

The English version is the translated version, without an accountant's  
review or verification.

Advanced International Multitech Co., Ltd. and Subsidiaries Consolidated  
Financial Statements and Independent Auditors' Review Report  
For the Six Months Ended June 30, 2023 and 2022  
(Stock Code: 8938)

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Advanced International Multitech Co., Ltd. and Subsidiaries Consolidated  
Financial Statements and Independent Auditors' Review Report  
For the Six Months Ended June 30, 2023 and 2022

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## Independent Auditor's Review Report

To Advanced International Multitech Co., Ltd.

### **Introduction**

We have reviewed Advanced International Multitech Co., Ltd. and Subsidiaries' ("the Group" hereinafter) consolidated balance sheets ended June 30, 2023 and 2022, consolidated statements of comprehensive income from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022, the consolidated statements of changes in equity, consolidated statements of cash flows from January 1 to June 30, 2023 and 2022, and the notes to the consolidated financial statements (including the summary of significant accounting policies) have been reviewed by the auditor. It is the management's responsibility to prepare a set of fairly presented financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph titled "Basis for Qualified Conclusion on the 2022 Q2 Consolidated Financial Statements", we conducted our reviews in accordance with the Standards on Review Engagement 2410, "Review of Financial Information Performed by the Independent Auditors of the Entity" of the Republic of China on Taiwan. 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.

### **Basis for Qualified Conclusion on the 2022 Q2 Consolidated Financial Statements**

As explained in Note IV(III) and Note VI(VIII), the financial statements of certain non-material subsidiaries in the 2022Q2 consolidated financial statements for the same period, the investments accounted for using the equity method, and related information disclosed in Note XIII, have not been audited by the independent auditors. The total assets (including the investments accounted for using the equity method) as of June 30, 2022 were NT\$1,543,945 thousand, representing 11% of the total consolidated assets,

and the total liabilities were NT\$1,079,025 thousand, representing 14% of the total consolidated liabilities. Its total comprehensive income (including the share of the profit or loss of its associates and joint ventures accounted for using the equity method and the share of other comprehensive income of its associates and joint ventures accounted for using the equity method) for the three-month period from April 1 to June 30, 2022 and for the six-month period from January 1 to June 30, 2022 were NT\$19,327 thousand and NT\$64,567 thousand, respectively, representing 3% and 5% of its total consolidated comprehensive income respectively.

### **Unqualified Conclusion and Qualified Conclusion**

Based on our reviews, except for possible effects from financial statements of some subsidiaries that are immaterial and the investments accounted for using the equity method mentioned in the paragraph titled "Basis for Qualified Conclusion on the 2022Q2 Consolidated Financial Statements" if they were reviewed by independent auditors, 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 Advanced International Multitech Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, and its consolidated financial performance for the three-month periods from April 1 to June 30, 2023 and 2022 and six-month periods from January 1 to June 30, 2023 and 2022, as well as its consolidated cash flows for the six-month period ended June 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan

Chun-Kai Wang

CPA

Chien-Chih Wu

Financial Supervisory Commission, R.O.C. (Taiwan)

Approval No.: Jin Guan Zheng Shen Zi No. 1110349013

Jin Guan Zheng Shen Zi No. 1030027246

August 3, 2023

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

June 30, 2023, December 31 and June 30, 2022

Unit: NT\$1,000

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	VI(I)	\$ 3,804,852	29	\$ 2,291,800	14	\$ 1,644,165	12
1110	Financial assets at fair value through profit/loss-current	VI(II)	8,311	-	10,037	-	7,396	-
1136	Financial assets at amortized cost – current	VI(III)&VIII	5,557	-	23,788	-	112,385	1
1150	Notes receivable -net	VI(IV)	6,919	-	5,983	-	4,207	-
1170	Account receivable-net	V&VI(IV)	1,983,915	15	5,043,280	30	3,996,017	28
1200	Other receivable		17,365	-	48,440	-	24,563	-
130X	Inventories	V&VI(V)	2,161,242	16	4,106,782	25	3,156,655	23
1410	Prepayments	VI(VII)	101,385	1	216,928	1	273,518	2
1470	Other current assets		29,021	-	20,492	-	29,628	-
11XX	<b>Total current assets</b>		<u>8,118,567</u>	<u>61</u>	<u>11,767,530</u>	<u>70</u>	<u>9,248,534</u>	<u>66</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit/loss–non-current	VI(II)	20,123	-	19,448	-	20,116	-
1517	Financial assets at fair value through other comprehensive income–non-current	VI(VI)	6,055	-	55	-	55	-
1535	Financial assets at amortized cost- non-current	VI(III)&VIII	9,726	-	5,630	-	6,881	-
1550	Investment accounted for using equity method	VI(VIII)	33,719	-	34,344	-	41,024	-
1600	Property, plant, and equipment	VI(IX)&VIII	3,889,491	30	3,789,767	23	3,492,110	25
1755	Right-of-use assets	VI(X)	816,645	6	846,828	5	895,776	6
1780	Intangible assets	VI(XI)	15,697	-	17,828	-	21,543	-
1840	Deferred income tax assets		64,290	1	89,642	1	69,326	1
1915	Prepayments for business facilities	VII	92,907	1	67,754	-	102,774	1
1990	Other non-current assets–others	VII&VIII	150,608	1	178,569	1	162,318	1
15XX	<b>Total non-current assets</b>		<u>5,099,261</u>	<u>39</u>	<u>5,049,865</u>	<u>30</u>	<u>4,811,923</u>	<u>34</u>
1XXX	<b>Total assets</b>		<u>\$ 13,217,828</u>	<u>100</u>	<u>\$ 16,817,395</u>	<u>100</u>	<u>\$ 14,060,457</u>	<u>100</u>

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Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
June 30, 2023, December 31 and June 30, 2022

Unit: NT\$1,000

	Liabilities and Equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			Amount	%	Amount	%	Amount	%
<b>Current Liabilities</b>								
2100	Short-term loans	VI(XII)&VIII	\$ 1,591,571	12	\$ 1,515,967	9	\$ 1,955,050	14
2120	Financial liabilities at fair value through profit/loss-current	VI(II)	-	-	417	-	-	-
2150	Notes payable		2,520	-	1,622	-	3,907	-
2170	Account payable	VII	728,150	6	2,230,307	13	1,798,657	13
2200	Other payable	VI(XIII)	1,322,125	10	2,246,177	13	2,480,740	18
2230	Income tax liabilities		181,601	1	650,310	4	343,123	2
2280	Lease liabilities -current		56,970	-	61,870	1	68,800	-
2320	Long-term liabilities due within 1 year/1business cycle	VI(XVI)&VIII	81,777	1	29,512	-	111,430	1
2399	Other current liabilities-others	VI(XIV), (XXII), (XXV)	71,772	1	102,003	1	91,165	1
21XX	<b>Total current liabilities</b>		<u>4,036,486</u>	<u>31</u>	<u>6,838,185</u>	<u>41</u>	<u>6,852,872</u>	<u>49</u>
<b>Non-Current Liabilities</b>								
2530	Corporate bond payable	VI(XV)	806,753	6	1,286,647	8	-	-
2540	Long-term loans	VI(XVI)&VIII	141,544	1	78,221	1	167,489	1
2570	Deferred income tax liabilities		220,157	2	243,594	1	212,313	1
2580	Lease liabilities – non-current		552,875	4	567,788	3	606,977	4
2630	Long-term deferred income	VI(XVI)	649	-	456	-	676	-
2640	Net defined benefit liabilities-non-current		43,239	-	64,719	-	73,359	1
2670	Other non-current liabilities-others		622	-	689	-	776	-
25XX	<b>Total non-current liabilities</b>		<u>1,765,839</u>	<u>13</u>	<u>2,242,114</u>	<u>13</u>	<u>1,061,590</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>5,802,325</u>	<u>44</u>	<u>9,080,299</u>	<u>54</u>	<u>7,914,462</u>	<u>56</u>
<b>Equity</b>								
<b>Equity attributable to shareholders of the parent company</b>								
Share capital								
3110	Capital of common shares	VI(IXX)	1,402,003	11	1,371,929	8	1,353,127	10
Capital surplus								
3200	Capital surplus	VI(XV), (XX)	1,273,046	9	973,927	6	781,236	5
Retained earnings								
3310	Legal reserve	VI(XXI)	1,288,551	10	1,063,914	6	1,063,914	8
3320	Special reserve		89,643	1	167,767	1	167,766	1
3350	Undistributed earnings		2,764,739	21	3,736,047	22	2,578,250	18
Other equity								
3400	Other equity		( 116,793)	( 1)	( 89,642)	-	( 114,686)	( 1)
3500	Treasury stock	VI(XVIII), (XIX)	( 200,920)	( 2)	( 227,667)	( 1)	( 227,667)	( 1)
31XX	<b>Total equity attributable to shareholders of the parent company</b>		<u>6,500,269</u>	<u>49</u>	<u>6,996,275</u>	<u>42</u>	<u>5,601,940</u>	<u>40</u>
36XX	<b>Non-controlling interests</b>	IV(III)	<u>915,234</u>	<u>7</u>	<u>740,821</u>	<u>4</u>	<u>544,055</u>	<u>4</u>
3XXX	<b>Total equity</b>		<u>7,415,503</u>	<u>56</u>	<u>7,737,096</u>	<u>46</u>	<u>6,145,995</u>	<u>44</u>
Significant contingent liabilities and Unrecognized contractual commitment								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,217,828</u>	<u>100</u>	<u>\$ 16,817,395</u>	<u>100</u>	<u>\$ 14,060,457</u>	<u>100</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: I-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to June 30, 2023 and 2022

Unit: NT\$1,000  
(Except for Earnings Per Share Presented in NT\$1)

Item	Notes	April 1 to June 30, 2023		April 1 to June 30, 2022		January 1 to June 30, 2023		January 1 to June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	VI(XXII)&VII	\$ 3,108,328	100	\$ 5,520,290	100	\$ 8,092,462	100	\$ 10,501,502	100
5000 Operating cost	VI(V)(XI)(XXVIII)(XXIX)&VII	( 2,672,494)	( 86)	( 4,472,746)	( 81)	( 6,819,995)	( 84)	( 8,538,827)	( 81)
5900 Gross operating profit		<u>435,834</u>	<u>14</u>	<u>1,047,544</u>	<u>19</u>	<u>1,272,467</u>	<u>16</u>	<u>1,962,675</u>	<u>19</u>
Operating expenses	VI(XI)(XXVIII)(XXIX)&VII								
6100 Marketing expenses		( 44,539)	( 1)	( 73,853)	( 1)	( 103,790)	( 1)	( 145,309)	( 2)
6200 Administrative expenses		( 125,050)	( 4)	( 145,454)	( 3)	( 285,562)	( 4)	( 287,849)	( 3)
6300 Research and development expenses		( 145,452)	( 5)	( 187,205)	( 4)	( 317,476)	( 4)	( 347,363)	( 3)
6450 Expected credit impairment gain	XII(II)	<u>11</u>	-	<u>1,296</u>	-	<u>1,935</u>	-	<u>1,422</u>	-
6000 Total operating expenses		<u>( 315,030)</u>	<u>( 10)</u>	<u>( 405,216)</u>	<u>( 8)</u>	<u>( 704,893)</u>	<u>( 9)</u>	<u>( 779,099)</u>	<u>( 8)</u>
6500 Other income and expenses-net	VI(XXIII)	<u>42,786</u>	<u>1</u>	<u>44,816</u>	<u>1</u>	<u>90,653</u>	<u>1</u>	<u>67,685</u>	<u>1</u>
6900 Operating income		<u>163,590</u>	<u>5</u>	<u>687,144</u>	<u>12</u>	<u>658,227</u>	<u>8</u>	<u>1,251,261</u>	<u>12</u>
Non-operating income and expenses									
7100 Interest revenue	VI(XXIV)	21,739	1	1,244	-	34,217	1	1,882	-
7010 Other revenue	VI(XXV)	3,166	-	5,395	-	6,232	-	9,914	-
7020 Other gains and losses	VI(II)(XXVI)	121,303	4	192,873	4	49,141	1	299,931	3
7050 Finance costs	VI(IX)(X)(XXVII)	( 26,609)	( 1)	( 9,313)	-	( 55,916)	( 1)	( 17,145)	-
7060 Share of the profit(loss) of associates and joint venture accounted for using the equity method	VI(VIII)	<u>( 2,448)</u>	-	<u>750</u>	-	<u>( 3,206)</u>	-	<u>( 126)</u>	-
7000 Total non-operating income and expenses		<u>117,151</u>	<u>4</u>	<u>190,949</u>	<u>4</u>	<u>30,468</u>	<u>1</u>	<u>294,456</u>	<u>3</u>
7900 <b>Net income before tax</b>		<u>280,741</u>	<u>9</u>	<u>878,093</u>	<u>16</u>	<u>688,695</u>	<u>9</u>	<u>1,545,717</u>	<u>15</u>
7950 Income tax expense	VI(XXX)	<u>( 49,598)</u>	<u>( 2)</u>	<u>( 205,166)</u>	<u>( 4)</u>	<u>( 132,990)</u>	<u>( 2)</u>	<u>( 351,839)</u>	<u>( 4)</u>
8200 <b>Net income after tax</b>		<u>\$ 231,143</u>	<u>7</u>	<u>\$ 672,927</u>	<u>12</u>	<u>\$ 555,705</u>	<u>7</u>	<u>\$ 1,193,878</u>	<u>11</u>
<b>Other comprehensive income(loss)</b>									
<b>Items that may be re-classified subsequently to profit or loss</b>									
8361 Exchange differences on translation of foreign financial statements		<u>(\$ 16,922)</u>	-	<u>\$ 7,882</u>	-	<u>(\$ 27,151)</u>	-	<u>\$ 53,080</u>	<u>1</u>
8300 <b>Other comprehensive income/loss -net</b>		<u>(\$ 16,922)</u>	-	<u>\$ 7,882</u>	-	<u>(\$ 27,151)</u>	-	<u>\$ 53,080</u>	<u>1</u>
8500 <b>Total comprehensive income (loss)</b>		<u>\$ 214,221</u>	<u>7</u>	<u>\$ 680,809</u>	<u>12</u>	<u>\$ 528,554</u>	<u>7</u>	<u>\$ 1,246,958</u>	<u>12</u>
Net income(loss) attributable to:									
8610 Shareholders of the parent company		<u>\$ 156,063</u>	<u>5</u>	<u>\$ 607,027</u>	<u>11</u>	<u>\$ 409,881</u>	<u>5</u>	<u>\$ 1,088,576</u>	<u>10</u>
8620 Non-controlling interests		<u>75,080</u>	<u>2</u>	<u>65,900</u>	<u>1</u>	<u>145,824</u>	<u>2</u>	<u>105,302</u>	<u>1</u>
Total		<u>\$ 231,143</u>	<u>7</u>	<u>\$ 672,927</u>	<u>12</u>	<u>\$ 555,705</u>	<u>7</u>	<u>\$ 1,193,878</u>	<u>11</u>
Total comprehensive income(loss) attributable to:									
8710 Shareholders of the parent company		<u>\$ 139,141</u>	<u>5</u>	<u>\$ 614,909</u>	<u>11</u>	<u>\$ 382,730</u>	<u>5</u>	<u>\$ 1,141,656</u>	<u>11</u>
8720 Non-controlling interests		<u>75,080</u>	<u>2</u>	<u>65,900</u>	<u>1</u>	<u>145,824</u>	<u>2</u>	<u>105,302</u>	<u>1</u>
Total		<u>\$ 214,221</u>	<u>7</u>	<u>\$ 680,809</u>	<u>12</u>	<u>\$ 528,554</u>	<u>7</u>	<u>\$ 1,246,958</u>	<u>12</u>
Earnings per share	VI(XXXI)								
9750 Basic		<u>\$ 1.14</u>		<u>\$ 4.59</u>		<u>\$ 3.00</u>		<u>\$ 8.23</u>	
9850 Diluted		<u>\$ 1.10</u>		<u>\$ 4.58</u>		<u>\$ 2.85</u>		<u>\$ 8.18</u>	

The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: I-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to June 30, 2023 and 2022

Unit: NT\$1,000

		Equity attributable to shareholders of the parent company													
		Capital Surplus				Retained Earnings				Exchange differences on translation of foreign financial statements					
Notes	Capital of common shares	Share premium	Changes in ownership interest in subsidiaries	Stock option	Others	Legal reserve	Special reserve	Undistributed earnings	Treasury stock	Total	Non-controlling interests	Total equity			
<u>January 1 to June 30, 2022</u>															
	\$1,353,127	\$ 739,866	\$ 16,480	\$ -	\$ 24,890	\$ 929,358	\$142,996	\$2,376,835	( \$ 167,766)	(\$258,23)	\$5,157,551	\$ 494,932	\$5,652,483		
	-	-	-	-	-	-	-	1,088,576	-	-	1,088,576	105,302	1,193,878		
	-	-	-	-	-	-	-	-	53,080	-	53,080	-	53,080		
	-	-	-	-	-	-	-	1,088,576	53,080	-	1,141,656	105,302	1,246,958		
2021 Earnings appropriation and distribution	VI(XXI)														
Appropriation of legal surplus		-	-	-	-	134,556	-	( 134,556)	-	-	-	-	-		
Appropriation of special surplus		-	-	-	-	-	24,770	( 24,770)	-	-	-	-	-		
Common share cash dividend		-	-	-	-	-	-	( 727,835)	-	-	( 727,835)	-	( 727,835)		
Non-controlling interest		-	-	-	-	-	-	-	-	-	( 56,179)	( 56,179)	( 56,179)		
Transfer of treasury stock to employees	VI(XVIII) (XIX)	-	-	-	-	-	-	-	-	30,568	30,568	-	30,568		
Balance as of June 30, 2022	\$1,353,127	\$ 739,866	\$ 16,480	\$ -	\$ 24,890	\$1,063,914	\$167,766	\$2,578,250	( \$ 114,686)	(\$227,667)	\$5,601,940	\$ 544,055	\$6,145,995		
<u>January 1 to June 30, 2023</u>															
	\$1,371,929	\$ 877,385	\$ 16,480	\$55,172	\$ 24,890	\$1,063,914	\$167,767	\$3,736,047	( \$ 89,642)	(\$227,66)	\$6,996,275	\$ 740,821	\$7,737,096		
	-	-	-	-	-	-	-	409,881	-	-	409,881	145,824	555,705		
	-	-	-	-	-	-	-	-	( 27,151)	-	( 27,151)	-	( 27,151)		
	-	-	-	-	-	-	-	409,881	( 27,151)	-	382,730	145,824	528,554		
2022 Earnings appropriation and distribution	VI(XXI)														
Appropriation of legal surplus		-	-	-	-	224,637	-	( 224,637)	-	-	-	-	-		
Reversal of special surplus		-	-	-	-	-	( 78,124)	78,124	-	-	-	-	-		
Common share cash dividend		-	-	-	-	-	-	( 1,234,676)	-	-	( 1,234,676)	-	( 1,234,676)		
Changes in interests of associates and joint ventures accounted for using equity method		-	-	-	2,562	-	-	-	-	-	2,562	-	2,562		
Changes in ownership equity in subsidiaries		-	84,085	-	-	-	-	-	-	-	84,085	-	84,085		
Cash dividend from subsidiaries		-	-	-	-	-	-	-	-	-	-	( 140,831)	( 140,831)		
Conversion of convertible corporate bond	VI(XV)	30,074	220,543	( 15,855)	-	-	-	-	-	-	234,762	168,930	403,692		
Transfer of treasury stock to employees	VI(XVIII) (XIX)	-	-	-	7,784	-	-	-	-	26,747	34,531	490	35,021		
Balance as of June 30, 2023	\$1,402,003	\$ 1,097,928	\$ 100,565	\$39,317	\$ 35,236	\$1,288,551	\$89,643	\$2,764,739	( \$ 116,793)	(\$200,920)	\$6,500,269	\$ 915,234	\$7,415,503		

The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: I-Miao Kuo



Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2023 and 2022

Unit: NT\$1,000

	<u>Notes</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
<u>Cash flows from operating activities</u>			
Net income before tax		\$ 688,695	\$ 1,545,717
Adjustments			
Income and expenses items			
Depreciation expenses	VI(IX)(X), (XXVIII)	367,400	303,201
Amortization expenses	VI(XXVIII)	46,530	25,132
Expected credit impairment loss (gain)	XII(II)	( 1,935 )	( 1,422 )
Net loss of financial assets and liabilities at fair value through profit/loss	VI(II)(XXVI)	6,680	6,313
Interest expenses	VI(XXVII)	55,874	17,062
Interest income	VI(XXIV)	( 34,217 )	( 1,882 )
Share of profit(loss) of associates and joint venture accounted for using equity method	VI(VIII)	3,206	126
Share based compensation cost	VI(XVIII)	7,784	-
Loss on disposal of property, plant, and equipment	VI(XXVI)	5,655	113
Gain on lease modification	VI(X)	( 1 )	( 2 )
Changes in operating assets/liabilities			
Net changes in operating assets			
Financial assets at fair value through profit/loss - current		1,329	1,086
Note receivable		( 936 )	5,360
Account receivable		3,016,542	184,564
Other receivable		31,064	( 7,372 )
Inventories		1,919,057	88,290
Prepayments		113,897	49,564
Other current assets		( 8,738 )	195
Net changes in operating liabilities			
Financial liabilities at fair value through profit/loss - current		( 7,457 )	( 5,790 )
Note payable		898	86
Account payable		( 1,481,987 )	( 336,124 )
Other payable		( 843,074 )	( 229,694 )
Other current liabilities - others		( 30,647 )	( 34,684 )
Long-term deferred income		-	517
Net defined benefit liabilities- non-current		( 21,480 )	-
Other non-current liabilities - others		-	11
Cash inflows from operations		3,834,139	1,610,367
Income tax paid		( 599,991 )	( 314,693 )
Net cash inflow from operating activities		<u>3,234,148</u>	<u>1,295,674</u>

(Continue to next page)

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2023 and 2022

Unit: NT\$1,000

	Notes	January 1 to June 30, 2023	January 1 to June 30, 2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through profit/loss - current		\$ -	(\$ 28,982)
Acquisition of financial assets at fair value through profit/loss - non-current		( 1,253 )	-
Acquisition of financial assets at fair value through other comprehensive income		( 6,000 )	-
Financial assets at amortized cost – current decreased		18,231	170,938
Financial assets at amortized cost – non-current increased		( 4,096 )	( 3,021 )
Acquisition of investment accounted for using equity method		-	( 37,890 )
Acquisition of property, plant, and equipment	VI(XXXII)	( 439,743 )	( 417,500 )
Increase in prepayment for business facilities		( 80,338 )	( 141,247 )
Disposal of property, plant, and equipment		1,994	2,092
Acquisition of intangible assets	VI(XI)	( 2,560 )	( 11,879 )
Increase in refundable deposits		-	( 362 )
Decrease in refundable deposits		271	29
Other non-current current – increase in others		( 15,354 )	( 38,595 )
Interests received		34,217	1,882
Cash outflows from investing activities		<u>( 494,631 )</u>	<u>( 504,535 )</u>
<u>Cash flows from financing activities</u>			
Increase in short-term loans	VI(XXXIII)	2,291,341	10,074,074
Decrease in short-term loans	VI(XXXIII)	( 2,202,793 )	( 10,082,871 )
Increase in long-term loans	VI(XXXIII)	141,070	93,200
Decrease in long-term loans	VI(XXXIII)	( 24,845 )	( 50,217 )
Repayment of lease principals	VI(XXXIII)	( 27,887 )	( 33,662 )
Increase (decrease) in deposits received		( 44 )	133
Interests paid		( 40,215 )	( 13,235 )
Distribution of cash dividend	VI(XXI)	( 1,234,676 )	-
Cash dividends from subsidiaries		( 140,831 )	-
Transfer of treasury stock to employees	VI(XVIII)(XIX)	26,747	30,568
Net cash inflows (outflows) from financing activities		<u>( 1,212,133 )</u>	<u>17,990</u>
Effect of exchange rate changes on cash and cash equivalents		( 14,332 )	2,013
Increase in cash and cash equivalents		1,513,052	811,142
Cash and cash equivalents, beginning of the period		2,291,800	833,023
Cash and cash equivalents, end of the period		<u>\$ 3,804,852</u>	<u>\$ 1,644,165</u>

The accompanying Notes to the Consolidated Financial Statement are an integral part of the consolidated financial statement. Please refer to them as well.

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: I-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries  
Notes to the Consolidated Financial Statements  
For the Six Months Ended June 30, 2023 and 2022

Unit: NT\$1,000  
(Unless otherwise specified)

I. Company History

(I) Advanced International Multitech Co., Ltd. (“the Company” hereinafter), originally known as Advanced Composite Design Co., Ltd., obtained its establishment approval on July 20, 1987 and started operation in January 1988. The Company merged with its subsidiaries, Da-an Precision Casting Co., Ltd. and Advanced International Co., Ltd. on July 1, 1998. The Company and its subsidiaries (“the Group” hereinafter) are mainly engaged in the manufacturing, processing, trading, import and export of carbon fiber prepackaged materials, and carbon fiber products (e.g., baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle, and bicycle accessories), as well as composite materials, namely carbon fiber fabrics, for the aviation industry.

(II) The Company’s stocks have been traded on the Taipei Exchange (“TPEX” hereinafter) since December 2002.

II. Approval Date and Procedure of Financial Statements

The consolidated financial statements were released on August 3, 2023, after being approved by the Board of Directors.

III. Application of New and Amended Standards and the Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission (“FSC” hereinafter)

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2023:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group’s financial position and financial performance.

(II) Effects of not yet applying the newly announced and revised IFRSs endorsed by the FSC

None.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSA

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed

by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate or Joint Venture"	Yet to be determined by the IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 relating to "Transition Requirement for Issuers Applying IFRS 17 and IFRS 9 for the First Time – 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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangement"	January 2024
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

#### IV. Summary of significant accounting policies

Among the significant accounting policies, except for the statement of compliance basis of preparation, basis of consolidation and additions, which are stated below, the rests are the same as Note IV of the consolidated financial statements for the year ended December 31, 2022. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

##### (I) Statement of Compliance

1. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the IAS 34 "Interim Financial Reporting" endorsed by the FSC.
2. These consolidated financial statements shall be read together with the consolidated financial statements for the year ended December 31, 2022.

##### (II) Basis of Preparation

1. Except for the following significant items, the consolidated financial statements have been prepared under the historical cost convention:
  - (1) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.

- (3) Defined benefit liability that is derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required in preparing a set of financial statements in compliance with the FSC endorsed version of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (collectively referred to as "IFRSs"). Management judgments are also required in the process of applying the Group's accounting policies. For items that are highly judgmental, complex, or related to significant assumptions and estimates of the consolidated financial statements, please refer to Note V.

### (III) Basis of Consolidation

1. Principles for the preparation of consolidated financial statements  
The principles followed in preparing the consolidated financial statements are the same as those for the year ended December 31, 2022.
2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	100	100	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Engaged in the production and sales of various golf club shafts and heads, golf sets	100	100	100	Note
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd.	Engaged in the production of sports products, other plastic products and international trade	52.12	55.93	55.93	
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production, import and export of carbon fiber prepreg materials and sports products	100	100	100	

Note: Because the company was not defined as significant subsidiary, this subsidiary's financial statements ended June 30, 2022 have not been reviewed by a CPA.

3. Subsidiaries that are not included in the consolidated financial statements: None.
4. Different accounting and adjustments adopted by subsidiaries in the accounting period: None.
5. Significant restrictions: None.
6. Subsidiaries with material non-controlling interests to the Group:  
As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group's non-controlling interests totaled \$915,234, \$740,821, and \$544,055, respectively.

The following table showed information on the Group's material non-controlling interests and its subsidiaries:

Subsidiary	Principal place of business	Non-controlling interests					
		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., Ltd.	Taiwan	\$ 915,234	47.88	\$ 740,821	44.07	\$ 544,055	44.07

Summary of the financial information of subsidiaries is as below:

#### Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 1,713,096	\$ 1,953,266	\$ 1,414,160
Non-current assets	1,329,574	1,278,058	1,245,828
Current liabilities	( 723,712 )	( 991,077 )	( 1,187,590 )
Non-current liabilities	( 425,692 )	( 613,335 )	( 237,889 )
Total net assets	\$ 1,893,266	\$ 1,626,912	\$ 1,234,509

#### Statement of Comprehensive Income

	Launch Technologies Co., Ltd.	
	April 1 to June 30, 2023	April 1 to June 30, 2022
Revenue	\$ 1,057,410	\$ 903,087
Net income before tax	206,784	184,139
Income tax expense	( 43,005 )	( 34,608 )
Net income	163,779	149,531
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	\$ 163,779	\$ 149,531

	Launch Technologies Co., Ltd.	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Revenue	\$ 2,045,200	\$ 1,620,602
Net income before tax	406,340	295,899
Income tax expense	( 83,432 )	( 56,960 )
Net income	322,908	238,939
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	\$ 322,908	\$ 238,939

## Statement of Cash Flows

	Launch Technologies Co., Ltd.	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Net cash inflow from operating activities	\$ 178,836	\$ 278,014
Net cash outflow from investing activities	( 150,741 )	( 125,588 )
Net cash inflow (outflow) from financing activities	( 206,697 )	110,776
Increase (Decrease) in cash and cash equivalents for the current period	( 178,602 )	263,202
Cash and cash equivalents, beginning of the period	725,159	131,709
Cash and cash equivalents, end of the period	\$ 546,557	\$ 397,911

### (IV) Employee benefit

The pension cost for the interim period is calculated on the basis of the pension cost rate from the beginning of the year to the end of the current period using the pension cost rate determined by actuarial calculation at the end of the previous financial year. If there are major market changes, major reductions, liquidations or other major one-time events after the closing date, adjustments will be made, and relevant information will be disclosed in accordance with the aforementioned policies.

### (V) Income tax

Income tax expense in the interim is computed by applying the estimated average effective tax rate in the annual term to the pre-tax profit or loss in the interim and is disclosed in accordance with the aforementioned policies.

## V. The primary sources of uncertainties in major accounting judgement, estimates and assumptions

When preparing the consolidated financial statement, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any major accounting estimates and assumptions made and the actual results, the historical experiences, the impact of COVID-19 and other factors will be considered for continuous assessment and adjustments. Such estimates and assumptions may result in risks of material adjustment(s) to the carrying amount of assets and liabilities in the next year. Descriptions of the uncertainties in major accounting judgments, estimates, and assumptions are as follows:

### (I) Major judgments in adopting the accounting policies

None.

### (II) Major accounting estimates and assumptions

#### 1. Expected credit loss of account receivable

A loss allowance for uncollectible Accounts Receive is provided based on their lifetime expected credit losses. In measuring the expected credit losses, the Group must use its judgment to identify the factors that affect the future recoverability of the Accounts Receivable (e.g., customers'

operation condition and historical transaction records that may affect customers' ability to pay), and consider the time value of money, and the information that is reasonable and available to prove the forecast of future economic conditions. The said judgments and factors may significantly affect the measurement of the expected credit losses.

As of June 30, 2023, the carrying amount of the Group's Accounts Receivable was \$1,983,915.

2. The evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological changes, the Group evaluates and writes down the cost of inventories to its net realizable value based on normal inventory depletion, obsolete inventories or inventories without market selling value on the balance sheet date. Since the inventory valuation is estimated based on demands for products in a specific future period, it may be subject to significant changes.

As of June 30, 2023, the carrying amount of the Group's inventory was \$2,161,242.

VI. Description of major accounting subjects

(I) Cash and Cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and revolving funds	\$ 1,002	\$ 1,142	\$ 788
Checking deposits and demand deposits	3,155,593	1,522,150	1,298,937
Cash equivalents – time deposits	648,257	588,508	344,440
Cash equivalents – repo bonds	-	180,000	-
	<u>\$ 3,804,852</u>	<u>\$ 2,291,800</u>	<u>\$ 1,644,165</u>

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions to disperse credit risk. Therefore, the expected risk of default is pretty low.
2. The Group's demand deposits in the reserve accounts or repatriated overseas funds, which the use is restricted for certain purpose, have been transferred to be listed under the "financial assets measured at amortized cost-current" and "financial assets measured at amortized cost - non-current". Please see Note VI (III) in detail.



(II) Financial assets and liabilities at fair value through profit or loss (FVTPL)

Item	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bond redemption right	\$ 915	\$ 2,641	\$ -
Convertible bond contracts	7,396	7,396	7,396
	\$ 8,311	\$ 10,037	\$ 7,396
Non-Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Privately offered fund	\$ 22,839	\$ 21,586	\$ 21,586
Valuation adjustments	( 2,716 )	( 2,138 )	( 1,470 )
	\$ 20,123	\$ 19,448	\$ 20,116
Item	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Financial liabilities held for trading			
Non-hedging financial derivatives	\$ -	\$ 417	\$ -

1. Financial assets and liabilities measured at FVTPL recognized in profit or loss are detailed as below:

	April 1 to June 30, 2023	April 1 June 30, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging financial derivatives	\$ -	\$ 295
Privately offered funds	( 297 )	( 302 )
Convertible bond redemption right	( 1,231 )	-
Financial liabilities held for trading		
Non-hedging financial derivatives	27	( 3,372 )
	( \$ 1,501 )	( \$ 3,379 )
	January 1 to June 30, 2023	January 1 to June 30, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging financial derivatives	\$ 1,329	\$ 948
Privately offered funds	( 578 )	( 1,470 )
Convertible bond redemption right	( 391 )	-
Financial liabilities held for trading		
Non-hedging financial derivatives	( 7,040 )	( 5,791 )
	( \$ 6,680 )	( \$ 6,313 )

2. Below states the Group's engagement in transactions and contracts of financial derivatives that do not apply hedge accounting:

As of June 30, 2023 and June 30, 2022: None.

	December 31, 2022	
Derivative financial assets	Contract Amount (nominal principal)	Contract period
Current items: None.		
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	USD 5,000 thousand	Dec. 8, 2022 ~ Jan. 18, 2023

The forward foreign exchange contract signed by the Group were to sell US dollars in advance; the purpose is to hedge the risk arising from the purchase and sales of goods. However, such transactions did not apply hedge accounting.

- For information on the credit risk of financial assets at FVTPL, please refer to Note XII (II).

(III) Financial assets measured at amortized cost

Item	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Demand deposits - special account for repatriated offshore fund	\$ -	\$ 21,286	\$ 109,883
Restricted bank deposits	5,557	2,502	2,502
	\$ 5,557	\$ 23,788	\$ 112,385
Non-current items:			
Restricted bank deposits	\$ 9,726	\$ 5,630	\$ 6,881

- As of June 30, 2023, December 31, 2022, and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost was its carrying amount.
- Please refer to Note VIII for details of the Group's use of financial assets measured at amortized cost as pledge guarantees.
- Demand deposit – special account for repatriated offshore fund is the amount deposited in the bank's special account by the Group in accordance with the regulations on the management, utilization and taxation of offshore repatriated fund, and the use of funds is limited to the amount approved for the plan.
- Please refer to Note XII(II) for information on the credit risk of financial assets measured at cost after amortization. Financial institutions that work with the Group have good credit quality, and the possibility of default is expected to be very low.

(IV) Note receivable and account receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 6,919	\$ 5,983	\$ 4,207
Accounts Receive	\$ 1,986,028	\$ 5,047,328	\$ 3,996,771
Less: Loss allowance	( 2,113 )	( 4,048 )	( 754 )
	\$ 1,983,915	\$ 5,043,280	\$ 3,996,017

1. Aging analysis of accounts receivable and notes receivable is stated as follows:

	June 30, 2023		December 31, 2022		June 30, 2022	
	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable
Not overdue	\$ 6,919	\$ 1,900,614	\$ 5,983	\$ 4,945,224	\$ 4,207	\$ 3,820,950
Overdue:						
Within 30 days	-	71,151	-	89,260	-	152,611
31 to 90 days	-	10,565	-	6,979	-	21,681
91 to 180 days	-	3,024	-	5,385	-	1,529
Over 181 days	-	674	-	480	-	-
	<u>\$ 6,919</u>	<u>\$ 1,986,028</u>	<u>\$ 5,983</u>	<u>\$ 5,047,328</u>	<u>\$ 4,207</u>	<u>\$ 3,996,771</u>

The above aging analysis is based on the number of days past due.

2. As of June 30, 2023, December 31, 2022, June 30, 2022, and January 1, 2022, the Group's contracted accounts receivable (including notes receivable) amounted to \$1,992,947, \$5,053,311, \$4,000,978, and \$4,144,329 respectively.
3. No accounts receivable or notes receivable were pledged as collateral by the Group.
4. As of June 30, 2023, December 31, 2022, and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's note receivables and accounts were the carrying amount.
5. Please refer to Note XII(II) for information regarding the credit risks on note receivable and accounts receivable.

(V) Inventories

	June 30, 2023		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,204,631	( \$ 23,394 )	\$ 1,181,237
Work in progress	284,629	( 2,655 )	281,974
Finished goods	673,350	( 18,077 )	655,273
Inventory in transit	42,758	-	42,758
	<u>\$ 2,205,368</u>	<u>( \$ 44,126 )</u>	<u>\$ 2,161,242</u>
	December 31, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,544,679	( \$ 31,308 )	\$ 1,513,371
Work in progress	736,328	( 1,157 )	735,171
Finished goods	1,787,425	( 16,815 )	1,770,610
Inventory in transit	87,630	-	87,630
	<u>\$ 4,156,062</u>	<u>( \$ 49,280 )</u>	<u>\$ 4,106,782</u>
	June 30, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,251,573	( \$ 31,299 )	\$ 1,220,274
Work in progress	635,951	( 3,385 )	632,566
Finished goods	1,273,985	( 20,586 )	1,253,399
Inventory in transit	50,416	-	50,416
	<u>\$ 3,211,925</u>	<u>( \$ 55,270 )</u>	<u>\$ 3,156,655</u>

The Group's inventory cost recognized as an expense for the current period:

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Cost of inventories sold	\$ 2,672,820	\$ 4,473,113
Recovery (gain) loss from price decline	( 603 )	( 1,858 )
Disposition loss	1,769	5,224
Others	( 1,492 )	( 3,733 )
	<u>\$ 2,672,494</u>	<u>\$ 4,472,746</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Cost of inventories sold	\$ 6,827,126	\$ 8,545,909
Recovery (gain)loss from price decline	( 5,154 )	( 6,270 )
Deposition loss	3,701	5,224
Others	( 5,678 )	( 6,036 )
	<u>\$ 6,819,995</u>	<u>\$ 8,538,827</u>

For the period between April 1 to June 30, 2023 and for the six-month periods ended June 30, 2023 and 2022, due to well consumption of inventories, price increase of materials, and disposition of partial inventories, there were increase in the net realizable value of inventories, which relatively reduced the cost of goods sold within the periods.

(VI) Financial assets at fair value through other comprehensive income

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Non-current items:			
Unlisted stocks	\$ 6,055	\$ 55	\$ 55
Valuation adjustments	-	-	-
	<u>\$ 6,055</u>	<u>\$ 55</u>	<u>\$ 55</u>

1. The Group elected to classify its strategic equity investments as financial assets at fair value through other comprehensive income. The fair value of such investments as of June 30, 2023, December 31, 2022, and June 30, 2022 were \$7,007, \$1,009, and \$1,011, respectively.
2. No financial asset measured at FVTOCI was pledged by the Group as collateral.

(VII) Prepayments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Input tax	\$ 10,082	\$ 44,670	\$ 43,944
Tax overpaid retained for offsetting the future tax payable	15,908	59,621	84,709
Prepaid expense	47,763	62,030	56,301
Prepayment for purchases	27,632	50,607	88,564
	<u>\$ 101,385</u>	<u>\$ 216,928</u>	<u>\$ 273,518</u>

(VIII) Investments accounted for using the equity method

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Maya Metal Technology Co., Ltd.	\$ 11,454	\$ 15,228	\$ 22,290
Technology on Prototyping Ultimate Co., Ltd.	19,169	15,568	15,041
Baoji Zatech Material Co., Ltd.	3,096	3,548	3,693
Munich Composites GmbH	-	-	-
	<u>\$ 33,719</u>	<u>\$ 34,344</u>	<u>\$ 41,024</u>

1. As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group did not have any significant associates.
2. The carrying amount and operating results of the Group's individually insignificant associates are summarized as follows:

As of June 30, 2023, December 31, 2022, and June 30, 2022, the carrying amounts of the Group's individually insignificant associates totaled \$33,719, \$34,344, and \$41,024, respectively.

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Net income (loss)	( \$ 2,448 )	\$ 750
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>( \$ 2,448 )</u>	<u>\$ 750</u>

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Net income (loss)	( \$ 3,206 )	( \$ 126 )
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>( \$ 3,206 )</u>	<u>( \$ 126 )</u>

3. The Group adopted the financial statements of its invested companies accounted for using the equity method for the periods between January 1 to June 30, 2022, which were such companies' self-compiled statements and were not reviewed by independent auditors for the same periods.
4. Munich Composites GmbH applied for capital increase in June 2023, and the Group did not subscribe the shares in accordance with the shareholding ratio. Hence, the Group's shareholding ratio in the company increased from 27.27% to 30.53%, and is the single largest shareholder of the company. As the Group only holds one out of its four seats of directors, the Group has no practical ability to direct the relevant activities, and thus it is determined that the Group has no control power but only significant influence over the company.
5. The Group evaluated Munich Composites GmbH's recoverable amount for continuous operation according to IFRS 36 using 11% discount rate and determined the recoverable amount is less than the company's carrying amount. Hence, in 2021 the Group recognized an impair loss of \$42,407 listed under the account of "other profit and loss", and up to the end of June 30, 2023, there was not a significant change based on the Group's assessment.
6. The Technology on Prototyping Ultimate Co., Ltd. applied for capital increase in February 2023. The Group did not subscribe the shares in

accordance with the shareholding ratio, hence the Group's shareholding ratio in the company was decreased from 25.66% to 21.64% and yet still is the single largest shareholder of the company. As there are other shareholders (non-related party) in aggregate holding more than the Group's shareholding and the Group did not have any board seat in the company, the Group has no practical ability to direct the relevant activities, and thus it is determined that the Group has no control power but only significant influence over the company.

(IX) Property, Plants and Equipment

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 162,544	\$ 162,544	\$ 162,544
Housing and structures	1,496,312	1,553,376	965,489
Machinery equipment	1,216,922	1,286,533	1,121,508
Utility equipment	136,202	143,852	115,345
Transportation equipment	1,763	1,821	2,116
Office equipment	28,532	27,180	23,110
Other equipment	241,171	243,651	201,969
Equipment to be inspected and construction in progress	606,045	370,810	900,029
	<u>\$ 3,889,491</u>	<u>\$ 3,789,767</u>	<u>\$ 3,492,110</u>

January 1 to June 30, 2023

Cost

Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	2,335,412	8,212	( 35,449 )	7,855	( 6,435 )	2,309,595
Machinery equipment	2,591,607	79,563	( 60,765 )	37,249	( 11,473 )	2,636,181
Utility equipment	385,365	7,683	( 69,396 )	2,063	( 4,359 )	321,356
Transportation equipment	3,624	238	( 185 )	-	( 35 )	3,642
Office equipment	86,983	7,474	( 3,907 )	366	( 1,529 )	89,387
Other equipment	582,788	40,184	( 32,406 )	12,169	( 7,209 )	595,526
Equipment to be inspected and construction in progress	370,810	232,576	-	( 4,442 )	7,101	606,045
	<u>\$ 6,519,133</u>	<u>\$ 375,930</u>	<u>( \$ 202,108 )</u>	<u>\$ 55,260</u>	<u>( \$ 23,939 )</u>	<u>\$ 6,724,276</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Housing and structures	\$ 782,036	\$ 74,273	( \$ 34,772 )	\$ -	( \$ 8,254 )	\$ 813,283
Machinery equipment	1,305,074	176,844	( 53,793 )	-	( 8,866 )	1,419,259
Utility equipment	241,513	16,705	( 69,396 )	-	( 3,668 )	185,154
Transportation equipment	1,803	294	( 185 )	-	( 33 )	1,879
Office equipment	59,803	6,075	( 3,907 )	-	( 1,116 )	60,855
Other equipment	339,137	52,439	( 32,406 )	-	( 4,815 )	354,355
	<u>\$ 2,729,366</u>	<u>\$ 326,630</u>	<u>( \$ 194,459 )</u>	<u>\$ -</u>	<u>( \$ 26,752 )</u>	<u>\$ 2,834,785</u>
	<u>\$ 3,789,767</u>					<u>\$ 3,889,491</u>

January 1 to June 30, 2022

Cost						
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,670,272	5,756	( 11,683 )	6,158	27,989	1,698,492
Machinery equipment	2,058,239	125,508	( 19,217 )	123,626	34,097	2,322,253
Utility equipment	329,585	3,354	( 4,235 )	6,957	4,286	339,947
Transportation equipment	3,478	350	-	-	18	3,846
Office equipment	74,838	4,440	( 2,423 )	-	1,508	78,363
Other equipment	475,612	24,677	( 21,462 )	25,550	7,133	511,510
Equipment to be inspected and construction in progress	597,432	277,937	-	11,468	13,192	900,029
	<u>\$ 5,372,000</u>	<u>\$ 442,022</u>	<u>( \$ 59,020 )</u>	<u>\$ 173,759</u>	<u>\$ 88,223</u>	<u>\$ 6,016,984</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Housing and structures	\$ 679,455	\$ 52,249	( \$ 11,653 )	\$ -	\$ 12,952	\$ 733,003
Machinery equipment	1,046,899	149,518	( 17,068 )	-	21,396	1,200,745
Utility equipment	212,030	13,385	( 4,209 )	-	3,396	224,602
Transportation equipment	1,431	286	-	-	13	1,730
Office equipment	50,993	5,450	( 2,423 )	-	1,233	55,253
Other equipment	282,130	43,737	( 21,462 )	-	5,136	309,541
	<u>\$ 2,272,938</u>	<u>\$ 264,625</u>	<u>( \$ 56,815 )</u>	<u>\$ -</u>	<u>\$ 44,126</u>	<u>\$ 2,524,874</u>
	<u>\$ 3,099,062</u>					<u>\$ 3,492,110</u>

1. Capitalized amount and interest range of borrowing costs attributable to property, plant, and equipment:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Capitalization amounts	\$ 1,182	\$ 800
Range of capitalized interest rate	1.125%~1.25%	0.569%~1.52%

2. Significant components of the Group's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 36~ 56 years and 3~21 years.
3. Please refer to Note VIII for detailed information regarding property, plant, and equipment pledged as collateral.

(X) Lease Transaction-Lessee

1. The Group's leased assets comprise lands and buildings, of which the lease term is usually between 2 years to 50 years. Lease contracts are individually negotiated and include various terms and conditions that impose no other restrictions except that the leased assets shall not be collateralized against any borrowings, nor shall they be subleased, co-leased, lent out for others' use, nor the right of lease be transferred to others.

2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 721,734	\$ 731,802	\$ 755,904
Housing and structures	93,489	113,070	139,872
Machinery equipment	715	1,072	-
Transportation equipment	707	884	-
	<u>\$ 816,645</u>	<u>\$ 846,828</u>	<u>\$ 895,776</u>

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 6,431	\$ 6,926
Housing and structures	13,577	13,129
Machinery equipment	179	-
Transportation equipment	75	-
	<u>\$ 20,262</u>	<u>\$ 20,055</u>

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 12,845	\$ 13,764
Housing and structures	27,417	24,812
Machinery equipment	358	-
Transportation equipment	150	-
	<u>\$ 40,770</u>	<u>\$ 38,576</u>

3. The additions to the Group's right-of-use assets for the periods between January 1 to June 30, 2023 and 2022 amounted to \$11,943 and \$149,962 respectively.

4. The following table shows the profit or loss items in connection with lease contracts:

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 2,943	\$ 2,264
Expense on leases of low-value assets	6,000	9,951
Gains on lease modification	-	-

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 5,951	\$ 3,828
Expense on leases of low-value assets	12,969	18,429
Gains on lease modification	1	2

5. The Group's total cash used in lease were \$46,807 and \$55,919 for the periods between January 1 to June 30, 2023 and 2022 respectively.

6. The option to extend a lease and the option to terminate a lease

- (1) Contracts of which the underlying assets are types of land, buildings and structures contain a lease extension option exercisable by the Group.
- (2) The group determines the lease term by taking into consideration all relevant facts and circumstances that may create an economic incentive for the Group to exercise the extension option. When there



occur major issues in relation to assessing whether to execute the right of extension or whether not to execute to terminate right, the term of lease shall be re-assessed.

(XI) Intangible assets

	Computer Software	
	2023	2022
January 1		
Cost	\$ 35,710	\$ 24,198
Accumulated Amortization	( 17,882 )	( 11,659 )
	<u>\$ 17,828</u>	<u>\$ 12,539</u>
January 1	\$ 17,828	\$ 12,539
Addition - from separately acquired	2,560	11,879
De-recognition - cost reduction	( 1,620 )	( 264 )
Re-classification	-	150
Amortization expenses	( 4,727 )	( 3,387 )
De-recognition - reduction in accumulated amortization	1,620	264
Effect of exchange rate changes	36	362
June 30	<u>\$ 15,697</u>	<u>\$ 21,543</u>
June 30		
Cost	\$ 36,650	\$ 35,963
Accumulated amortization	( 20,953 )	( 14,420 )
	<u>\$ 15,697</u>	<u>\$ 21,543</u>

Amortization of intangible assets is detailed as below:

	April 1 to June 30, 2023	April 1 to June 30, 2022
Operating costs	\$ 870	\$ 279
Administrative expenses	364	883
Research and development expenses	1,160	657
	<u>\$ 2,394</u>	<u>\$ 1,819</u>
	January 1 to June 30, 2023	January 1 to June 30, 2022
Operating costs	\$ 1,735	\$ 494
Administrative expenses	793	1,735
Research and development expenses	2,199	1,158
	<u>\$ 4,727</u>	<u>\$ 3,387</u>

(XII) Short-term loans

Type of loans	June 30, 2023	December 31, 2022	June 30, 2022
Bank credit loan	\$ 1,561,159	\$ 1,485,401	\$ 1,884,599
Loans against letter of credit	30,412	30,566	70,451
	<u>\$ 1,591,571</u>	<u>\$ 1,515,967</u>	<u>\$ 1,955,050</u>
Interest rate range	<u>0%~5.90%</u>	<u>0%~5.10%</u>	<u>0.90%~3.10%</u>

1. Please refer to Note VIII “Pledged Assets” for collateral against the said short-term loans.
2. Please refer to Note VI (XXVII) for information regarding the Group’s interest expense of bank loans recognized in profit or loss.

(XIII) Other payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Payroll and bonus payable	\$ 555,092	\$ 1,087,737	\$ 678,847
Processing fee payable	188,696	420,609	363,881
Dividend payable	-	-	784,014
Employee, directors and supervisors remuneration payable	242,131	185,183	181,212
Equipment expenses payable	44,343	108,156	87,470
Others	291,863	444,492	385,316
	<u>\$ 1,322,125</u>	<u>\$ 2,246,177</u>	<u>\$ 2,480,740</u>

(XIV) Other current liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Receipts under custody	\$ 48,988	\$ 64,856	\$ 76,629
Contract liabilities – current	10,184	33,977	8,518
Others	12,600	3,170	6,018
	<u>\$ 71,772</u>	<u>\$ 102,003</u>	<u>\$ 91,165</u>

(XV) Corporate bond payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Corporate bond payable	\$ 836,100	\$ 1,347,700
Less: Discount on corporate bond payable	( 29,347)	( 61,053)
	806,753	1,286,647
Less: Corporate bond that has put right expires or executable within 1 year or 1 business operation cycle	-	-
	<u>\$ 806,753</u>	<u>\$ 1,286,647</u>

On June 30, 2022: None.

1. The Company issued the 3<sup>rd</sup> domestic unsecured convertible bond.

(1) Terms and Conditions:

- A. Upon competent authority's approval, the Company issued the third domestic unsecured convertible corporate bond, which was issued at 102% of the face value of \$1,000,000. The total amount raised was \$1,026,225 with 0% coupon rate. The circulation period is 3 years, starting from July 20, 2022 to July 20, 2025. When the convertible corporate bonds mature, bondholders will be repaid in cash in one lump sum according to the face value of the bonds. The convertible corporate bonds were listed and traded on July 20, 2022 at the OTC Taipei Exchange of the Republic of China.
- B. Except for the period specified in the prospectus or the temporary suspension period required by regulations, starting from the following day (October 21, 2022) of three full months after the bond issuance date till the date of mature, the bondholders can exercise the right to convert into the Company's common stocks, which have the same rights and obligations with the generally issued common stock.
- C. The conversion price of this convertible corporate bond is determined according to the pricing model stipulated in the

conversion method. The conversion price at the time of issuance was NT\$81 per share, which may be adjusted following the pricing model stipulated in the conversion method if there is circumstance of anti-dilution; subsequently, on the base date stated on the conversion method, the Company will re-adjust the conversion price based on the pricing model stipulated in the conversion method. If the adjusted price is higher than the initially set conversion price, then the conversion price will not be adjusted. As of June 30, 2023, the conversion price has been adjusted to NT\$74.6 per share.

- D. Within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to forty days before the expiration of the issuance period (June 10, 2025), if the closing price of the Company's common stock exceeds 30% of the initially set conversion price for consecutive 30 transaction days, the Company is able to notify bondholders and buyback all the bonds in cash with the face value stated on the bond within 30 business days. Or within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to forty days before the expiration of the issuance period (June 10, 2025), if the amount of the remaining outstanding bonds is lower than 10% of the total issuance amount, the Company may buy back all the remaining outstanding bonds in cash with the face value stated on the bonds at any time.
  - E. According to the conversion method, all the converted corporate bonds that the Company has collected (including repurchased from the OTC), repaid or converted will be canceled, and all the rights and obligations attached to the bonds will also be extinguished, and will no longer be issued.
- (2) During the period of January 1 to June 30, 2023, the convertible corporate bonds with a face value of \$243,600 were converted into 3,007 thousand ordinary shares, accounting for an ordinary share capital of \$30,074 and a capital reserve-convertible bond conversion premium of \$220,543. As of June 30, 2023, the convertible corporate bonds with a face value of \$395,900 had been converted into 4,887 thousand ordinary shares, accounting for an ordinary share capital of \$48,876 and a capital reserve-convertible corporate bond conversion premium of \$358,062.
  - (3) As of June 30, 2023, the Company has not yet bought back the convertible corporate bonds from the TPEX.
  - (4) When issuing convertible corporate bonds, the Company separated equity type conversion rights from all the liabilities components and recorded \$65,084 in the account of "Capital Reserve-Stock Option" according to IAS 32 "Financial Instrument - Presentation". As of June 30, 2023, after conversion and reversal, the balance of the above-mentioned "capital reserve - stock options" was \$39,317. Besides, according to IFRS 9 "Financial Instruments", the embedded call right is treated separately when the liability product's financial character and risk is not closely linked; hence, the net value is

recorded as “financial assets or liabilities measured at fair value through profit and loss”. After the separation, the effective interest rate of the liability on the main contract is 1.4745%.

2. The Company’s subsidiary, Launch Technologies Co., Ltd., issued the first unsecured domestic convertible bond.

- (1) Terms and Conditions:

- A. Upon competent authority’s approval, the Company’s subsidiary, Launch Technologies Co., Ltd., issued the first domestic unsecured convertible corporate bond, which was issued at 102.98% of the face value of \$500,000. The total amount raised was \$514,901 with 0% coupon rate. The circulation period is 3 years, starting from October 7, 2022 to October 7, 2025. When the convertible corporate bonds mature, bondholders will be repaid in cash in one lump sum according to the face value of the bonds within 5 business days starting from the following day of mature. The convertible corporate bonds were listed and traded on October 7, 2022 at the OTC Taipei Exchange of the Republic of China.
- B. Except for the period specified in the prospectus or the temporary suspension period required by regulations, starting from the following day (January 8, 2023) of three full months after the bond issuance date till the date of mature, the bondholders can exercise the right and request the Company’s subsidiary, Launch Technologies Co., Ltd., to convert the bonds into the Company’s subsidiary, Launch Technologies Co., Ltd.’s, common stocks, which have the same rights and obligations with the generally issued common stock at any time..
- C. The conversion price of this convertible corporate bond is determined according to the pricing model stipulated in the conversion method. The conversion price at the time of issuance was NT\$75 per share, which may be adjusted following the pricing model stipulated in the conversion method if there is circumstance of anti-dilution; subsequently, on the base date stated on the conversion method, the Company’s subsidiary, Launch Technologies Co., Ltd., will re-adjust the conversion price based on the pricing model stipulated in the conversion method. If the adjusted price is higher than the initially set conversion price, then the conversion price will not be adjusted. As of June 30, 2023, the conversion price has been adjusted to NT\$70.5.
- D. Within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (January 8, 2023) to forty days before the expiration of the issuance period (August 28, 2025), if the closing share price of the Company's subsidiary, Launch Technologies, Co., Ltd., exceeds 30% of the initially set conversion price for consecutive 30 transaction days, the Company’s subsidiary, Launch Technologies Co., Ltd., is able to notify bondholders and buyback all the bonds in cash with the face value stated on the bond within 30 business days. Or within the period starting from the day following the 3 full

months of the issuance date of the convertible bonds (January 8, 2023) to forty days before the expiration of the issuance period (August 28, 2025), if the amount of the remaining outstanding bonds is lower than 10% of the total issuance amount, the Company's subsidiary, Launch Technologies Co., Ltd., may buy back all the remaining outstanding bonds in cash with the face value stated on the bonds at any time.

- E. According to the conversion method, all the converted corporate bonds that the Company's subsidiary, Launch Technologies Co., Ltd., has collected (including repurchased from the TPEX), repaid or converted will be canceled, and all the rights and obligations attached to the bonds will also be extinguished, and will no longer be issued.
- (2) As of June 30, 2023, the convertible corporate bonds with a face value of \$268,000 were converted into 3,731 thousand ordinary shares, and was recorded as ordinary share capital of \$37,307 and a capital reserve-convertible bond conversion premium of \$242,174.
- (3) As of June 30, 2023, the Company's subsidiary, Launch Technologies Co., Ltd., has not yet bought back the convertible corporate bonds from the TPEX.
- (4) When issuing convertible corporate bonds, the Company's subsidiary, Launch Technologies Co., Ltd., separated equity type conversion rights from all the liabilities components and recorded \$42,611 in the account of "Non-Controlling Equities" according to IAS 32 "Financial Instrument - Presentation", and the balance of the account, after conversion and reversal, was \$16,633. Besides, according to IFRS 9 "Financial Instruments", the embedded call right is treated separately when the liability product's financial character and risk is not closely linked; hence, the net value is recorded as "financial assets or liabilities measured at fair value through profit or loss". After the separation, the effective interest rate of the liability on the main contract is 2.2563%.

(XVI) Long-Term Loans

Type of loans	Loan period and repayment method	Interest rate range	Collateral	June 30, 2023
Long-term bank loans				
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in installments on a monthly basis (Note).	1.25%	Demand deposit, housing and structures	\$ 75,883
Secured loan	Duration from June 2022 to March 2026 and interest paid on a monthly basis. In addition, from April 2023 onwards, the remaining amounts are paid back in installments on a monthly basis (Note).	1.25%	Housing and structures, machinery and other equipment	147,438
				223,321
Less: long-term loan due in one year				( 81,777 )
				\$ 141,544

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in installments on a monthly basis. (Note)	1.125%	Demand deposit, Housing and structures	\$ 40,331
Secured loan	Duration from June 2022 to March 2026 and interest paid on a monthly basis. In addition, from April 2023 onwards, the remaining amounts are paid back in installments on a monthly basis. (Note)	1.125%	Housing and structure, machinery and other equipment	67,402
				107,733
Less: long-term loan due in one year				( 29,512 )
				\$ 78,221

Type of loans	Loan period and repayment method	Interest rate range	Collateral	June 30, 2022
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in installments on a quarterly basis.	1.32% ~1.52%	Machinery equipment and other equipment	\$ 61,272
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid in installments on a quarterly basis.	1.52%	Housing and structures	103,935
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in installments on a monthly basis. (Note)	0.875%	Demand deposit, housing and structures	46,477
Secured loan	Duration from June 2022 to March 2026 and interests are paid on a monthly basis. In addition, from April 2023, the remaining amounts are paid back in installments on a monthly basis. (Note)	0.875%	Housing and structure, Machinery equipment and other equipment	67,235
				278,919
Less: long-term loan due in one year				( 111,430 )
				\$ 167,489

Note: In the year of 2021, the Group obtained special loans from the Executive Yuan for the Accelerated Investment Project of Taiwan Enterprises. The loan period is 5 years, and the loan amount is \$261,970. Upon receipt of the loan, we recognized a deferred government subsidy benefit of \$2,447. As of June 30, 2023, December 31, 2022, and June 30, 2022, the balances of the deferred government subsidy benefits were \$1,567, \$930, and \$1,207 respectively (separately listed under "Other Current Liabilities - Others" were \$918, \$474 and \$531 respectively and under "long-term deferred income" were \$649, \$456 and \$676 respectively), and during the periods of January 1 to June 30, 2023 and 2022, we recognized a government subsidy income of \$477 and \$69 respectively based on the interest amortization over the loan period

1. Please refer to Note VIII "Pledged Assets" for collateral of the above-listed long-term loans.
2. Please refer to Note XII (II)3.(3) for the explanation on the advanced repayment of the above-mentioned loan.
3. The Group's bank loans are recognized interest expenses in profit or loss, please refer to Note VI (XXVII) for detailed information.

(XVII) Pensions

1. (1) In compliance with the requirements set forth in the “Labor Standards Act”, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Law), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two base points are given for each full year of service over the first 15 (including) years, and one base point is given for an additional year of service thereafter, provided that the total base points shall not exceed forty-five (45) point. The Company contributes, on a monthly basis, 2% of the total salary (wages) as the pension fund, which is deposited into a designated account with the Bank of Taiwan under the name of the Supervisory Committee of Workers’ Retirement Fund. Prior to the end of each annual period, the Company would assess the balance of the aforementioned designated pension fund account, and if the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement in the next year, the Company will make a lump sum contribution to make up the shortfall before the end of March in the following year.
  - (2) For the periods starting from April 1 to June 30, 2023 and 2022, and the six-month periods ended June 30, 2023 and 2022, the pension costs recognized by the Group in accordance with the aforementioned contribution plan were \$513, \$575, \$1,034, and \$1,149, respectively.
  - (3) The Company expects to make contributions of \$2,231 to the pension plan within the one year period.
2. (1) Starting from July 1, 2005, the Company and domestic subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees’ monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance. Payment of the pension fund will be paid in a monthly basis or in a lump sump with the amounts calculated based on the pension fund account balance and the accrued benefits accumulated over the years.
  - (2) Advanced Sporting Goods (Dongguan) Co., Ltd. makes a pension contribution on a monthly basis in an amount equal to a certain percentage of the employees' monthly salaries and wages in accordance with the requirements as set forth in the pension system of the People's Republic of China. The appropriation percentage was 13% for the periods between April 1 to June 30, 2023 and 2022, and between January 1 to June 30, 2023 and 2022. The pension for each employee is managed by the government, hence the Group doesn’t have further obligations except for making a monthly contribution.

(3) As required by the Vietnamese government, Advanced International Multitech (VN) Corporation Ltd. makes a monthly contribution in an amount equal to one month of an employee's minimum wages to the retirement plan, which is managed by the various responsible departments of the Vietnamese government. Other than making a monthly contribution, the Company has no further obligations.

(4) For the periods between April 1 to June 30, 2023 and 2022, and the periods between January 1 to June 30, 2023 and 2022, the pension costs recognized by the Group in accordance with the aforementioned contribution plans were \$31,709, \$36,253, \$67,029, and \$70,415, respectively.

(XVIII) Share-based payment

1. In the second quarter of 2023 and 2022, the Group's share-based payment agreement (show in 1000 shares) is as follows:

Type of agreement	Grant Date	Amount Given	Contract Period	Vesting Condition
Treasury stock transfer to employees	January 13, 2023	350	23 days	Immediate
Treasury stock transfer to employees	January 20, 2022	400	26 days	Immediate

2. Details of the above share-based payment agreement are as follows (show in 1,000 share):

	2023		2022	
	Quantity subscribed	Weighted average exercise price (\$1)	Quantity subscribed	Weighted average exercise price (\$1)
Outstanding shares at beginning of the period on January 1	-	\$ -	-	\$ -
Total grant during the period	350	76.42	400	76.42
Exercised during the period	( 350 )	76.42	400	76.42
Outstanding shares at the end of the period on September 30	-	-	-	-

3. The stock price of the stock options on the date of execution in 2023 and 2022 were \$98.6 and \$73.7 respectively.

4. For the periods of April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022, the recognized cost of share-based compensation were \$0, \$0, \$7,784 and \$0, respectively.

(XIX) Share capital

As of June 30, 2023, the Company had an authorized capital in the amount of \$1,800,000 with 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible bonds), and a paid-in capital in the amount of \$1,402,003 with each share priced at NT\$10. Share payments for the Company's issued stocks have been collected in full.

1. Number of the Company's outstanding common shares at the beginning of



periods and the end of the periods were adjusted as below (in thousand shares):

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
January 1	134,214	131,934
Corporate bond conversion (Note)	3,007	-
Treasury stock transfer to employees	350	400
June 30	<u>137,571</u>	<u>132,334</u>

Note: The company's convertible corporate bonds in 2023 were converted into 3,007 thousand ordinary shares, and such related registration were completed.

## 2. Treasury Stock

### (1) Reasons for recovery of shareholding and its quantity:

		<u>June 30, 2023</u>	
<u>Name of investor company</u>	<u>Reasons for recovery</u>	<u>Number of shares (in thousand shares)</u>	<u>Carrying amount</u>
The Company	Available for transfer of shares to employees (Note)	2,629	\$ 200,920

		<u>December 31, 2022</u>	
<u>Name of investor company</u>	<u>Reasons for recovery</u>	<u>Number of shares (in thousand shares)</u>	<u>Carrying amount</u>
The Company	Available for transfer of shares to employees (Note)	2,979	\$ 227,667

		<u>June 30, 2022</u>	
<u>Name of investor company</u>	<u>Reasons for recovery</u>	<u>Number of shares (in thousand shares)</u>	<u>Carrying amount</u>
The Company	Available for transfer of shares to employees (Note)	2,979	\$ 227,667

Note: On September 22, 2021, the Company's board of directors resolved to buy back treasury stocks; it was estimated to buy back 6,700 thousand shares in total and the execution period started from September 23, 2021 to November 22, 2021. In consideration of fund planning and effective utilization, the Company bought back shares in batches depending on the changes of the Company's stock price. Hence, the treasury buyback plan this time wasn't fully executed and the actual shares repurchased totaled 3,379 thousand shares. On January 13, 2023, and January 20, 2022, the board resolved to transfer 350 thousand and 400 thousand treasury stock respectively to employees of the Company and the Company's subsidiary with the set average buyback price of NT\$76.42. As of June 30, 2023, there were totaled 750 thousand shares being transferred to employees of the Company and the Company's subsidiary.

(2) The Securities and Exchange Act stipulates that the proportion of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total amount of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.

- (3) The treasury stocks held by the Company shall not be pledged in accordance with the regulations of the Securities and Exchange Act and shall not be entitled for shareholder rights before being transferred.
- (4) According to the regulations stated in the Securities and Exchange Act, the shares re-purchased for the transfer of shares to employees shall be transferred within five years on the date of the repurchase. Those are not transferred within the time limit shall be deemed to have not issued by the Company and shall be written off and removed from the registration.

(XX) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting the deficit. Furthermore, if the Company has no accumulated loss, the capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In addition, according to the regulations stated in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use the capital surplus to offset loss only when the number of earnings and reserves are insufficient to offset the loss.

(XXI) Retained earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, shall be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, shall be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there are any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings accumulated from the prior periods to serve as the distributable earnings, of which the amount of distribution and retention shall be indicated in the earnings distribution proposal which is made by the Board of Directors before submitting to the Shareholders' Meeting for approval. The cash dividends distributed shall not less than 10% of the total dividends distributed of the same year.

The Company, following the regulations in the Company Act, authorizes the dividends, bonuses, capital reserve or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and there to a report shall be submitted to the shareholders' meeting. The provisions of the preceding paragraph regulating that must be resolved by the shareholders' meeting are not applicable.

2. The Company's dividend policy is stated as below: for continuous operation and profit enhancement, the Company adopts a residual dividend policy.

3. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
4. The Company may allocate earnings only after providing a special reserve for debit balance in other equity on the date of the balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
5. On May 29, 2023, the 2022 earnings distribution plan was resolved at the shareholders' meeting, which was planned to distribute NT\$8.97 for per holding share, and the total dividend planned to distribute was NT\$1,234,676. On May 31, 2022, the 2021 earnings distribution plan was resolved at the shareholders' meeting, which was planned to distribute NT\$5.5 for per holding share, and the total dividend planned to distribute was NT\$727,835.

The resolution of the aforementioned earning distribution proposal in the general shareholders' meeting maybe look up in the website of the Market Observation Post System.

## (XXII) Operating Revenue

### 1. Analysis of customer contracts

All the Group's revenue comes from contracts with customers under which revenue is generated by transferring goods at a certain point of time. Revenue can be sub-divided by geographical areas as follows:

<u>Customer by geographical areas</u>	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Americas	\$ 2,210,956	\$ 3,849,530
Asia	868,463	1,432,441
Others	28,909	238,319
	<u>\$ 3,108,328</u>	<u>\$ 5,520,290</u>

<u>Customer by geographical areas</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
American	\$ 5,981,604	\$ 7,270,514
Asia	1,941,392	2,758,086
Others	169,466	472,902
	<u>\$ 8,092,462</u>	<u>\$ 10,501,502</u>

### 2. Contract liabilities

- (1) The contract liabilities in relation to contracts with customers recognized by the Group are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>January 1, 2022</u>
Consumer products	\$ 10,184	\$ 33,977	\$ 8,518	\$ 18,887

(2) Income recognized in the current period from contract liabilities in the beginning of the period.

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Consumer products	<u>\$ 9</u>	<u>\$ 9</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Consumer products	<u>\$ 32,508</u>	<u>\$ 4,183</u>

(XXIII) Other income and expenses - net

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Income from molds	\$ 16,443	\$ 14,806
Income from samples	8,872	11,422
Other income	17,471	18,588
	<u>\$ 42,786</u>	<u>\$ 44,816</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Income from molds	\$ 25,928	\$ 24,180
Income from samples	15,953	16,918
Other income	48,772	26,587
	<u>\$ 90,653</u>	<u>\$ 67,685</u>

(XXIV) Interest income

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Interest from bank deposits	<u>\$ 21,739</u>	<u>\$ 1,244</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Interest from bank deposits	<u>\$ 34,217</u>	<u>\$ 1,882</u>

(XXV) Other income

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Government subsidy income	\$ 226	\$ 660
Others	2,940	4,735
	<u>\$ 3,166</u>	<u>\$ 5,395</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Government subsidy income	\$ 1,846	\$ 1,478
Others	4,386	8,436
	<u>\$ 6,232</u>	<u>\$ 9,914</u>

In August 2022, the Group received government subsidies with a total amount of \$24,000 from the A+ Industry Innovation Plan supported by the Ministry of Economic Affairs. The detail is as below:

1. The 2022 subsidy of \$3,250 has been received and deposited in a special account in December 2022, and was recorded as “other current liabilities”, which was re-listed as profit or loss when related expense occurred during the execution of plan. During the period of January 1 to June 30, 2022, a subsidy income from the government of \$455 was recognized, for an accumulated amount of \$2,990. the remaining amount of \$260 has been returned to related unit.
2. The 2023 subsidy of \$6,325 has been received and deposited in a special account in April 2023, and was recorded as “other current liabilities”,

which will be transferred to profit or loss when related expenses occur during the execution of plan. Up until June 30, 2023, there was no related recognition of any subsidy income from the government.

(XXVI) Other gains and losses

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Loss on disposal of property, plant and equipment	( \$ 5,655 )	( \$ 113 )
Gain (loss) on foreign exchange, net	128,459	196,282
Net gains (loss) from financial assets and liabilities at fair value through profit or loss	( 1,501 )	( 3,379 )
Others	-	83
	<u>\$ 121,303</u>	<u>\$ 192,873</u>

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Loss on disposal of property, plant, and equipment	( \$ 5,655 )	( \$ 113 )
Gain (loss) on foreign exchange, net	61,475	306,274
Net gains (loss) from financial assets and liabilities at fair value through profit or loss	( 6,680 )	( 6,313 )
Others	1	83
	<u>\$ 49,141</u>	<u>\$ 299,931</u>

(XXVII) Finance costs

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Interest expense	\$ 19,299	\$ 7,010
Interest on lease liabilities	2,943	2,264
Amortization of corporate bond discount	4,347	-
Other financing costs	20	39
	<u>\$ 26,609</u>	<u>\$ 9,313</u>

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Interest expense	\$ 40,215	\$ 13,234
Interest on lease liabilities	5,951	3,828
Amortization of corporate bond discount	9,708	-
Other financing costs	42	83
	<u>\$ 55,916</u>	<u>\$ 17,145</u>

(XXVIII) Additional information regarding the nature of expenses

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Employee benefits expense	\$ 690,950	\$ 997,313
Depreciation expenses	183,008	155,699
Amortization expenses	23,037	13,786

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Employee benefits expense	\$ 1,563,212	\$ 1,927,178
Depreciation expenses	367,400	303,201
Amortization expenses	46,530	25,132

(XXIX) Employee benefits expense

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Salary and wages	\$ 566,439	\$ 867,206
Employee stock option	-	-
Labor and health insurance premiums	56,584	52,305
Pension expense	32,222	36,828
Remuneration to directors	3,955	3,725
Other personnel cost	31,750	37,249
	<u>\$ 690,950</u>	<u>\$ 997,313</u>

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Salary and wages	\$ 1,299,289	\$ 1,666,373
Employee stock option	7,784	-
Labor and health insurance premiums	120,768	108,101
Pension expense	68,063	71,564
Remuneration to directors	8,070	7,770
Other personnel cost	59,238	73,370
	<u>\$ 1,563,212</u>	<u>\$ 1,927,178</u>

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors. However, if the Company still has an accumulated deficit, the earnings should be used to make up the loss.
2. For the periods between April 1 to June 30, 2023 and 2022, and the periods between January 1 to June 30, 2023 and 2022, the Company recognized compensation to employees in the accrued amounts equal to \$2,011, \$21,357, \$27,299, and \$37,071, respectively; remuneration to directors in the accrued amounts equal to \$2,640, \$2,600, \$5,280, and \$5,200, respectively, and the above mentioned amounts were presented under payroll expense.

The amounts for the period from January 1 to June 30, 2023 were estimated at certain percentages based on the profits earned by the end of the period.

The amounts of compensation to employees and remuneration to directors and supervisors for 2022 that had been resolved by the Board of Directors are the same as the amounts stated on the 2022 financial statements. The above-mentioned employee compensations were distributed in cash. In addition, the planned remunerations paid to employees and remuneration paid to directors and supervisors for the previous year are not yet distributed.

Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXX) Income Tax

1. Components of income tax expenses:

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Current income tax:		
Income tax in the current period	\$ 4,637	\$ 189,285
Surtax on undistributed earnings	33,110	-
Underestimation (over-) of prior year's income taxes	5,046	( 1,713 )
Total current income tax	<u>42,793</u>	<u>187,572</u>
Deferred income tax:		
Originating and reversed temporary differences	6,805	17,594
Income tax expense	<u>\$ 49,598</u>	<u>\$ 205,166</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Current income tax:		
Income tax in the current period	\$ 107,120	\$ 309,574
Surtax on undistributed earnings	33,110	-
Underestimation (Over-) of prior year's income taxes	( 9,407 )	( 1,713 )
Total current income tax	<u>130,823</u>	<u>307,861</u>
Deferred income tax:		
Originating and reversed temporary differences	2,167	43,978
Income tax expense	<u>\$ 132,990</u>	<u>\$ 351,839</u>

2. The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2021.

(XXXI) Earnings per share

	<u>April 1 to June 30, 2023</u>		
	<u>After-tax amount</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (\$1)</u>
<u>Basic earnings per share</u>			
Net income attributable to common shareholders of the parent company	\$ 156,063	136,750	\$ 1.14
<u>Diluted earnings per share</u>			
Net income attributable to common shareholders of the parent company	\$ 156,063	136,750	
Effect of potentially dilutive common stocks			
Convertible bonds	3,288	8,098	
Employee remuneration	-	25	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	<u>\$ 159,351</u>	<u>144,873</u>	<u>\$ 1.10</u>

	April 1 to June 30, 2022		
	After-tax	Weighted average number of outstanding	Earnings per
	amount	shares (thousand shares)	share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 607,027	132,334	\$ 4.59
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 607,027	132,334	
Effect of potentially dilutive common stocks			
Employee remuneration	-	276	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 607,027	132,610	\$ 4.58

	January 1 to June 30, 2023		
	After-tax	Weighted average number of outstanding	Earnings per
	amount	shares (thousand shares)	share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 409,881	136,750	\$ 3.00
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 409,881	136,750	
Effect of potentially dilutive common stocks			
Convertible bonds	5,579	8,098	
Employee remuneration	-	733	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 415,460	145,481	\$ 2.85

	January 1 to June 30, 2022		
	After-tax	Weighted average number of outstanding	Earnings per
	amount	shares (thousand shares)	share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 1,088,576	132,234	\$ 8.23
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 1,088,576	132,234	
Effect of potentially dilutive common stocks			
Employee remuneration	-	772	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 1,088,576	133,006	\$ 8.18



(XXXII) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Acquisition of property, plant and equipment	\$ 375,930	\$ 442,022
Add: Equipment payable, beginning of period (recognized in other payables)	108,156	62,948
Less: Equipment payable, end of period (recognized in other payables)	( 44,343 )	( 87,470 )
Amount paid in cash - current period	<u>\$ 439,743</u>	<u>\$ 417,500</u>

2. Investing and financing activities that do not affect cash flows:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Equipment prepayments transferred to property, plant and equipment	<u>\$ 56,319</u>	<u>\$ 175,427</u>
Reclassification of property, plant and equipment to other non-current assets	<u>\$ 1,059</u>	<u>\$ 1,518</u>
Reclassification of property, plant and equipment to intangible assets	<u>\$ -</u>	<u>\$ 150</u>
Announced but not yet distributed cash dividends	<u>\$ -</u>	<u>784,014</u>

(XXXIII) Changes in liabilities from financing activities

	Short-term loans	Corporate bonds payable	Long-term loans (including 1-year due)	Lease liabilities	Total financing liabilities
January 1, 2023	\$ 1,515,967	\$ 1,286,647	\$ 107,733	\$ 629,658	\$ 3,540,005
Changes in financing cash flows	88,548	-	116,225	( 27,887)	176,886
Effect of exchange rate changes	( 12,944)	-	-	( 1,542)	( 14,486)
Other non-cash changes	-	( 479,894)	( 637)	9,616	( 470,915)
June 30, 2023	<u>\$ 1,591,571</u>	<u>\$ 806,753</u>	<u>\$ 223,321</u>	<u>\$ 609,845</u>	<u>\$ 3,231,490</u>
	Short-term loans	Corporate bonds payable	Long-term loans (including 1-year due)	Lease liabilities	Total financing liabilities
January 1, 2022	\$ 1,901,873	\$ 1,901,873	\$ 236,874	\$ 559,328	\$ 2,698,075
Changes in financing cash flows	( 8,797)	( 8,797)	42,983	( 33,662)	524
Effect of exchange rate changes	61,974	61,974	-	292	62,266
Other non-cash changes	-	-	( 938)	149,819	148,881
June 30, 2022	<u>\$ 1,955,050</u>	<u>\$ 1,955,050</u>	<u>\$ 278,919</u>	<u>\$ 675,777</u>	<u>\$ 2,909,746</u>

## VII. Related-Party Transactions

### (I) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Munich Composites GmbH	Associates of the Group
Maya Metal Technology Co., Ltd. (hereinafter “Maya Metal”)	Associates of the Group

### (II) Important transactions with related parties

#### 1. Operating revenue

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Sales of merchandises		
Munich Composites GmbH	<u>\$ 230</u>	<u>\$ -</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Sales of merchandises		
Munich Composites GmbH	<u>\$ 230</u>	<u>\$ -</u>

The transaction price and payment terms of the above merchandise sales do not have significant difference from transactions with non-related parties.

#### 2. Purchase

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Merchandise purchased from:		
Munich Composites GmbH	\$ 25	\$ -
Maya Metal	60	-
Total	<u>\$ 85</u>	<u>\$ -</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Merchandise purchased from:		
Munich Composites GmbH	\$ 25	\$ -
Maya Metal	3,391	-
Total	<u>\$ 3,416</u>	<u>\$ -</u>

The Group's purchase price with the related parties is negotiated by both parties with reference to market conditions, and the payment terms are not significantly different from those of non-related parties.

#### 3. Operating expenses – R&D expenses

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Munich Composites GmbH	<u>( \$ 398 )</u>	<u>\$ 8,650</u>
	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Munich Composites GmbH	<u>\$ 14,605</u>	<u>\$ 14,647</u>

The expenses is arising from the research and development project of the Group and related parties to jointly develop new products; the payment terms shall be handled according to the agreement between the two parties.

#### 4. Transaction amount with related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts Payable:			
Maya Metal	\$ 266	\$ 6,895	\$ -

The amount payable to related parties mainly comes from the purchase of materials, and the payment terms are 45 days after acceptance in monthly settlement, and there is no interest payment on the payable amount.

#### 5. Prepayments for equipment

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Munich Composites GmbH	\$ 14,315	\$ -

#### 6. Others

The Group participated in the capital raise project of Munich Composites GmbH, the investment company accounted for using equity method, and invested a total cash amount of \$3,865 during the period from January 1 to June 30, 2023. There was no such investment in the period from January 1 to June 30, 2022.

### (III) Information about remunerations paid to the major management

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>
Salary and other employee benefits	\$ 67,932	\$ 12,927

  

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Salary and other employee benefits	\$ 129,726	\$ 59,040

### VIII. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

<u>Name of assets</u>	<u>Carrying amount</u>			<u>Guarantee use</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
Demand deposit (presented as "financial asset measured at amortized cost")	\$ 15,283	\$ 8,132	\$ 9,383	Long-term loans and credit facility guarantee
Land	125,648	125,648	125,648	Short-term loans
Buildings and structures	213,218	220,905	228,772	Short-term and long-term loans and credit facility guarantee
Machinery and equipment	186,320	79,872	240,124	Long-term loans and credit facility guarantee
Other equipment	6,107	1,758	4,906	Long-term loans and credit facility guarantee
Pledged time deposits (presented as "other non-current assets - others")	7,931	7,930	31,531	Lease deposit and others
	<u>\$ 554,507</u>	<u>\$ 444,245</u>	<u>\$ 640,364</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Contingency

None.

(2) Commitments:

1. Balance of outstanding letter of credit:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Raw materials imported	\$ 22,360	\$ 75,755	\$ 87,621

2. Capital expenditures committed but not yet to incur:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Property, plant and equipment	\$ 295,392	\$ 239,122	\$ 497,375

3. Operating lease agreements

Please refer to Note VI(X) for explanation.

4. The Group signed a partnership agreement with Taishin Health Investment Ltd. on August 31, 2021 to establish a limited partnership of Taishin Health. The purpose is to invest in domestic and foreign biotechnology and pharmaceutical industries with development potential. The group promised to invest in \$55,000 according to the agreement. Up until June 30, 2023, the Group has invested \$22,839.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(1) Capital management

There is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2022.

## (2) Financial instrument

### 1. Types of financial instruments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 28,434	\$ 29,485	\$ 27,512
Financial assets at fair value through other comprehensive income			
Election of the designated equity instrument investment	6,055	55	55
Financial assets measured at amortized cost			
Cash and cash equivalents	3,804,852	2,291,800	1,644,165
Financial assets measured at amortized cost	15,283	29,418	119,266
Notes receivable	6,919	5,983	4,207
Accounts receivable	1,983,915	5,043,280	3,996,017
Other receivables	17,365	48,440	24,563
Refundable deposits	29,061	29,825	52,364
	<u>\$ 5,891,884</u>	<u>\$ 7,478,286</u>	<u>\$ 5,868,149</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ -	\$ 417	\$ 71
Financial liabilities at amortized cost			
Short-term loans	1,591,571	1,515,967	1,955,050
Notes payable	2,520	1,622	3,907
Accounts payable	728,150	2,230,307	1,798,657
Other payable	1,322,125	2,246,177	2,480,740
Long-term loans (including 1-year due)	223,321	107,733	278,919
Corporate bond payable	806,753	1,286,647	-
Deposits received	622	689	776
	<u>\$ 4,675,062</u>	<u>\$ 7,389,559</u>	<u>\$ 6,518,049</u>
Lease liabilities (including non-current)	<u>\$ 609,845</u>	<u>\$ 629,658</u>	<u>\$ 675,777</u>

### 2. Risk management policy

There is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2022.

### 3. The nature and degree of significant financial risks

Except for matters stated below, there is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2022.

#### (1) Market risks

##### Foreign exchange rate risk

A. The Group's business involves the use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currency is RMB), consequently, it is subject to effects arising from currency rate fluctuations. The table below shows information regarding assets and liabilities that are denominated in foreign currency and may significantly be affected by the changes in exchange rates.

				June 30, 2023		
		Foreign currency (in thousands)	Exchange rate			Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$ 146,844	31.14	\$		4,572,722
	USD:RMB	39,472	7.2603			1,229,158
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	46,079	31.14			1,434,900
	USD:RMB	23,983	7.2603			746,831

				December 31, 2022		
		Foreign currency (in thousands)	Exchange rate			Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$ 199,761	30.71	\$		6,134,660
	USD:RMB	45,290	6.9026			1,390,856
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	63,065	30.71			1,936,726
	USD:RMB	26,519	6.9026			814,398

				June 30, 2022		
		Foreign currency (in thousands)	Exchange rate			Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$ 161,336	29.72	\$		4,794,906
	USD:RMB	48,211	6.7031			1,432,831
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	63,421	29.72			1,884,872
	USD:RMB	37,574	6.7031			1,116,699

- B. The monetary items of the Group are significantly affected by currency fluctuations, so for the periods between April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022, the Group recognized total exchange gain (loss) of \$128,459, \$196,282, \$61,475, and \$306,274, respectively.
- C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

		January 1 to June 30, 2023		
		Sensitivity analysis		
	Range of change	Effects on profit or loss	Effects on other comprehensive income	
<b>(Foreign currency: Functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 45,727	\$ -
	USD:RMB	1%	12,292	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	14,349	-
	USD:RMB	1%	7,468	-
		January 1 to June 30, 2022		
		Sensitivity analysis		
	Range of change	Effects on profit or loss	Effects on other comprehensive income	
<b>(Foreign currency: Functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 47,949	\$ -
	USD:RMB	1%	14,328	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	18,849	-
	USD:RMB	1%	11,167	-

### Price risk

The Group is not exposed to price risk from products.

### Cash flow interest rate risk and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from the issuance of short-term and long-term loans with floating interest rates that have resulted in the exposures to cash flow interest rate risks. For the periods between January 1 to June 30, 2023 and 2022, the Group's issuance of loans with floating interest rates was mainly denominated in New Taiwan Dollars, RenMinBi, and US Dollars.
- B. If the borrowing interest rate of NTD increases or decreases by 0.25%, holding all other variables constant, the net income after tax for the periods between January 1 to June 30, 2023 and 2022 will decrease or increase by \$1,717 and \$1,043, respectively, primarily due to changes in interest expense incurred by borrowings with floating interest rates.

### (2) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by customers or counter-parties of financial instruments on the contract obligations. The internal risk control system assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.

### Cash and cash equivalents and financial derivatives

Required by the transaction policy adopted, the Group trades only with counter-parties having good credit ratings, and so there hasn't been any default on cash and cash equivalents or financial derivatives.

### Accounts receivable

- A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.
- B. The Group adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.
- C. The Group's accounts receivables are due from ordinary enterprises. The Group assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.
- D. After the recourse process, the Group writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights.
- E. Expected credit losses ratio on the Group's accounts receivable as of June 30, 2023, December 31, 2022, and June 30, 2022, were as follows:

	Not overdue	Over due							100%
		Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	
<u>June 30, 2023</u>	0.00%~ 0.02%	0.02%~ 0.18%	0.04%~ 1.44%	0.09%~ 3.86%	0.42%~ 7.71%	3.89%~ 23.64%	24.30%~ 44.34%		100%
<u>December 31, 2022</u>	0.00%~ 0.01%	0.04%~ 0.22%	0.04%~ 1.49%	0.08%~ 3.56%	0.38%~ 7.03%	3.72%~ 26.01%	22.31%~ 51.78%		100%
<u>June 30, 2022</u>	0.00%~ 0.01%	0.01%~ 0.22%	0.22%~ 1.49%	1.49%~ 3.56%	3.56%~ 7.03%	7.03%~ 26.01%	26.01%~ 51.78%		100%

The Group's balance of accounts overdue for 31 days and more as of June 30, 2023, December 31, 2022, and June 30, 2022, accounted for approximately 0.72%, 0.25% and 0.58% of the total amount, respectively.

- F. Changes in loss allowance for notes receivable and accounts receivable using the simplified approach are stated as follow:

	2023	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 4,048
Reversal of impairment loss	-	( 1,935 )
June 30	\$ -	\$ 2,113
	2022	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 2,176
Provision of impairment loss	-	( 1,422 )
June 30	\$ -	\$ 754



(3) Risk of liquidity

- A. Cash flows forecasting is carried out by the Group's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.
- B. The Group's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreements, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group had a money market position in the amounts equal to \$3,803,850, \$2,290,658, and \$1,643,377 respectively.
- C. The table below shows an analysis of the non-derivative financial liabilities held by the Group with defined repayment terms based on maturity dates and un-discounted payment at maturity:

	June 30, 2023		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,623,514	\$ -	\$ -
Notes payable	2,520	-	-
Accounts payable	728,150	-	-
Other payable	1,322,125	-	-
Lease liabilities (including non-current)	60,865	47,596	671,691
Long-term loans	84,120	83,098	61,652
Corporate bond payable	-	-	836,100
<u>Derivative financial liabilities:</u> None.			

	December 31, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,537,133	\$ -	\$ -
Notes payable	1,622	-	-
Accounts payable	2,230,307	-	-
Other payable	2,246,177	-	-
Lease liabilities (including non-current)	65,862	55,244	681,615
Long-term loans	30,604	35,887	47,431
Corporate bond payable	-	-	1,347,700
<u>Derivative financial liabilities:</u>			
Forward foreign exchange contract	417	-	-

	June 30, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,964,168	\$ -	\$ -
Notes payable	3,907	-	-
Accounts payable	1,798,657	-	-
Other payable	2,480,740	-	-
Lease liabilities (including non-current)	77,217	86,089	595,255
Long-term loans	114,229	68,694	102,385
<u>Derivative financial liabilities:</u> None			

- D. On June 30, 2022, the principal amount of long-term loans due in "less than one year", "within 1 to 2 years" and "more than 2 years" was \$165,207 (in addition the total interest was \$3,035, and the Group had advanced the repayment in succession for a total of \$168,242 in October 2022. Other than that, the Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(3) About fair value

1. Below states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Assets or liabilities' direct or indirect observable input value, however, this does not include the quoted price as stated in Level 1. The fair value of the Group's investment in derivatives is all Level 2 inputs.

Level 3: Un-observable inputs of assets or liability. The Group's investment in privately offered fund, hybrid instruments, convertible bond's redemption rights, and equity instruments in non-active markets are all Level 3 inputs.

2. Financial instrument measured not at fair value

The carrying amount of the group's financial instruments, including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivable, refundable deposit, short-term loan, notes payable, accounts payable, other payable, lease liabilities, long-term loans (including those due within 1 year), and guarantee deposit received, are reasonable approximation of fair value.

		June 30, 2023		
	Carrying value	Level I	Level II	Level III
Financial liabilities				
Corporate bond payable	\$ 806,753	\$ -	\$ 810,917	\$ -
		December 31, 2022		
	Carrying value	Level I	Level II	Level III
Financial liabilities				
Corporate bond payable	\$ 1,286,647	\$ -	\$ 1,295,207	\$ -

As of June 30, 2022: none.

The fair value of the above-mentioned corporate bonds is evaluated using the binominal tree-based convertible bond evaluation model.

3. For financial instruments measured at fair value, the Group carries out basic classification based on the nature of assets and liabilities, character risks and the defined level of fair value. Related information are summarized as below:

(1) Classified by nature of assets or liabilities:

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 915	\$ 915
Privately offered funds	-	-	20,123	20,123
Convertible bond contracts	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	7,007	7,007
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,441</u>	<u>\$ 35,441</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 2,641	\$ 2,641
Privately offered funds	-	-	19,448	19,448
Convertible bond contract	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	1,009	1,009
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,494</u>	<u>\$ 30,494</u>

**Liabilities**

Recurring fair value

Financial liabilities at fair value through profit or loss

Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ 417</u>
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June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Privately offered fund	\$ -	\$ -	\$ 20,116	\$ 20,116
Convertible bond contract	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	1,011	1,011
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,523</u>	<u>\$ 28,523</u>

(2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

A. The fair value of equity instruments without active market transactions (such as shares of non-listed companies) is estimated using the market method, which is based on the price and other relevant information generated by the market transactions of the same or comparable company equity instruments (such as the discount factor of lacking of liquidity, or input values like stock

market's price-to-earnings ratio or price-to-book value ratio) to estimate the fair value. In addition, for equity instruments that lack sufficient or appropriate observable market information and comparable objects, the Group adopts the net asset value method to better evaluate the current profitability of the investment target.

B. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

C. Please refer to Note XII(III)7 for explanation of the impact of non-market observable parameters on the evaluation of financial instruments.

4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy for the periods between January 1 to June 30, 2023 and 2022.
5. The following table shows the Level 3 changes for the period between January 1 to June 30, 2023 and 2022.

	2023				
	<u>Privately offered fund</u>	<u>Hybrid Instrument</u>	<u>Derivative Instrument</u>	<u>Equity Securities</u>	<u>Total</u>
January 1	\$ 19,448	\$ 7,396	\$ 2,641	\$ 55	\$29,540
Purchase – current	1,253	-	-	6,000	7,253
Conversion - current	-	-	( 1,335)	-	( 1,335)
Loss recognized at profit or loss Recorded as non-operating profit and loss	( 578)	-	( 391)	-	( 969)
June 30	<u>\$ 20,123</u>	<u>\$ 7,396</u>	<u>\$ 915</u>	<u>\$ 6,055</u>	<u>\$ 34,489</u>

	2022				
	<u>Privately offered fund</u>	<u>Hybrid Instrument</u>	<u>Equity Securities</u>	<u>Total</u>	
January 1	\$ -	\$ -	\$ 55	\$ 55	
Purchase - current	21,586	7,396	-	28,982	
Loss recognized at profit or loss Recorded as non-operating profit and loss	( 1,470)	-	-	( 1,470)	
June 30	<u>\$ 20,116</u>	<u>\$ 7,396</u>	<u>\$ 55</u>	<u>\$ 27,567</u>	

6. Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified through the use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g., calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.
7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	June 30,2023 Fair value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Derivative instrument: Convertible bond embedded option	\$ 915	Binomial tree model	Volatility	32.30%~46.10%	Higher the volatility higher the fair value
Non-derivative equity instruments:					
Shares of venture capital company	1,007	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund	20,123	Net asset value method	Not applicable	Not applicable	Not applicable
Shares of non-listed companies	6,000	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument: Contract of convertible bond	7,396	Discounted cash flow method	Discount rate	Not applicable	Higher the discount rate, lower the fair value
	December 31, 2022 Fair value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Derivative instrument: Convertible bond embedded option	\$ 2,641	Binominal tree evaluation model	Volatility	33.91%~45.30%	Higher the volatility, higher the fair value
Non-derivative equity instruments:					
Shares of venture capital company	\$ 1,009	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund investment	19,448	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument: Contract of convertible bonds	7,396	Discounted cash flow method	Discount rate	Not applicable	Higher the discount rate, low the fair value
	June 30, 2022 Fair value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Non-derivative equity instruments:					
Shares of venture capital company	\$ 1,011	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund investment	20,116	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument: Contract of convertible bond	7,396	Net asset value	Not applicable	Not applicable	Not applicable

8. The Group elects to adopt the valuation model and valuation parameters through cautious assessment. Nonetheless, using different valuation models or valuation parameters may lead to different valuation results. For financial assets categorized within Level 3 of the fair value hierarchy, changes in valuation parameters will not have a significant influence on either profit or loss or other comprehensive income.

### XIII. Additional Disclosures

#### (1) Information about significant transaction

1. Loans to Others: Please refer to Table 1.
2. Endorsements and Guarantees: None.

3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures): Please refer to Table 2.
  4. The Aggregate Trading Value on the Same Securities (Including Purchase and Sales) Reaching NT\$300 Million or Exceeding 20% of the Paid-in Capital or More: None.
  5. Acquisition of Property Amounting to At Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
  6. Disposal of Property Amounting to at Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
  7. Purchases from and Sales to Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 3.
  8. Receivables from Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 4.
  9. Engagement in Derivatives Transactions: Please refer to Notes VI(II) and XII(III).
  10. Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof: Please refer to Table 5.
- (2) Information about reinvestment  
Name, Location, and Information on Investee Companies (Excluding Investee Companies in China): Please refer to Table 6.
- (3) Information about Mainland China Investment
1. Basic Information: Please refer to Table 7.
  2. Significant Transactions between the Company and Investees in Mainland China Directly or Indirectly through Entities in a Third Area: Please refer to Table 8.
- (4) Information of major shareholders  
Please refer to Table 9.

#### XIV. Segment Information

- (1) General Information  
The Group is primarily engaged in the manufacturing of consumer products for prestigious brands around the world. The chief operating decision-makers conduct performance evaluation and resources allocation based on the operating profit (loss) of the Division of Consumer Products. According to the requirements as set forth in IFRS 8, the Group is a single reportable segment.
- (2) Measurement of Segment Information  
The Group evaluates the performance of an operating segment by examining the profit before tax of a continuing operation. Such measurement standard precludes the effects from non-recurring expenses of an operating segment. Management of interest income and expenses is not authorized to the operating segments but assigned to the Group's finance department that is responsible for the management of the status of cash.
- (3) Information on Segment Profit or Loss, Assets, and Liabilities  
The reportable segment information provided to the chief operating decision-makers is the financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs).

Advanced International Multitech Co., Ltd. and Subsidiaries  
Fund lending to Others  
January 1 to June 30, 2023

Table 1

Unit: NT\$1,000  
(Unless Otherwise Specified)

No.	Lender	Borrower	Account	Related Party	Highest amount of the period	Balance at the end of the period	Actual spending amount	Range of interest rate	Loan Type	Amount of Business Transactions	Reasons for the need for short-term financing	Allowance made for loss	Collateral		Loan limit for individual object (note)	Total loan limit (Note)	Remark
													Name	Value			
0	Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Other receivable - related party	Yes	\$ 304,000	\$ 304,000	\$ -	-	For short-term financing need	\$ -	As working capital	\$ -	-	\$ -	\$ 650,026	\$ 2,600,107	

Note: According to the Company's "Operating procedure for lending funds to others", the total amount of the Company's funds lent to others should not exceed 40% of the Company's net worth as shown in the latest financial statement. And the total fund lend to individual object shall not exceed 10% of the Company's net worth as shown in the latest financial statement.

Advanced International Multitech Co., Ltd. and Subsidiaries  
Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)  
January 1 to June 30, 2023

Table 2

Unit: NT\$1,000  
(Unless Otherwise Specified)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	End of the Period				Remark
				Number of Shares	Carrying Amount	Shareholding Ratio	Fair Value	
Advanced International Multitech Co., Ltd.	Taishin Health Limited	None	Financial asset at fair value through profit or loss - non-current	-	\$ 20,123	8.09%	\$ 20,123	Note
Advanced International Multitech Co., Ltd.	Tsai Ying Clean Energy Co., Ltd.	None	Financial asset at fair value through other comprehensive income - non-current	600,000	6,000	5.00%	6,000	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial asset at fair value through other comprehensive income - non-current	57,438	55	10.60%	1,007	

Note: The shareholding ratio is calculated based on the proportion of the fund invested.



Advanced International Multitech Co., Ltd. and Subsidiaries  
Purchases from and Sales to Related Parties Amounting to at least \$100 Million or Exceeding 20% of the Paid-in-Capital  
January 1 to June 30, 2023

Table 3

Unit: NT\$1,000  
(Unless Otherwise Specified)

Name of Company	Name of the Counterparty	Relationship	Transaction Details				Situation and Reason of Why Trading Conditions are Different from General Trading		Note and Account Receivable (Payable)		Remark
			Purchase/Sales	Amount	Ratio to Total Purchase (Sales)	Loan Period	Unit Price	Loan Period	Balance	Ratio to Total Note or Account Receivable (Payable)	
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchase	\$ 3,222,279	68%	Note 1	Note 1	Note 1	(\$ 1,178,656)	86%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchase	1,398,121	30%	Note 1	Note 1	Note 1	( 134,328)	10%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	( 3,222,279)	100%	Note 3	Note 3	Note 3	1,178,656	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	( 1,398,121)	100%	Note 3	Note 3	Note 3	134,328	100%	

Note 1: The prices and terms of payment of the Company's purchases from Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced International Multitech (VN) Corporation Ltd. were agreed by both parties and were not comparable to the general transactions as there were no transactions of similar products.

Note 2: The purchase (sales) amount comprises the sales revenue (sales of raw materials and processed goods) to its subsidiaries and sub-subsidiaries, offsetted by its operating costs (purchase of goods) arising from the related transaction. During the period from January 1 to June 30, 2023, the offset amount were \$231,587.

Note 3: The price and collection terms of the company's sales to Advanced International Multitech Co., Ltd. were agreed by both parties, which were not comparable to general transactions as there were no similar counterparties or products.

Advanced International Multitech Co., Ltd. and Subsidiaries  
Receivable from Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of the Paid-in-Capital  
January 1 to June 30, 2023

Table 4

Unit: NT\$1,000  
(Unless Otherwise Specified)

Name of Company	Name of the Counterparty	Relationship	Balance of Receivable		Overdue Receivable from Related		Amount of Receivable from		Allowance for	Remark
			from Related Party	Turnover Rate	Amount	Action Taken	Related Parties received in	Subsequent Period		
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	\$ 1,178,656	4.79	\$ -	-	\$ 325,164	\$ -		
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent copmany	134,328	12.35	-	-	69,066	-		

Advanced International Multitech Co., Ltd. and Subsidiaries  
Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof  
January 1 to June 30, 2023

Table 5

Unit: NT\$1,000  
(Unless Otherwise Specified)

No. (Note1)	Name of Company	Name of the Transaction Counterparty	Relationship with Counterparty (Note2)	Conditions of Transactions			Ratio to Consolidated Total Revenue or Total Assets (%)
				General Ledger Account	Amount	Transaction Terms	
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchase	\$ 3,222,279	Handled in accordance with the agreement between both parties	40%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Account Payable	1,178,656	Handled in accordance with the agreement between both parties	9%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchase	1,398,121	Handled in accordance with the agreement between both parties	17%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Account Payable	134,328	Handled in accordance with the agreement between both parties	1%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column as below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Three kinds of relationship with counterparties are as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries  
Name, Location, and Information on Investee Companies (Excluding Investee Companies in Mainland China)  
January 1 to June 30, 2023

Table 6

Unit: NT\$1,000  
(Unless Otherwise Specified)

Investor	Name of Investee Company	Location	Primary Business	Initial Investment Amount		Ownership, End of the Period			Net Income (Loss) of the Investee Company	Recognized Investment Gain(Loss) for the Period	Remark
				End of the Period	End of Last Year	Number of Shares	Ownership %	Carrying Amount			
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Vergin Islands	Investment in other regions	\$ 149,434	\$ 149,434	4,584,815	100	928,077	(\$ 52,208)	(\$ 50,290)	Note 1
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Vietnam	Engaged in the production and sales of various golf club shafts and heads, and golf sets.	447,331	447,331	14,000,000	100	609,010	( 82,981)	( 82,098)	Note 1
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd.	Taiwan	Engaged in production of sports products, other plastic products and international trade.	266,495	266,495	28,518,424	52.12	978,032	322,908	177,084	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and Carbon Fiber Reinforced Polymer products. System integration engineering design services for aerospace, vehicles, national defense, machinery, energy, electronics, medical, materials and process equipment.	53,077	49,212	69,003	30.53	-	-	-	Note 2
Advanced International Multitech Co., Ltd.	Technology on Prototyping Ultimate Co., Ltd.	Taiwan	System integration engineering design services for aerospace, vehicles, national defense, machinery, energy, electronics, medical, materials and process equipment.	15,600	15,600	1,200,000	21.64	19,169	5,391	1,040	
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Maya Metal Technologies Co., Ltd.	Vietnam	Engaged in the OEM production of golf head, shaft, and golf sets.	22,290	22,290	750,000	30	11,454	( 13,042)	( 3,913)	

Note 1: The difference in the profit or loss of the investee for the period and the investment profit or loss recognized by the Company is the unrealized gain or loss arising from inter-company transactions.

Note 2: According to "IAS 36", the recoverable amount of Munich Composites GmbH continuing operations is estimated to be 0. It was accessed to have none significant changes during the year.

Advanced International Multitech Co., Ltd. and Subsidiaries  
Investments in Mainland China - Basic Information  
January 1 to June 30, 2023

Table 7

Unit: NT\$1,000  
(Unless Otherwise Specified)

Name of the Investee Company in Mainland China	Primary Business	Paid-in- Capital	Method of Investment	Accumulated Investment Amount from Taiwan, Beginning of the Period	Remittance or Recovery of Investment Amount, current period		Accumulated Investment Amount from Taiwan, End of the Period	Profit or Loss of the Investee Company	Direct or Indirect Ownership of the Company (%)	Investment Gain (Loss) Recognized of the Period	Carrying Amount of the Investment, End of the Period	Investment Income Repartriated, End of the Period	Remark
					Remittance	Recovery							
Advanced Group International (BVI) Co., Ltd. :	Engaged in the production and sales of carbon fiber	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	(\$ 52,208)	100	(\$ 52,208)	\$ 929,336	\$ 948,328	Note 1, Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	prepreg materials and sports products												
Advanced Sporting Goods (Dongguan) Co., Ltd. : Baoji Zatech Material Co., Ltd.	Engaged in the production of materials	17,796	3	-	-	-	-	( 1,332)	25	( 333)	3,096	-	Note 1, Note 3, Note 4, Note 5

Note 1: Investment methods are classified into the following four methods:

1. Remittance to Mainland China through a third region
2. Investment in Mainland China company through company invested and established in a third region
3. Investment in Mainland China company through reinvestment in an existing company in a third company
4. Through other methods

Note 2: Investment gain or loss recognized in accordance with the financial statements reviewed by the parent company in Taiwan.

Note 3: Investment gain or loss recognized in accordance with the investee company's self-compiled financial statements.

Note 4: The amount of paid-in-capital is converted based on the RMB4,000 thousand at exchange rate of 4.449.

Note 5: It is an investment directly made by the Company's 2nd tier subsidiary, Advanced Sporting Goods (Dongguan) Co., Ltd., and the Company did not make actual remittance for the investment.

Name of the Company	Accumulated investment amount remitted to		Upper limit on investment authorized by the MOEAIC
	China from Taiwan, end of the period	Investment amount approved by the MOEAIC	
Advanced International Multitech Co., Ltd. (Note 6, Note 7, Note 8)	\$ 149,434	\$ 142,528	\$ 4,449,301

Note 6: Accumulated outward remittance from Taiwan to Mainland China at the end of the period of US\$4,577 thousand is translated at the spot exchange rates at the time of the remittance.

Note 7: The approved investment amount of US\$4,577 thousand by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) is translated using the USD exchange rate of 31.14 at the balance sheet date.

Note 8: According to the quota stipulated in Correspondance Jing-Shen-Zi-Di-No.09704604680 issued by the Ministry of Economic Affairs on August 29, 2008.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investment in Mainland China - Significant Transactions between the Company and Investee Companies in Mainland China Directly or Indirectly through Entities in a Third Region

January 1 to June 30, 2023

Table 8

Unit: NT\$1,000  
(Unless Otherwise Specified)

Name of Investee Company in Mainland China	Purchase (Sales)		Property Transaction		Account Receivable (Payable)		Endorsement, Guarantee or Collateral Provided		Financing				Others
	Amount	%	Amount	%	Balance	%	Balance, end of the period	Purpose	Highest Balance	Balance, end of the period	Interest Rates	Interest Rate, current period	
Advanced Sporting Goods (Dongguan) Co., Ltd.	(\$ 3,222,279)	(68%)	\$ -	-	(\$ 1,178,656)	(83%)	\$ -	-	\$ -	\$ -	-	\$ -	Note

Note: The purchase (sales) amount comprises the sales revenue (sales of raw materials and work-in-progress) offsetted by operating costs (purchase of goods) arising from related processing of the Company's sales to Advanced Sporting Goods (Dongguan) Co., Ltd. The offset amount during the period from January 1 to June 30, 2023 was \$162,542.

Advanced International Multitech Co., Ltd. and Subsidiaries

Information on Major Shareholders

30-Jun-23

Table 9

Name of Major Shareholder	Shareholding	
	Number of Shares Held	Shareholding Ratio
Ming An Investment Co., Ltd.	12,134,838	8.65%

Note:

(1) The major shareholders information in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall based on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.