair value of investment property located in Zhongshan District, Taipei City was \$21,642 thousand, \$22,363 thousand and \$24,608 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

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

## 18. GOODWILL

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 501,442	\$ 487,049
Effect of foreign currency exchange differences	<u>51,810</u>	<u>(12,431)</u>
Balance at September 30	<u>553,252</u>	<u>474,618</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	7,987	8,931
Effect of foreign currency exchange differences	<u>(16)</u>	<u>(688)</u>
Balance at September 30	<u>7,971</u>	<u>8,243</u>
Carrying amounts at September 30	<u>\$ 545,281</u>	<u>\$ 466,375</u>

## 19. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Patents</b>	<b>Customer Relationship</b>	<b>Existing Technologies</b>	<b>Royalty</b>	<b>Brand Value</b>	<b>Website</b>	<b>Total</b>
<u>Cost</u>								
Balance at January 1, 2022 (Retrospectively Adjusted)	\$ 86,724	\$ 78,105	\$ 94,338	\$ 7,685	\$ 288,159	\$ 680,676	\$ 996	\$ 1,236,683
Additions	6,530	-	-	-	-	4,002	-	10,532
Effects of foreign currency exchange differences	<u>347</u>	<u>3,507</u>	<u>8,865</u>	<u>-</u>	<u>7,050</u>	<u>90,305</u>	<u>147</u>	<u>110,221</u>
Balance at September 30, 2022	<u>93,601</u>	<u>81,612</u>	<u>103,203</u>	<u>7,685</u>	<u>295,209</u>	<u>774,983</u>	<u>1,143</u>	<u>1,357,436</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2022 (Retrospectively Adjusted)	66,957	63,742	72,556	7,685	172,830	60,767	501	445,038
Amortization expenses	8,082	5,392	1,271	-	18,641	26,405	203	59,994
Effects of foreign currency exchange differences	<u>343</u>	<u>2,894</u>	<u>5,769</u>	<u>-</u>	<u>6,432</u>	<u>10,605</u>	<u>91</u>	<u>26,134</u>
Balance at September 30, 2022	<u>75,382</u>	<u>72,028</u>	<u>79,596</u>	<u>7,685</u>	<u>197,903</u>	<u>97,777</u>	<u>795</u>	<u>531,166</u>
Carrying amounts at December 31, 2021 and January 1, 2022 (Retrospectively Adjusted)	<u>\$ 19,767</u>	<u>\$ 14,363</u>	<u>\$ 21,782</u>	<u>\$ -</u>	<u>\$ 115,329</u>	<u>\$ 619,909</u>	<u>\$ 495</u>	<u>\$ 791,645</u>
Carrying amounts at September 30, 2022	<u>\$ 18,219</u>	<u>\$ 9,584</u>	<u>\$ 23,607</u>	<u>\$ -</u>	<u>\$ 97,306</u>	<u>\$ 677,206</u>	<u>\$ 348</u>	<u>\$ 826,270</u>

(Continued)

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 87,427	\$ 84,192	\$ 97,402	\$ 7,685	\$ 214,021	\$ 649,344	\$ 1,025	\$ 1,141,096
Additions	4,694	-	-	-	75,402	-	-	80,096
Disposals	(6,237)	-	-	-	-	-	-	(6,237)
Effects of foreign currency exchange differences	(984)	(4,355)	(1,980)	-	(970)	(14,364)	(22)	(22,675)
Balance at September 30, 2021	<u>84,900</u>	<u>79,837</u>	<u>95,422</u>	<u>7,685</u>	<u>288,453</u>	<u>634,980</u>	<u>1,003</u>	<u>1,192,280</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2021	65,490	60,602	73,267	7,685	141,511	31,749	240	380,544
Amortization expenses	7,049	5,740	1,271	-	26,324	22,397	203	62,984
Disposals	(6,235)	-	-	-	-	-	-	(6,235)
Effects of foreign currency exchange differences	(831)	(3,050)	(1,456)	-	(922)	(875)	(7)	(7,141)
Balance at September 30, 2021	<u>65,473</u>	<u>63,292</u>	<u>73,082</u>	<u>7,685</u>	<u>166,913</u>	<u>53,271</u>	<u>436</u>	<u>430,152</u>
Carrying amounts at September 30, 2021	<u>\$ 19,427</u>	<u>\$ 16,545</u>	<u>\$ 22,340</u>	<u>\$ -</u>	<u>\$ 121,540</u>	<u>\$ 581,709</u>	<u>\$ 567</u>	<u>\$ 762,128</u>

(Concluded)

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

Computer software	1-13 years
Patents	5-15 years
Customer relationship	7-16 years
Existing technologies	3-5 years
Royalty	2-6 years
Brand value	10-23 years
Website	4 years

## 20. BORROWINGS

- a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured borrowings	\$ 1,109,596	\$ 1,837,515	\$ 1,751,020
Secured borrowings	<u>1,070,590</u>	<u>1,028,560</u>	<u>1,069,205</u>
	<u>\$ 2,180,186</u>	<u>\$ 2,866,075</u>	<u>\$ 2,820,225</u>
Range of interest rates			
Unsecured borrowings	1.41%-5.01%	0.98%-4.35%	0.68%-4.26%
Secured borrowings	1.14%-4.20%	0.85%-5.84%	0.85%-4.45%

b. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured borrowings</u>			
Mega Bank	\$ 605,450	\$ 281,500	\$ 306,850
Taiwan Cooperative Bank	163,764	170,401	172,629
Taishin Bank	161,250	172,500	176,250
Bank SinoPac	96,120	113,427	117,806
Bank of Montreal	37,830	36,627	37,593
Chang Hua Bank	<u>7,567</u>	<u>15,972</u>	<u>18,755</u>
	1,071,981	790,427	829,883
Less: Current portion	<u>250,617</u>	<u>232,812</u>	<u>160,168</u>
Long-term borrowings	<u>\$ 821,364</u>	<u>\$ 557,615</u>	<u>\$ 669,715</u>

- 1) Secured borrowings from Mega Bank: In 2007, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2007 to December 2022. As of September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were \$2,550 thousand, \$10,200 thousand and \$12,750 thousand, respectively, at the annual borrowing interest rate were 1.91%, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were 105,200 thousand, \$143,900 thousand and \$156,800 thousand, respectively, at the annual borrowing interest rate were 1.90%, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the amount of borrowings were \$97,700 thousand, \$127,400 thousand and \$137,300 thousand, at the annual borrowing interest rates of 1.95%, 1.45% and 1.45%, respectively. In July 2022, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from August 2024 to July 2027 after two years of interest payments. As of September 30, 2022, the amount of borrowings were \$400,000 thousand, at annual borrowing interest rates of 2.05%.
- 2) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were \$145,500 thousand, \$150,000 thousand and \$151,500 thousand, respectively, at annual borrowing interest rate were 1.59%, 1.23% and 1.23%, respectively. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were \$15,750 thousand, \$22,500 thousand and \$24,750 thousand, at annual borrowing interest rates of 1.59%, 1.23% and 1.23%, respectively.
- 3) Secured borrowings from Taiwan Cooperative Bank: In November 2018, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2020 to November 2038 after two years of interest payments. As of September 30, 2022, December 31, 2021 and September 30, 2021, at annual borrowing interest rates of 1.60%, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were \$17,692 thousand, \$25,385 thousand and \$26,923 thousand, respectively, at annual borrowing interest rate were 1.97%, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were 74,869 thousand, \$81,745 thousand and \$84,037 thousand, respectively, at annual borrowing interest rate were 1.76%, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the borrowings were \$3,559 thousand, \$6,297 thousand and \$6,846 thousand, respectively, at annual borrowing interest rates of 1.86%, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the annual borrowing interest rate were all 4.07%.
- 6) Secured borrowings from Chang Hua Bank: In May 2008, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to May 2023. As of September 30, 2022, December 31, 2021 and September 30, 2021, the annual borrowing interest rates were 1.88%, 1.50% and 1.50%, respectively.

## 21. BONDS PAYABLE

	September 30, 2022	December 31, 2021	September 30, 2022
Secured domestic convertible bonds	\$ 420,594	\$ 417,656	\$ 416,684
Unsecured domestic convertible bonds	973,141	961,780	958,022
Less: Current portion	<u>(1,393,735)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,379,436</u>	<u>\$ 1,374,706</u>

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

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

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

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

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

Proceeds from issuance (less transaction costs of \$8,352 thousand)	\$ 594,648
Equity component (less transaction costs allocated to the equity component of \$178 thousand)	(12,666)
Financial assets at fair value through profit or loss - 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>2,938</u>
Liability component at September 30, 2022	<u>\$ 420,594</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 \$2,437 thousand for the nine months ended September 30, 2022 and 2021, respectively.

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

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

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

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

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

Proceeds from issuance (less transaction costs of \$5,406 thousand)	\$ 994,594
Equity component (less transaction costs allocated to the equity component of \$212 thousand)	(38,988)
Financial liabilities held for trading - call and put options	<u>(1,492)</u>
Liability component at the date of issue	954,114
Interest charged at an effective interest rate of 1.57%	<u>7,666</u>
Liability component at December 31, 2021	961,780
Interest charged at an effective interest rate of 1.57%	<u>11,361</u>
Liability component at September 30, 2021	<u>\$ 973,141</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 \$14,500 thousand for the nine months ended September 30, 2022. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$7,600 thousand for the nine months ended September 30, 2021.

## 22. NOTES PAYABLE AND ACCOUNTS PAYABLE

### a. Notes payable

The Group issues notes payable for payment and business expenditure.

### b. Accounts payable

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

## 23. OTHER PAYABLES AND LONG-TERM PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Payables for freight	\$ 104,858	\$ 143,261	\$ 61,774
Payables for salaries and bonuses	53,730	77,564	61,295
Payables for employee benefits	45,540	44,227	43,830
Payables for value added taxes	30,162	31,797	18,851
Payables for royalties (Note 19)	23,105	21,245	30,069
Payables for labor costs	15,313	16,660	6,338
Payables for advertisements	15,071	83,127	25,117
Payables for insurance	11,773	14,019	12,022
Payables for commissions	5,949	6,103	6,890
Payables for employees' compensation	5,518	5,734	21,758
Payables for annual leave	5,203	7,731	11,942
Payables for purchase of equipment	1,651	3,873	1,493
Payables for investments (Note 13)	-	57,107	18,889
Payables for remuneration of directors	-	2,000	5,055
Others	<u>141,297</u>	<u>134,722</u>	<u>73,860</u>
	<u>\$ 459,170</u>	<u>\$ 649,170</u>	<u>\$ 399,183</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Payables for royalties (Note 19)	\$ <u>94,920</u>	\$ <u>107,094</u>	\$ <u>117,541</u> (Concluded)

## 24. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
Warranties	\$ <u>21,394</u>	\$ <u>19,343</u>	\$ <u>19,280</u>
			<b>Warranties</b>
Balance at January 1, 2022			\$ 19,343
Amount used			(74,161)
Additional provisions recognized			74,646
Effect of foreign currency exchange differences			<u>1,566</u>
Balance at September 30, 2022			\$ <u>21,394</u>
Balance at January 1, 2021			\$ 18,359
Amount used			(77,516)
Additional provisions recognized			78,800
Effect of foreign currency exchange differences			<u>(363)</u>
Balance at September 30, 2021			\$ <u>19,280</u>

## 25. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

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

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

b. Defined benefit plans

The Group calculated the pension obligations of the defined benefit plans for the nine months ended September 30, 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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Operating costs	\$ 27	\$ 27	\$ 79	\$ 79
Operating expenses	<u>65</u>	<u>65</u>	<u>196</u>	<u>196</u>
	<u>\$ 92</u>	<u>\$ 92</u>	<u>\$ 275</u>	<u>\$ 275</u>

## 26. EQUITY

a. Share capital

Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 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>134,115</u>	<u>133,982</u>	<u>133,982</u>
Ordinary shares issued	<u>\$ 1,341,147</u>	<u>\$ 1,339,822</u>	<u>\$ 1,339,822</u>

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

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 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	\$ 1,324,009
Conversion of bonds	613,057	613,057	613,057
Treasury share transaction	124,774	117,644	117,644
<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	45

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May not be used for any purpose</u>			
Conversion of bonds	\$ 47,941	\$ 47,941	\$ 47,941
Employee share options	4,678	4,869	3,273
Employee share options in subsidiaries	<u>18,694</u>	<u>5,662</u>	<u>3,939</u>
	<u>\$ 2,138,575</u>	<u>\$ 2,115,925</u>	<u>\$ 2,111,368</u> (Concluded)

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

The balance adjustment in capital surplus for the nine months ended September 30 in 2022 and 2021 were as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Conversion of Employee Share Options	Enforce Disgorgement	Conversion of Bond-options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2022	\$ 1,325,152	\$ 613,057	\$ 117,644	\$ 1,460	\$ 140	\$ 47,941	\$ 4,869	\$ 5,662
Exercise of employee share options	2,679	-	-	-	-	-	(191)	-
Compensation costs of employee share options (Remark)	-	-	-	-	-	-	19,068	13,032
Treasury shares transferred to employees	-	-	7,130	-	-	-	(19,068)	-
Balance at September 30, 2022	<u>\$ 1,327,831</u>	<u>\$ 613,057</u>	<u>\$ 124,774</u>	<u>\$ 1,460</u>	<u>\$ 140</u>	<u>\$ 47,941</u>	<u>\$ 4,678</u>	<u>\$ 18,694</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	54,661	-	-	-	-	-	(31,304)	-
Compensation costs of employee share options (Remark)	-	-	-	-	-	-	32,716	153
Treasury shares transferred to employees	-	-	79,959	-	-	-	(93,017)	-
Issuance of convertible bonds	-	-	-	-	-	38,988	-	-
Gain on disgorgement	-	-	-	-	45	-	-	-
Balance at September 30, 2021	<u>\$ 1,324,009</u>	<u>\$ 613,057</u>	<u>\$ 117,644</u>	<u>\$ 1,460</u>	<u>\$ 45</u>	<u>\$ 47,941</u>	<u>\$ 3,273</u>	<u>\$ 3,939</u>

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 nine months ended September 30, 2022 and 2021, the compensation costs of employees' shares recognized were 13,032 thousand and \$1,532 thousand, respectively.

c. Retained earnings and dividend policy

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

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

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

The appropriations of earnings for 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 had been resolved by the shareholders in their meetings on May 27, 2022 and August 27, 2021, respectively.

d. Other equity

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

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

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

	<b>For the Nine Months Ended September 30</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 September 30	<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
Decrease during the period	(899)
Increase during the period	<u>2,338</u>
Number of shares at September 30, 2022	<u>9,452</u>
Number of shares at January 1, 2021	7,122
Decrease during the period	<u>(1,597)</u>
Number of shares at September 30, 2021	<u>5,525</u>

On May 11, 2022, the Corporation's board of directors resolved to redeem 3,000 thousand shares at \$40 to \$65 per share from May 12, 2022, to July 11, 2022. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. As of September 30, 2022, the Corporation has redeemed 2,338 thousand shares, with total cost of \$96,415 thousand.

On September 29, 2021, the Corporation's board of directors resolved to redeem 4,000 thousand shares at \$45 to \$90 per share from September 30, 2021 to November 29, 2021. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. 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, 2020, 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' exercised of the treasury share options, please refer to Note 31.

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

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 394,933	\$ 356,686
Adjustments relating to changes in capital surplus of granting share options to employees of subsidiaries	3,258	-
Loss for the period attributable to non-controlling interests	(15,651)	(9,599)
Exchange differences on translation of the financial statements of foreign entities	<u>3,962</u>	<u>(5,222)</u>
Balance at September 30	<u>\$ 386,502</u>	<u>\$ 341,865</u>

## 27. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Sporting goods	\$ 1,352,998	\$ 2,323,178	\$ 4,332,694	\$ 8,346,161
Furniture	22,210	113,931	668,157	694,967
Other revenue	<u>11,189</u>	<u>(848)</u>	<u>25,504</u>	<u>7,420</u>
	<u>\$ 1,386,397</u>	<u>\$ 2,436,261</u>	<u>\$ 5,026,355</u>	<u>\$ 9,048,548</u>

### a. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Notes receivable (Note 10)	<u>\$ 872</u>	<u>\$ 1,490</u>	<u>\$ 1,006</u>	<u>\$ 2,020</u>
Accounts receivable (Note 10)	<u>\$ 1,162,631</u>	<u>\$ 1,647,028</u>	<u>\$ 2,023,362</u>	<u>\$ 3,050,265</u>
Contract liabilities				
Sale of goods	<u>\$ 30,021</u>	<u>\$ 21,470</u>	<u>\$ 32,418</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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 36,153	\$ 43,449	\$ 111,459	\$ 126,626
Right-of-use assets	6,595	7,366	20,385	22,743
Investment properties	681	822	2,323	2,480
Intangible assets	<u>22,298</u>	<u>18,419</u>	<u>59,994</u>	<u>62,984</u>
	<u>\$ 65,727</u>	<u>\$ 70,056</u>	<u>\$ 194,161</u>	<u>\$ 214,833</u>
An analysis of depreciation by function				
Operating costs	\$ 22,708	\$ 25,004	\$ 70,707	\$ 75,713
Operating expenses	20,040	25,811	61,137	73,656
Non-operating income and expenses	<u>681</u>	<u>822</u>	<u>2,323</u>	<u>2,480</u>
	<u>\$ 43,429</u>	<u>\$ 51,637</u>	<u>\$ 134,167</u>	<u>\$ 151,849</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
An analysis of amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>22,298</u>	<u>18,419</u>	<u>59,994</u>	<u>62,984</u>
	<u>\$ 22,298</u>	<u>\$ 18,419</u>	<u>\$ 59,994</u>	<u>\$ 62,984</u>
				(Concluded)

b. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Impairment loss recognized on prepayments for goods	\$ (28,118)	\$ -	\$ (28,118)	\$ -
(Loss) gain on disposal of property, plant and equipment	(130)	(164)	31	(2,024)
Loss on disposal of intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
	<u>\$ (28,248)</u>	<u>\$ (164)</u>	<u>\$ (28,087)</u>	<u>\$ (2,026)</u>

Since the supplier could not supply and the payment could not be recovered, the supplier's prepayments were recognized as a full loss of NT\$28,118 thousand (RMB6,350 thousand) in the third quarter of 2022.

c. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Post-employment benefits (Note 25)				
Defined contribution plan	\$ 6,778	\$ 6,076	\$ 20,756	\$ 20,874
Defined benefit plans	<u>92</u>	<u>92</u>	<u>275</u>	<u>275</u>
	<u>6,870</u>	<u>6,168</u>	<u>21,031</u>	<u>21,149</u>
Employees' compensation	214,925	199,245	670,173	661,864
Labor and national health insurance expenses	17,384	17,683	53,194	57,206
Other employee benefits	<u>7,747</u>	<u>8,566</u>	<u>22,108</u>	<u>29,810</u>
	<u>240,056</u>	<u>225,494</u>	<u>745,475</u>	<u>748,880</u>
Total employee benefits expense	<u>\$ 246,926</u>	<u>\$ 231,662</u>	<u>\$ 766,506</u>	<u>\$ 770,029</u>
				(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
An analysis of employee benefits expense by function				
Operating costs	\$ 75,500	\$ 84,886	\$ 238,867	\$ 294,432
Operating expenses	<u>171,426</u>	<u>146,776</u>	<u>527,639</u>	<u>475,597</u>
	<u>\$ 246,926</u>	<u>\$ 231,662</u>	<u>\$ 766,506</u>	<u>\$ 770,029</u>
				(Concluded)

d. Compensation of employees and remuneration of directors

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

	<b>For the Nine Months Ended September 30, 2021</b>	
	<b>Accrual Rate</b>	<b>Amount</b>
Compensation of employees	1.00%	\$ 5,522
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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 325,319	\$ 17,496	\$ 682,825	\$ 87,502
Foreign exchange losses	<u>(88,683)</u>	<u>(30,533)</u>	<u>(185,961)</u>	<u>(220,662)</u>
Net losses	<u>\$ 236,636</u>	<u>\$ (13,037)</u>	<u>\$ 496,864</u>	<u>\$ (133,160)</u>

f. Interest expenses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 17,199	\$ 14,364	\$ 47,215	\$ 40,293
Interest on convertible bonds	4,784	4,878	14,299	6,921
Interest on lease liabilities	<u>323</u>	<u>387</u>	<u>1,075</u>	<u>1,227</u>
	<u>\$ 22,306</u>	<u>\$ 19,629</u>	<u>\$ 62,589</u>	<u>\$ 48,441</u>
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Capitalisation of interest amount	\$ 409	\$ -	\$ 409	\$ -
Capitalisation of interest rate	1.44%-1.86%	-	1.44%-1.86%	-

## 29. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current tax				
In respect of the current period	\$ 4,977	\$ 23,375	\$ 9,656	\$ 190,134
Adjustments for prior periods	<u>1,601</u>	<u>(14)</u>	<u>15,491</u>	<u>(6,563)</u>
	6,578	23,361	25,147	183,571
Deferred tax	<u>(5,500)</u>	<u>18,459</u>	<u>(23,844)</u>	<u>(62,518)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,078</u>	<u>\$ 41,820</u>	<u>\$ 1,303</u>	<u>\$ 121,053</u>

b. Income tax assessments

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

### 30. EARNINGS (LOSS) PER SHARE

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

Net (loss) profit for the period is as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
(Loss) profit for the period attributable to owners of the Corporation	<u>\$ 76,690</u>	<u>\$ 110,626</u>	<u>\$ (28,735)</u>	<u>\$ 426,324</u>
Earnings used in the computation of basic (loss) earnings per share	\$ 76,690	\$ 110,626	<u>\$ (28,735)</u>	\$ 426,324
Effect of potentially dilutive ordinary shares				
Interest on convertible bonds (after tax) and valuation gain or loss on financial assets at FVTPL	<u>6,124</u>	<u>11,272</u>		<u>13,567</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 82,814</u>	<u>\$ 121,898</u>		<u>\$ 439,891</u>
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	124,885	127,876	<u>126,057</u>	127,004
Effect of potentially dilutive ordinary shares				
Compensation of employees	124	88		135
Convertible bonds	14,657	14,982		8,176
Employee share options	<u>272</u>	<u>1,313</u>		<u>1,829</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>139,938</u>	<u>144,259</u>		<u>137,144</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 nine months ended September 30, 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:

	For the Nine Months Ended September 30			
	2022		2021	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)
Balance at January 1	2,784	\$ 36.90	3,600	\$ 40.10
Options exercised	<u>(93)</u>	36.90	<u>(776)</u>	40.10
Balance at September 30	<u>2,691</u>		<u>2,824</u>	
Options exercisable, end of period	<u>2,691</u>		<u>1,749</u>	

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

	September 30	
	2022	2021
Range of exercise price (\$)	\$ 36.90	\$ 36.90
Weighted-average remaining contractual life (in years)	1.25 years	2.25 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%
Weighted-average fair value of options granted	\$10.42

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

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

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

Compensation cost recognized by the corporation and subsidiaries was \$1,379 thousand and \$153 thousand for the nine months ended September 30, 2021.

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>For the Nine Months Ended September 30, 2021</b>	
<b>Employee Share Options</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>	30.54
Balance at September 30	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

The base date of employee share options was 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 September 30, 2021, the abovementioned treasury share options was exercised by the employees, the capital surplus - employee share option of NT\$61,680 thousand was reclassified to the capital surplus - treasury shares transaction on the conversion date. The transfer price was lower than the average price of treasury shares, 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>For the Year Ended December 31, 2021</b>	
<b>Employee Share Options</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>For the Nine Months Ended September 30, 2022</b>	
<b>Employee Share Options</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 September 30	<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 September 30, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$19,068 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$11,938 thousand was recognized on the conversion date.

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

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

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

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

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

	<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 \$13,032 thousand for the nine months ended September 30, 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	119,421

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 receivables	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	15,416	454
Right-of-use assets	2,910	-
Intangible assets	-	49,279
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	-	(6,064)
Deferred tax liabilities	(2,215)	(9,856)
Provision	-	(3,082)
Lease liabilities	(955)	-
Other current liabilities	-	(4,147)
Non-current liabilities		
Lease liabilities	(470)	-
	<u>\$ 23,379</u>	<u>\$ 114,540</u>

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.

**CITY SPORTS  
(THAILAND)  
CO., LTD.**

Consideration transferred	\$ 12,450
Add: Non-controlling interests (56% in CITY SPORTS (THAILAND) CO., LTD.)	13,092
Less: Fair value of identifiable net assets acquired	<u>(23,379)</u>
Goodwill recognized on acquisitions	<u>\$ 2,163</u>

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

**December 31,  
2021**

Property, plant and equipment	<u>\$ 10,664</u>
Goodwill	<u>\$ (3,769)</u>
Deferred tax liabilities	<u>\$ 2,132</u>
Retained earnings	<u>\$ (20)</u>
Non-controlling interests	<u>\$ 4,962</u>

Acquired Neutron Ventures Ltd.

**Neutron  
Ventures Ltd.**

Consideration transferred	\$ 119,421
Add: Non-controlling interests (20% in Neutron Ventures Ltd.)	22,908
Less: Fair value of identifiable net assets acquired	<u>(114,540)</u>
Goodwill recognized on acquisitions	<u>\$ 27,789</u>

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

**December 31,  
2021**

Brand value	<u>\$ 49,174</u>
Goodwill	<u>\$ (31,726)</u>
Deferred tax liabilities	<u>\$ 9,835</u>
Retained earnings	<u>\$ (260)</u>
Non-controlling interests	<u>\$ 7,382</u>

The goodwill recognized in the acquisition of CITY SPORTS (THAILAND) CO., LTD. and Neutron Ventures Ltd. mainly included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Impact of acquisitions on the results of the Group

Had these business combinations been in effect at the beginning of January 1, 2021, the Group's revenue would have been \$9,318,191 thousand, and the revenue would have been \$372,057 thousand for the nine months ended September 30, 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.

### 33. PARTIAL CASH TRANSACTIONS

For the nine months ended September 30, 2022 and 2021, the Corporation entered into the following partial cash investing and financing activities:

a. From cash investing activities

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 161,660	\$ 112,840
Changes in prepayments for purchases of equipment	(4,551)	(6,854)
Changes in payables for purchase of equipment	<u>2,222</u>	<u>3,295</u>
Cash paid	<u>\$ 159,331</u>	<u>\$ 109,281</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 10,532	\$ 80,096
Changes in payables for royalties	10,314	(44,140)
Changes in prepayments for purchases of equipment	<u>-</u>	<u>240</u>
Cash paid	<u>\$ 20,846</u>	<u>\$ 36,196</u>
Subsidiaries acquired		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	57,107	85,440
Cash balances acquired	<u>-</u>	<u>-</u>
Cash paid	<u>\$ 57,107</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>9,545</u>
Cash paid	<u>\$ -</u>	<u>\$ 9,545</u>

b. Changes in liabilities arising from financing activities

	<b>Short-term Borrowings</b>	<b>Bonds Payable</b>	<b>Long-term Borrowings</b>	<b>Guarantee Deposits Received</b>	<b>Lease Liabilities</b>
Balance at January 1, 2022	\$ 2,866,075	\$ 1,379,436	\$ 790,427	\$ 2,732	\$ 52,479
Cash flows	(729,844)	-	278,836	(102)	(14,699)
Non-cash changes					
New leases	-	-	-	-	1,738
Interests	-	14,299	-	-	-
Exchange rate impact	<u>43,955</u>	<u>-</u>	<u>2,718</u>	<u>282</u>	<u>979</u>
Balance at September 30, 2022	<u>\$ 2,180,186</u>	<u>\$ 1,393,735</u>	<u>\$ 1,071,981</u>	<u>\$ 2,912</u>	<u>\$ 40,497</u>
Balance at January 1, 2021	\$ 1,573,781	\$ 462,372	\$ 950,550	\$ 2,737	\$ 64,271
Cash flows	1,253,714	994,594	(119,446)	(59)	(14,498)
Non-cash changes					
New leases	-	-	-	-	11,599
Decrease during the period	-	-	-	-	(260)
Liability component	-	(1,492)	-	-	-
Equity component	-	(87,689)	-	-	-
Interests	-	6,921	-	-	-
Exchange rate impact	<u>(7,270)</u>	<u>-</u>	<u>(1,221)</u>	<u>(50)</u>	<u>(4,766)</u>
Balance at September 30, 2021	<u>\$ 2,820,225</u>	<u>\$ 1,374,706</u>	<u>\$ 829,883</u>	<u>\$ 2,628</u>	<u>\$ 56,346</u>

### 34. CAPITAL MANAGEMENT

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

### 35. FINANCIAL INSTRUMENTS

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

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

September 30, 2022

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

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

September 30, 2021

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

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

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

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	<u>\$ -</u>	<u>\$ 34,733</u>	<u>\$ -</u>	<u>\$ 34,733</u>
Hybrid financial assets convertible bonds				
Convertible bonds options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,514</u>	<u>\$ 159,514</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 13,290	\$ 13,290
Foreign unlisted shares	-	-	45,615	45,615
Domestic listed private placement shares	<u>-</u>	<u>-</u>	<u>11,760</u>	<u>11,760</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,665</u>	<u>\$ 70,665</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	<u>\$ -</u>	<u>\$ 27,905</u>	<u>\$ -</u>	<u>\$ 27,905</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Hybrid financial assets convertible bonds				
Convertible bonds option	\$ <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>

September 30, 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 options	\$ <u>-</u>	\$ <u>156</u>	\$ <u>-</u>	\$ <u>156</u>
Hybrid financial assets convertible bonds				
Convertible bonds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>138,750</u>	\$ <u>138,750</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 12,900	\$ 12,900
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>51,000</u>	<u>51,000</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>63,900</u>	\$ <u>63,900</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 373	\$ -	\$ 373
Convertible bonds option	<u>-</u>	<u>9,092</u>	<u>-</u>	<u>9,092</u>
	\$ <u>-</u>	\$ <u>9,465</u>	\$ <u>-</u>	\$ <u>9,465</u>

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

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

For the nine months ended September 30, 2022

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

For the nine months ended September 30, 2021

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

3) Valuation techniques and assumptions applied for fair value measurement

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

(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 adopted is consistent with the market participants, when pricing such financial instruments.

c. Categories of financial instruments

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 194,247	\$ 139,035	\$ 138,906
Financial assets at amortized cost (Note 1)	2,142,876	3,232,677	3,279,205
Financial assets at FVTOCI - equity instruments	70,665	58,785	63,900
<u>Financial liabilities</u>			
FVTPL			
Held for trading	27,905	14,135	9,465
Amortized cost (Note 2)	5,849,993	6,984,535	6,958,390

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 (including current portion), 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 Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (159,952)	\$ (225,712)	\$ 16,772	\$ 36,998
	<b>EUR Impact</b>		<b>GBP Impact</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (10,536)	\$ (10,995)	\$ (13,425)	\$ (12,278)

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>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 157,829	\$ 292,386	\$ 237,685
Financial liabilities	2,809,007	4,385,261	4,167,775
Cash flow interest rate risk			
Financial assets	596,122	938,770	704,815
Financial liabilities	1,995,417	831,496	1,060,995

### Sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2022 and 2021 would increase/decrease by \$2,624 thousand and decrease/increase \$668 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

## 2) Credit risk

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

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

The credit risk of the Group arises mainly from the top five customers. The accounts receivable from the above customers accounted for 59.61%, 61.36% and 70.68% of total accounts receivable as of September 30, 2022, December 31, 2021 and September 30, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the Group had available unutilized short-term bank loan facilities of \$3,708,088 thousand, \$3,516,878 thousand and \$3,394,645 thousand, respectively.

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

### September 30, 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		\$ 345,297	\$ 649,116	\$ 45,340	\$ 38	\$ -
Variable interest rate liabilities	1.14%-3.85%	13,219	476,482	684,849	318,563	534,071
Fixed interest rate liabilities	0.93%-4.5%	969	30,536	2,644,861	97,694	-
Lease liabilities	1.56%-5.84%	1,480	3,362	14,064	28,723	-
		<u>\$ 360,965</u>	<u>\$ 1,159,496</u>	<u>\$ 3,389,114</u>	<u>\$ 445,018</u>	<u>\$ 534,071</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>

September 30, 2021

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

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

September 30, 2022

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

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>

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	\$ -	\$ -	\$ (266)	\$ -	\$ -
4) Financing facilities					
	September 30, 2022	December 31, 2021	September 30, 2021		
Unsecured bank overdraft facilities, reviewed annually and payable on demand					
Amount used	\$ 1,109,596	\$ 1,837,515	\$ 1,751,020		
Amount unused	<u>1,955,701</u>	<u>1,552,000</u>	<u>1,896,250</u>		
	<u>\$ 3,065,297</u>	<u>\$ 3,389,515</u>	<u>\$ 3,647,270</u>		
Secured bank overdraft facilities					
Amount used	\$ 2,141,571	\$ 1,818,987	\$ 1,899,088		
Amount unused	<u>1,752,387</u>	<u>1,964,878</u>	<u>1,498,395</u>		
	<u>\$ 3,893,958</u>	<u>\$ 3,783,865</u>	<u>\$ 3,397,483</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
Yicheng Liu	Shareholder of CITY SPORTS (THAILAND) CO., LTD.

#### b. Purchase of property, plant and equipment

	<u>Acquisition of Property, Plant and Equipment For the Nine Months Ended September 30</u>	
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Other related parties		
Houli Construction Co., Ltd.	<u>\$ 32,095</u>	<u>\$ -</u>

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. The terms of the transaction are negotiated by both the parties.

c. Loans from related parties

Related Party Category	For the Nine Months Ended September 30	
	2022	2021
Other related parties	\$ <u>2,536</u>	\$ <u>-</u>

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

d. Compensation of key management personnel

The details of the compensation of key management personnel for the nine months ended September 30, 2022 and 2021 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 29,805	\$ 29,303	\$ 84,932	\$ 75,221
Post-employment benefits	<u>243</u>	<u>115</u>	<u>716</u>	<u>566</u>
	<u>\$ 30,048</u>	<u>\$ 29,418</u>	<u>\$ 85,648</u>	<u>\$ 75,787</u>

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

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

The following assets were provided as collateral for bank borrowings:

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	\$ 1,966,056	\$ 1,972,402	\$ 1,717,702
Right-of-use assets	279,170	277,301	276,854
Pledged deposits - current	157,829	292,394	237,694
Inventories	-	-	176,679
Investment properties	<u>19,788</u>	<u>20,448</u>	<u>-</u>
	<u>\$ 2,422,843</u>	<u>\$ 2,562,545</u>	<u>\$ 2,408,929</u>

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

### 39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

The unrecognized contractual commitments of the Group are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Acquisition of property, plant and equipment			
Property under construction	\$ 357,126	\$ 84,390	\$ -

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

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

September 30, 2022

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

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

September 30, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 157,171	27.8500 (USD:NTD)	\$ 4,377,218
USD	9,734	6.4692 (USD:RMB)	271,081
USD	775	1.2711 (USD:CAD)	21,570
RMB	34,612	4.3050 (RMB:NTD)	149,006
RMB	207	0.1546 (RMB:USD)	892
EUR	6,726	32.3200 (EUR:NTD)	217,394
EUR	95	1.1605 (EUR:USD)	3,062
EUR	1	0.8628 (EUR:GBP)	22
GBP	6,498	37.4600 (GBP:NTD)	243,406
GBP	35	1.1590 (GBP:EUR)	1,309
GBP	26	1.3451 (GBP:USD)	959
Non-monetary items			
HKD	292,351	3.5760 (HKD:NTD)	1,045,448
USD	27,277	7.7880 (USD:HKD)	759,659
USD	24,542	27.8500 (USD:NTD)	683,491
RMB	190,217	1.2039 (RMB:HKD)	818,883
CAD	11,999	0.7867 (CAD:USD)	262,891
EUR	2,896	32.3200 (EUR:NTD)	93,601
<u>Financial liabilities</u>			
Monetary items			
USD	1,632	27.8500 (USD:NTD)	45,457
USD	378	1.2711 (USD:CAD)	10,539
USD	1,653	111.8474 (USD:JPY)	46,024
USD	1,925	6.4692 (USD:RMB)	53,604
RMB	198,314	4.3050 (RMB:NTD)	853,740
RMB	8,392	0.1546 (RMB:USD)	36,127
EUR	18	1.1605 (EUR:USD)	582
GBP	3	1.1590 (GBP:EUR)	105
Non-monetary items			
GBP	3,005	37.4600 (GBP:NTD)	112,580
JPY	82,305	0.2490 (JPY:NTD)	20,494

For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, (realized and unrealized) net foreign exchange gains (losses) were \$236,636 thousand, \$(13,037) thousand, \$496,864 thousand and \$(133,160) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

#### 41. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
  - 1) Financing provided to others: Table 1
  - 2) Endorsements/guarantees provided: Table 2
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: 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
For the nine months ended September 30, 2022					
Revenues from external customers	\$ 1,232,830	\$ 3,206,827	\$ 586,698	\$ -	\$ 5,026,355
Intersegment revenues	<u>2,106,071</u>	<u>21,077</u>	<u>23,214</u>	<u>(2,150,362)</u>	<u>-</u>
Consolidated revenues	<u>\$ 3,338,901</u>	<u>\$ 3,227,904</u>	<u>\$ 609,912</u>	<u>\$ (2,150,362)</u>	<u>\$ 5,026,355</u>
Segment income (loss)	<u>\$ 538,717</u>	<u>\$ (398,432)</u>	<u>\$ (123,075)</u>	<u>\$ (60,293)</u>	<u>\$ (43,083)</u>
For the nine months ended September 30, 2021 (retrospectively adjusted)					
Revenues from external customers	\$ 1,793,662	\$ 6,637,978	\$ 616,908	\$ -	\$ 9,048,548
Intersegment revenues	<u>6,954,038</u>	<u>35,076</u>	<u>12,606</u>	<u>(7,001,720)</u>	<u>-</u>
Consolidated revenues	<u>\$ 8,747,700</u>	<u>\$ 6,673,054</u>	<u>\$ 629,514</u>	<u>\$ (7,001,720)</u>	<u>\$ 9,048,548</u>
Segment income (loss)	<u>\$ 745,261</u>	<u>\$ (305,710)</u>	<u>\$ 9,286</u>	<u>\$ 88,941</u>	<u>\$ 537,778</u>

### b. Segment assets and liabilities

	September 30, 2022	December 31, 2021 (Retrospectively Adjusted)	September 30, 2021 (Retrospectively Adjusted)
<u>Segment assets</u>			
Asia	\$ 6,352,604	\$ 7,040,084	\$ 6,657,530
Americas	3,878,276	4,450,060	5,063,209
Europe	<u>632,783</u>	<u>710,647</u>	<u>565,331</u>
Total segment assets	<u>\$ 10,863,663</u>	<u>\$ 12,200,791</u>	<u>\$ 12,286,070</u>

(Continued)

	September 30, 2022	December 31, 2021 (Retrospectively Adjusted)	September 30, 2021 (Retrospectively Adjusted)
<u>Segment liabilities</u>			
Asia	\$ 2,624,239	\$ 3,284,962	\$ 2,700,613
Americas	3,735,331	3,905,747	4,563,092
Europe	<u>342,506</u>	<u>628,799</u>	<u>545,625</u>
Total segment liabilities	<u>\$ 6,702,076</u>	<u>\$ 7,819,508</u>	<u>\$ 7,809,330</u> (Concluded)

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	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	\$ 54,140 (JPY 245,977 thousand)	\$ 20,696 (JPY 94,029 thousand)	\$ 20,696 (JPY 94,029 thousand)	-	Business transaction	\$ 40,340	-	\$ -	-	\$ -	\$ 40,340 (Note 2)	\$ 1,510,034 (Note 4)	
		Dyaco Europe GmbH	Other receivables from related parties	Yes	132,916 (EUR 4,252 thousand)	3,187 (EUR 102 thousand)	3,187 (EUR 102 thousand)	-	Business transaction	13,309	-	-	-	-	13,309 (Note 2)	1,510,034 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	184,076 (GBP 5,181 thousand)	15,156 (GBP 427 thousand)	15,156 (GBP 427 thousand)	-	Business transaction	100,746	-	-	-	-	100,746 (Note 2)	1,510,034 (Note 4)	
		Spirit Manufacturing Inc.	Other receivables from related parties	Yes	289,122 (US\$ 9,106 thousand)	228,895 (US\$ 7,209 thousand)	228,895 (US\$ 7,209 thousand)	-	Business transaction	1,046,461	-	-	-	-	1,046,461 (Note 2)	1,510,034 (Note 4)	
		Fitness Equipment Service LLC.	Other receivables from related parties	Yes	686,244 (US\$ 21,614 thousand)	585,054 (US\$ 18,427 thousand)	585,054 (US\$ 18,427 thousand)	-	Business transaction	1,476,756	-	-	-	-	1,476,756 (Note 2)	1,510,034 (Note 4)	
		Spirit Direct, LLC.	Other receivables from related parties	Yes	15,133 (US\$ 477 thousand)	15,133 (US\$ 477 thousand)	15,133 (US\$ 477 thousand)	-	Business transaction	30,365	-	-	-	-	30,365 (Note 2)	1,510,034 (Note 4)	
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	48,962 (EUR 1,566 thousand)	48,962 (EUR 1,566 thousand)	48,962 (EUR 1,566 thousand)	-	Business transaction	63,044	-	-	-	-	63,044 (Note 2)	1,510,034 (Note 4)	
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	43,764 (EUR 1,400 thousand)	31,260 (EUR 1,000 thousand)	24,383 (EUR 780 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	1,510,034 (Note 1)	1,510,034 (Note 4)	
		CITY SPORTS (THAILAND) CO., LTD	Other receivables from related parties	Yes	25,356 (THB 30,000 thousand)	25,356 (THB 30,000 thousand)	25,356 (THB 30,000 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	755,017 (Note 1)	1,510,034 (Note 4)	
		Sweatband. Com Ltd.	Other receivables from related parties	Yes	35,530 (GBP 1,000 thousand)	35,530 (GBP 1,000 thousand)	35,530 (GBP 1,000 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	755,017 (Note 1)	1,510,034 (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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 377,509	\$ 165,940 (US\$ 1,000 thousand and RMB 30,000 thousand)	\$ 121,200 (US\$ 1,000 thousand and RMB 20,000 thousand)	\$ 31,750 (US\$ 1,000 thousand)	\$ -	3.21	\$ 377,509	Y	-	Y	
		Fuel-Spirit International Inc.	Indirectly held subsidiary	1,887,543	47,625 (US\$ 1,500 thousand)	-	-	-	-	1,887,543	Y	-	-	
		President Plastic Products MFG Co., Ltd.	Directly held subsidiary	1,887,543	30,000	30,000	29,500	-	0.79	1,887,543	Y	-	-	
		Cikayda Inc.	Directly held subsidiary	1,887,543	100,000	100,000	-	-	2.65	1,887,543	Y	-	-	
		CARDIO fitness GmbH & Co. KG	Indirectly held subsidiary	1,887,543	31,260 (EUR 1,000 thousand)	-	-	-	-	1,887,543	Y	-	-	
		Wing Long Co., Ltd.	Directly held subsidiary	1,887,543	10,000	5,000	1,774	-	0.13	1,887,543	Y	-	-	
1	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	Ultimate parent	1,887,543	770,000	770,000	300,000	770,000	20.40	1,887,543	-	Y	-	
		Cikayda Inc.	Ultimate parent is Dyaco International Inc.	1,887,543	100,000	100,000	-	100,000	2.65	1,887,543	-	-	-	

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

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

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

**TABLE 3**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)**

**SEPTEMBER 30, 2022**

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

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	September 30, 2022				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)	752,000	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)	-	31,896 (US\$ 1,152 thousand)	10.00	31,896 (US\$ 1,152 thousand)	Note 1
	<u>Convertible bonds</u> 1.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	31,750 (US\$ 1,000 thousand)	-	31,750 (US\$ 1,000 thousand)	
	<u>Convertible promissory note</u> Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	159,514 (US\$ 5,024 thousand)	-	159,514 (US\$ 5,024 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	<u>Stock</u> Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	4,161 (RMB 930 thousand)	9.00	4,161 (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 NINE MONTHS ENDED SEPTEMBER 30, 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 (Note)	\$ 337,000	As of September 30, 2022, \$33,700 has been paid	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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 348,395	19	Flexible	Based on mutual agreement	Flexible	\$ 1,047,304	82	Note 2
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Sales	578,453	31	Flexible	Based on mutual agreement	Flexible	525,450	16	Note 2
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	705,808	60	Flexible	Based on mutual agreement	Flexible	(387,033)	60	
	Dyaco Canada Inc.	Indirectly held subsidiary	Sales	127,477	7	Flexible	Based on mutual agreement	Flexible	66,624	5	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	348,395	51	Flexible	Based on mutual agreement	Flexible	(1,632,358)	92	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	578,453	100	Flexible	Based on mutual agreement	Flexible	(754,345)	76	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	705,808	48	Flexible	Based on mutual agreement	Flexible	387,033	51	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	127,477	86	Flexible	Based on mutual agreement	Flexible	(66,624)	83	

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

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

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 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. Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	\$ 1,047,304	92%	\$ -	-	\$ -	\$ -
		Indirectly held subsidiary	Accounts receivable	525,450	122%	-	-	-	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	387,033	184%	-	-	-	-
Dyaco International Inc.	Fitness Equipment Services, LLC. Spirit Manufacturing Inc.	Indirectly held subsidiary	Other receivables	585,054	Notes 1 and 2	-	-	-	-
		Indirectly held subsidiary	Other receivables	228,895	Notes 1 and 2	-	-	-	-

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: On September 30, 2022, the Company reclassified accounts receivable of the overdue normal credit period to other receivables. The balance of the loaned funds and the actual amounts were approved by the Board of Directors at its most recent meeting (November 10, 2022) in accordance with Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 3: Eliminated from the consolidated financial statements.

**TABLE 7**

**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				September 30, 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	\$ 506,114	\$ 1,128,018	126,415,463	100	\$ 861,025	\$ (26,151)	\$ (23,382) (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	458,528	358,161	-	100	178,338	(36,105)	(36,105)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	8,364	(222)	(222)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	72,964	28,404	5,980	100	(802)	(24,267)	(24,267)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100	5,379	(2,850)	(2,850)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	263,425	80,574	-	100	44,436	(24,531)	(24,531)
	SOLE INC.	America	Investment	948,631	948,631	-	100	231,003	(368,917)	(386,594) (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	258,640	258,640	1,100,000	100	260,627	1,005	1,128 (Note 4)
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100	18,335	(614)	(614)
	CITY SPORTS (THAILAND) CO., LTD.	Thailand	Fitness equipment selling	12,450	12,450	176,000	44	8,824	(2,308)	(2,454)
				(THB 14,420 thousand)	(THB 14,420 thousand)			(THB 10,440 thousand)	(THB -2,711 thousand)	(THB -2,883 thousand) (Note 6)
	Neutron Ventures Ltd.	United Kingdom	Investment	119,851	119,851	292,666	80	81,348	(43,160)	(45,525)
				(GBP 3,220 thousand)	(GBP 3,220 thousand)			(GBP 2,290 thousand)	(GBP -1,173 thousand)	(GBP -1,237 thousand) (Note 7)
	Morsel Inc.	America	Intelligent fitness content production company	27,750	27,750	909,090	11	14,922	(52,613)	(5,593)
				(US\$ 1,000 thousand)	(US\$ 1,000 thousand)			(US\$ 470 thousand)	(US\$ -1,797 thousand)	(US\$ -191 thousand)
Dyaco Europe GmbH.	Hongdaxin Projection Co., Ltd.	Taiwan	Film and television industry investment	4,000	-	400,000	40	3,926	(73,862)	(73,862)
	Spirit Manufacturing Inc.	America	Import, export and selling	265,734	265,734	1,667.5	100	10,208	(6,903)	(7)
				(US\$ 8,890 thousand)	(US\$ 8,890 thousand)			(US\$ 322 thousand)	(US\$ -236 thousand)	(US\$ -2 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752	271,752	1,000	100	8,205	(16,421)	(8,127)
				(US\$ 9,058 thousand)	(US\$ 9,058 thousand)			(CAD 353 thousand)	(US\$ -719 thousand)	(CAD\$ -350 thousand)
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	216,813	216,813	-	100	97,617	(17,917)	(21,145)
				(EUR 6,296 thousand)	(EUR 6,296 thousand)			(EUR 3,123 thousand)	(EUR -575 thousand)	(EUR -679 thousand) (Note 5)
SOLE INC.	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977	977	-	100	898	24	24
				(EUR 29 thousand)	(EUR 29 thousand)			(EUR 29 thousand)	(EUR 1 thousand)	(EUR 1 thousand)
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262	63,262	-	100	(604,940)	(368,917)	(368,917)
				(US\$ 2,100 thousand)	(US\$ 2,100 thousand)			(US\$ -19,053 thousand)	(US\$ -12,597 thousand)	(US\$ -12,597 thousand)
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	379,727	379,727	12,400,000	100	188,477	(1,432)	(1,432)
				(US\$ 12,400 thousand)	(US\$ 12,400 thousand)			(HK\$ 46,607 thousand)	(HK\$ -383 thousand)	(HK\$ -383 thousand)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				September 30, 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	\$ (51,335) (US\$ -1,617 thousand)	\$ (13,959) (US\$ -477 thousand)	\$ (13,959) (US\$ -477 thousand)
	Dyaco Commercial & Medical North America, LLC. (Note 6)	America	Import, export and selling	-	6,092 (US\$ 200 thousand)	-	100	-	(78) (US\$ -3 thousand)	(78) (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	41,687 (GBP 1,173 thousand)	(49,730) (GBP -1,351 thousand)	(49,730) (GBP -1,351 thousand)
	Neutron Ventures Poland S.p Z.o.o	Poland	Service industry	34 (PLN 5 thousand)	34 (PLN 5 thousand)	-	100	(277) (PLN -42 thousand)	(4,491) (PLN -664 thousand)	(4,491) (PLN -664 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	41,496 (GBP 1,168 thousand)	(49,730) (GBP -1,351 thousand)	(49,730) (GBP -1,351 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 loss of \$26,151 thousand and unrealized expenses of \$2,769 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$368,917 thousand minus amortization of investment premium of \$17,677 thousand.

Note 4: Including share of profit of \$1,005 thousand and unrealized expenses of \$123 thousand.

Note 5: Including share of loss of \$17,917 thousand minus amortization of investment premium of \$3,228 thousand.

Note 6: Including share of loss of \$2,308 thousand minus amortization of investment premium of \$146 thousand.

Note 7: Including share of loss of \$43,160 thousand minus amortization of investment premium of \$2,365 thousand.

Note 8: After the reorganization, which went by non-cash reduction, it is directly 100% held by Dyaco International Inc.

Note 9: Dyaco Commercial & Medical North America, LLC. had been eliminated in first quarter of 2022.

Note 10: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 8

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of September 30, 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)	\$ 88,870 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ (28,818) (HK\$ -7,710 thousand)	100	\$ (28,818) (HK\$ -7,710 thousand)	\$ 141,468 (HK\$ 34,982 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)	7,512 (HK\$ 2,010 thousand)	60	1,018 (HK\$ 1,206 thousand) (Note 3)	705,224 (HK\$ 174,388 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(218,516) (RMB -49 thousand)	100	(219) (RMB -49 thousand)	3,296 (RMB 737 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	(4,550) (RMB -1,026 thousand)	40	(1,820) (RMB -411 thousand)	2,944 (RMB 658 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 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)	\$2,265,051

- 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 loss of \$5,203 thousand minus amortization of investment premium of \$6,225 thousand and unrealized profits of \$703 thousand from upstream intercompany transactions and unrealized profits of \$1,337 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 89,667 705,808	5 60	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 77,765 (387,033)	6 60	\$ 6,260 7,925	

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 NINE MONTHS ENDED SEPTEMBER 30, 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	Sales	\$ 5,030	-	-
					Other operating revenue	3,879	-	-
					Accounts receivable from related parties	21,325	-	-
					Other receivables from related parties	15,133	-	-
					Investments accounted for using the equity method	985	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	5,394	-	-
					Other operating revenue	527	-	-
			Dyaco Japan Co., Ltd.	a	Sales	14,495	-	-
					Other operating revenue	141	-	-
					Accounts receivable from related parties	13,653	-	-
					Other receivables from related parties	26,437	-	-
					Investments accounted for using the equity method	3,002	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Sales	89,520	-	2
					Other operating revenue	147	-	-
					Accounts receivable from related parties	77,765	-	1
					Investments accounted for using the equity method	6,260	-	-
					Other receivables from related parties	11,777	-	-
			Spirit Manufacturing Inc.	a	Sales	487,458	-	9
					Other operating revenue	90,995	-	2
					Accounts receivable from related parties	525,450	-	5
					Other receivables from related parties	228,895	-	2
					Investments accounted for using the equity method	98,647	-	1
			Dyaco Canada Inc.	a	Sales	127,477	-	2
					Other operating revenue	199	-	-
					Accounts receivable from related parties	66,624	-	1
					Investments accounted for using the equity method	34,495	-	-
			Dyaco Europe GmbH	a	Sales	5,299	-	-
					Other operating revenue	67	-	-
					Accounts receivable from related parties	1,469	-	-
					Other receivables from related parties	9,120	-	-
					Investments accounted for using the equity method	19,733	-	-
			Daan Health Management Consulting Co., Ltd. Wing Long Co., Ltd.	a	Rental revenue	18	-	-
				a	Other receivables from related parties	439	-	-
					Other payables to related parties	304	-	-
					Other expenses	556	-	-

(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	\$ 47,929	-	1
					Accounts receivable from related parties	37,599	-	-
					Other receivables from related parties	25,516	-	-
					Investments accounted for using the equity method	16,816	-	-
			Shelton Corporation (Jiaxing), Ltd.	a	Cost of goods sold	705,808	-	14
					Accounts payable to related parties	387,033	-	4
					Inventories	1,337	-	-
					Other receivables from related parties	5	-	-
			CARDIO Fitness GmbH & Co. KG	a	Accounts receivable from related parties	2,977	-	-
					Other receivables from related parties	74,607	-	1
					Sales	4,209	-	-
					Investments accounted for using the equity method	3,927	-	-
			SOLE INC.	a	Other receivables from related parties	293	-	-
			Fitness Equipment Services, LLC.	a	Accounts receivable from related parties	1,047,304	-	10
					Other receivables from related parties	585,054	-	5
					Sales	348,395	-	7
					Investments accounted for using the equity method	179,836	-	2
			President Plastic Products MFG Co., Ltd.	a	Guarantee deposits received	900	-	-
					Other receivables from related parties	1,900	-	-
					Lease liabilities	9,686	-	-
					Right-of use assets	9,503	-	-
					Interest expense	180	-	-
					Depreciation	1,424	-	-
					Investments accounted for using the equity method	102	-	-
			Cikayda Inc.	a	Other receivables from related parties	495	-	-
					Rental revenue	315	-	-
					Other expenses	238	-	-
			CITY SPORTS (THAILAND) CO., LTD.	a	Accounts receivable from related parties	1,066	-	-
					Other receivables from related parties	28,961	-	-
					Sales	771	-	-
					Other operating revenue	154	-	-
					Investments accounted for using the equity method	59	-	-
			Sweatband.com Ltd.	a	Other receivables from related parties	36,070	-	-
	1	Spirit Direct, LLC.	Dyaco International Inc.	b	Accounts payable to related parties	32,935	-	-
					Inventories	985	-	-
					Cost of goods sold	8,909	-	-
					Other payables to related parties	3,523	-	-
			Spirit Manufacturing Inc.	c	Other payables to related parties	37,782	-	-
					Accounts receivable from related parties	18,151	-	-
	2	Fuel-Spirit International Inc.	Dyaco International Inc.	b	Accounts payable to related parties	5,394	-	-
					Other operating revenue	527	-	-
			Spirit Manufacturing Inc.	c	Accounts receivable from related parties	104,775	-	1
			Dyaco Canada Inc.	c	Other operating revenue	244	-	-
					Accounts receivable from related parties	40	-	-

(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)	
			CITY SPORTS (THAILAND) CO., LTD. Shelton Corporation (Jiaxing), Ltd.	c c	Sales Cost of goods sold Accounts payable to related parties	\$ 2,281 67,944 27,636	- - -	- 1 -
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold Other expenses Accounts payable to related parties Inventories	14,572 64 40,090 3,002	- - - -	- - - -
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.  Dyaco Health Technology (Beijing) Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	b  c c	Cost of goods sold Accounts payable to related parties Inventories Accounts payable to related parties Inventories	89,667 89,542 6,260 120 703	- - - - -	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 Inventories Other receivables from related parties Accounts payable to related parties Sales Accounts payable to related parties Sales Accounts receivables from related parties Other receivables from related parties Accounts payable to related parties	578,453 754,345 98,647 37,782 18,151 10,236 104,775 10,841 5,297 76,529 65,183	- - - - - - - - - - -	11 7 1 - - - 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 Cost of goods sold Other payables to related parties Cost of goods sold	127,676 66,624 34,495 244 40 10,236	- - - - - -	2 1 - - - -
	7	Dyaco Europe GmbH	Dyaco International Inc.  Sweatband.com Ltd.  CARDIO Fitness GmbH & Co. KG	b  c c	Cost of goods sold Accounts payable to related parties Inventories Accounts receivable from related parties Sales Sales Cost of goods sold Other operating revenue Other expenses Accounts payable to related parties	5,366 10,589 19,733 1,564 1,784 1,083 16 422 396 189	- - - - - - - - - -	- - - - - - - - - -
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	18	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	9	CARDIO Fitness GmbH & Co. KG	Dyaco International Inc.  Dyaco Europe GmbH	b  c	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories Cost of goods sold Sales Other operating revenue Other expenses Accounts payable to related parties	\$ 53,202 24,382 4,209 3,927 1,083 16 396 422 189	- - - - - - - - -	- - - - - - - - -
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties Accounts receivable from related parties Sales	439 304 556	- - -	- - -
	11	Dyaco UK Ltd.	Dyaco International Inc.  Sweatband.com Ltd.	b  b	Cost of goods sold Accounts payable to related parties Inventories Accounts receivable from related parties Sales	47,929 63,115 16,816 5,139 5,323	- - - - -	1 1 - - -
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.  Dyaco (Shanghai) Trading Co., Ltd. Fuel-Spirit International Inc.	b  c c	Sales Accounts receivable from related parties Cost of goods sold Other payables to related parties Cost of goods sold Accounts receivable from related parties Sales	705,808 387,033 1,337 5 703 27,636 67,944	- - - - - - -	14 4 - - - - 1
	13	Fitness Equipment Services, LLC.	Spirit Manufacturing Inc.  Dyaco International Inc.  SOLE INC.	c  b a	Cost of goods sold Accounts payable to related parties Accounts receivable from related parties Other payables to related parties Accounts payable to related parties Inventories Cost of goods sold Accounts payable to related parties	10,841 5,297 65,183 76,529 1,632,358 179,836 348,395 9,906	- - - - - - - -	- - 1 1 15 2 7 -
	14	SOLE INC.	Dyaco International Inc. Fuel-Spirit International Inc.	c c	Other payables to related parties Other payables to related parties	293 9,906	- -	- -
	15	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	b	Other payables to related parties Guarantee deposits received Rental expenses	1,900 900 1,524	- - -	- - -
	16	Cikayda Inc.	Dyaco International Inc.	b	Other payables to related parties Rental expenses Labor income	495 315 238	- - -	- - -

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	17	CITY SPORTS (THAILAND) CO., LTD.	Dyaco International Inc.  Fuel-Spirit International Inc.	b  c	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories Cost of goods sold	\$ 1,066 28,961 925 59 2,281	- - - - -	- - - - -
	18	Neutron Ventures Ltd.	Interactive Online Commerce Ltd. Sweatband.com Ltd.	c c	Other payables to related parties Other receivables from related parties	86,687 78,960	- -	1 1
	19	Interactive Online Commerce Ltd.	Neutron Ventures Ltd. Sweatband.com Ltd.	c c	Other receivables from related parties Other payables to related parties	86,687 86,496	- -	1 1
	20	Neutron Ventures Poland S.p Z.o.o	Sweatband.com Ltd.	c	Other payables to related parties Other receivables from related parties Sales	728 1,515 7,587	- - -	- - -
	21	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 Cost of goods sold Accounts payable to related parties Cost of goods sold Other payables to related parties Other payables to related parties Other payables to related parties Other receivables from related parties Administrative expenses	36,070 1,564 1,784 5,139 5,323 78,960 86,496 1,515 728 7,587	- - - - - - - - - -	- - - - - 1 1 - - -
	22	Dyaco Health Technology (Beijing) Co., Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other receivables from related parties	120	-	-

Note 1: Companies are numbered as follows:

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

Note 2: The flow of transactions is as follows:

- From the parent to the subsidiary.
- From the subsidiary to the parent.
- 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  
SEPTEMBER 30, 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
Dyaco International Inc	9,452,000	7.04
Chuan-Feng Investment Corporation	8,111,882	6.04
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.