

MACAUTO INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Macauto Industrial Co., Ltd.:

Opinion

We have audited the accompanying parent company only balance sheets of Macauto Industrial Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters have been addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's 2022 parent company only financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(7) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(3) for disclosures of inventory and allowance for inventory market price decline. As of December 31, 2022, the inventories and allowance for inventory valuation losses amounted NT\$527,834 thousand and NT\$31,706 thousand, respectively.

The Company's main business is the manufacture and sale of various Automobile Sun Shade and other related products. These inventories will be affected by factors such as market demand and styles of different vehicle types. Therefore, there is a certain risk of inventory impairment. The Company measures its inventories at the lower of cost and net realizable value. The net realizable value of the Company's inventories aged over a certain period is calculated based on the historical extent of inventory clearance and degree of price markdown.

The allowance for valuation loss mainly arises from individually identified obsolete inventories, and the procedures of such identification involves subjective judgment, which might result in high degree of estimation uncertainty. Considering that the Company's inventory and the allowance for inventory valuation losses are material to the financial statements, we considered the allowance for inventory valuation loss as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to

evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.

3. We selected samples from inventory items by each sequence number to verify its net realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.
4. Sampled the calculation of net realizable value of individual inventories and compared with the recorded amounts.

Existence of sales revenue from auto sun shades for export

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(16) for accounting items on revenue.

The Company's main source of revenue is the manufacturing and sales of related products such as auto sun shades, and is primarily focused on exports. Since the customers are numerous and located in different countries, and the number of transactions is voluminous, it takes longer time to verify the existence of sales revenue. Thus, we considered the existence of sales revenue from auto sun shades for export as one of the key audit matters for this year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluate the internal control system designed and implemented by the management for customer credit checks, review the documents related to transaction partners and credit assessments, and ensure that they have been properly approved.
2. Verify the basic information of significant sales partners and analyze the sales amounts and trends of two periods to assess the reasonableness of their sales amounts and nature.
3. Performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin Yung-Chih

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

March 22, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Macauto Industrial Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand

Assets	Notes	December 31 2022		December 31 2021		
		Amount	%	Amount	%	
Current Assets						
1110	Cash and cash equivalents	6(1)	\$ 778,576	15	\$ 778,478	16
1170	Accounts receivable,net	6(2) and 12	467,333	9	356,476	8
1180	Accounts receivable from related parties,net	6(2) and 7	324,648	7	238,858	5
1200	Other receivables		12,837	-	12,325	-
1210	Other receivables from related parties	7	52,327	1	-	-
130X	Inventory	5(2) and 6(3)	496,128	10	585,325	12
1410	Prepayments		32,461	1	46,342	1
11XX	Total current assets		<u>2,164,310</u>	<u>43</u>	<u>2,017,804</u>	<u>42</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4) and 7	1,904,615	37	1,737,674	36
1600	Property, plant, and equipment	6(5) and 8	801,324	16	853,391	18
1755	Right-of-use assets	6(6)	1,591	-	2,139	-
1760	Net investment properties	6(5)(7)	81,482	2	81,482	2
1780	Intangible assets	6(8)	13,158	-	17,033	-
1840	Deferred income tax assets	6(23)	97,171	2	84,046	2
1915	Prepayments for equipment	6(5)(7)	-	-	4,023	-
1920	Guarantee deposits paid	6(1) and 8	3,156	-	4,657	-
1990	Other non-current assets		866	-	-	-
15XX	Total non-current assets		<u>2,903,363</u>	<u>57</u>	<u>2,784,445</u>	<u>58</u>
1XXX	Total assets		<u>\$ 5,067,673</u>	<u>100</u>	<u>\$ 4,802,249</u>	<u>100</u>

(Continued)

Macauto Industrial Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand

Liabilities and Equity		Notes	December 31 2022		December 31 2021	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term borrowings	6(9)	\$ 200,000	4	\$ 219,376	5
2130	Current contract liabilities	6(16)	48,853	1	25,726	1
2150	Notes payable		2,552	-	1,522	-
2170	Accounts payable		541,223	11	480,852	10
2180	Accounts payable to related parties	7	26,939	1	14,156	-
2200	Other payables	7	274,290	6	313,545	7
2230	Current income tax liabilities	6(23)	109,599	2	110,781	2
2250	Provisions for liabilities -current	6(10)	121,459	2	106,830	2
2280	Lease liabilities-current	6(6)	721	-	1,746	-
2320	Long-term liabilities, current portion	6(11) and 8	68,966	1	68,966	1
2365	Refund liabilities - current		112,205	2	94,188	2
21XX	Total current liabilities		<u>1,506,807</u>	<u>30</u>	<u>1,437,688</u>	<u>30</u>
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	68,965	1	137,931	3
2570	Deferred income tax liabilities	6(23)	2,490	-	1,050	-
2580	Lease liabilities- non-current	6(6)	826	-	425	-
2640	Net defined benefit liabilities - non-current	6(12)	114,250	2	116,446	2
25XX	Total non-current liabilities		<u>186,531</u>	<u>3</u>	<u>255,852</u>	<u>5</u>
2XXX	Total liabilities		<u>1,693,338</u>	<u>33</u>	<u>1,693,540</u>	<u>35</u>
Equity						
Share capital						
3111	Common stock	6(13)	749,000	15	749,000	16
3200	Capital surplus	6(14)	3,082	-	3,082	-
Retained earnings						
3310	Legal reserve		607,420	12	566,874	12
3320	Special reserve		184,213	4	139,134	3
3350	Unappropriated retained earnings		1,910,264	38	1,834,832	38
3400	Other equity		(79,644)	(2)	(184,213)	(4)
3XXX	Total equity		<u>3,374,335</u>	<u>67</u>	<u>3,108,709</u>	<u>65</u>
Significant liabilities and contingent commitments						
		9				
3X2X	Total liabilities and equity		<u>\$ 5,067,673</u>	<u>100</u>	<u>\$ 4,802,249</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

Macauto Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
As of December 31, 2022 and December 31, 2021

Unit: NT\$ thousand
(except for earnings per share in NTD)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenues	6(16) and 7	\$ 3,093,637	100	\$ 3,404,633	100
5000 Operating costs	6(3)(8)(12)(21) (22) and 7	(2,192,208)	(71)	(2,392,209)	(70)
5900 Operating margin		<u>901,429</u>	<u>29</u>	<u>1,012,424</u>	<u>30</u>
5910 Unrealized Gain on Sales	6(4)	(70,339)	(2)	(59,180)	(2)
5920 Realized Gain on Sales	6(4)	<u>59,180</u>	<u>2</u>	<u>62,616</u>	<u>2</u>
5950 Net operating margin		<u>890,270</u>	<u>29</u>	<u>1,015,860</u>	<u>30</u>
Operating Expenses	6(8)(12)(21)(22) and 7				
6100 Selling Expenses		(288,714)	(9)	(305,148)	(9)
6200 Administrative Expenses		(141,591)	(5)	(142,001)	(4)
6300 Research and Development Expenses		(123,637)	(4)	(124,022)	(4)
6000 Total Operating Expenses		(553,942)	(18)	(571,171)	(17)
6900 Operating Income		<u>336,328</u>	<u>11</u>	<u>444,689</u>	<u>13</u>
Non-Operating Income and Expenses					
7100 Interest Income	6(17)	4,859	-	1,215	-
7010 Other Income	6(18)	2,134	-	7,394	-
7020 Other Gains and Losses	6(4)(19) and 12	62,703	2	(22,759)	(1)
7050 Financial Costs	6(6)(20)	(2,007)	-	(1,165)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	<u>85,491</u>	<u>3</u>	<u>56,316</u>	<u>2</u>
7000 Total Non-Operating Income and Expenses		<u>153,180</u>	<u>5</u>	<u>41,001</u>	<u>1</u>
7900 Profit before income tax		489,508	16	485,690	14
7950 Income Tax Expense	6(23)	(77,536)	(2)	(86,256)	(2)
8200 Net Profit for the Year		<u>\$ 411,972</u>	<u>14</u>	<u>\$ 399,434</u>	<u>12</u>
Other comprehensive income (loss)					

(Continued)

Macauto Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
As of December 31, 2022 and December 31, 2021

Unit: NT\$ thousand
(except for earnings per share in NTD)

Items	Notes	2022		2021	
		Amount	%	Amount	%
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligations	6(12)	(\$ 4,681)	-	\$ 7,533 -
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	936	-	(1,507) -
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(4)	104,569	3	(45,079) (1)
8300	Other comprehensive income (loss) for the year		\$ 100,824	3	(\$ 39,053) (1)
8500	Total Comprehensive Income for the Period		\$ 512,796	17	\$ 360,381 11
Earnings per share (in dollars) 6(24)					
9750	Basic		\$ 5.50		\$ 5.33
9850	Diluted		\$ 5.47		\$ 5.31

The accompanying notes are an integral part of these parent company only financial statements.

Macauto Industrial Co., Ltd.
Parent company only Statements of Changes in Equity

Unit: NT\$ thousands

	Equity attributable to owners of the parent						Total	
	Note	Capital surplus		Retained Earnings		Other equity		
		Share capital - common stock	Treasury Stock Transaction	Legal reserve	Special reserve	Unappropriated Retained Earnings		Financial statements translation differences of foreign operations
<u>2021</u>								
Beginning Balance as of January 1, 2021		\$ 749,000	\$ 3,082	\$ 515,632	\$ 117,244	\$ 1,854,534	(\$ 139,134)	\$ 3,100,358
Net Income for the year 2021		-	-	-	-	399,434	-	399,434
Other comprehensive income (loss) for the year 2021	6(4)	-	-	-	-	6,026	(45,079)	(39,053)
Total comprehensive income (loss) for the year 2021		-	-	-	-	405,460	(45,079)	360,381
Distribution of 2020 net income:								
Legal reserve		-	-	51,242	-	(51,242)	-	-
Special reserve		-	-	-	21,890	(21,890)	-	-
Cash dividends	6(15)	-	-	-	-	(352,030)	-	(352,030)
Ending Balance as of December 31, 2021		<u>\$ 749,000</u>	<u>\$ 3,082</u>	<u>\$ 566,874</u>	<u>\$ 139,134</u>	<u>\$ 1,834,832</u>	<u>(\$ 184,213)</u>	<u>\$ 3,108,709</u>

(Continued)

Macauto Industrial Co., Ltd.
Parent company only Statements of Changes in Equity

Unit: NT\$ thousands

	Equity attributable to owners of the parent						Total	
	Note	Capital surplus		Retained Earnings		Other equity		
		Share capital - common stock	Treasury Stock Transaction	Legal reserve	Special reserve	Unappropriated Retained Earnings		Financial statements translation differences of foreign operations
<u>2022</u>								
Beginning balance as of January 1, 2022		\$ 749,000	\$ 3,082	\$ 566,874	\$ 139,134	\$ 1,834,832	(\$ 184,213)	\$ 3,108,709
Net income for the year 2022		-	-	-	-	411,972	-	411,972
Other comprehensive income (loss) for the year 2022	6(4)	-	-	-	-	(3,745)	104,569	100,824
Total comprehensive income for the year 2022		-	-	-	-	408,227	104,569	512,796
Distribution of 2021 net income:								
Legal reserve		-	-	40,546	-	(40,546)	-	-
Special reserve		-	-	-	45,079	(45,079)	-	-
Cash dividends	6(15)	-	-	-	-	(247,170)	-	(247,170)
Ending balance as of December 31, 2022		\$ 749,000	\$ 3,082	\$ 607,420	\$ 184,213	\$ 1,910,264	(\$ 79,644)	\$ 3,374,335

The accompanying notes are an integral part of these parent company only financial statements.

Macauto Industrial Co., Ltd.
Parent Company only Statements of Cash Flows

Unit: NT\$ thousands

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Profit before tax for the period		\$ 489,508	\$ 485,690
Adjustments:			
Items of income and expense:			
Provision for inventory market price decline	6(3)	9,022	4,599
Equity in earnings of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	(85,491)	(56,316)
Unrealized gains on sales	6(4)	70,339	59,180
Realized gains on sales	6(4)	(59,180)	(62,616)
Disposal of equity method investments	6(4)(19)	-	(1)
Depreciation expense	6(5)(6)(21)	63,771	72,767
Net gains on disposal of property, plant and equipment	6(19)	(179)	(30)
Gain on lease modifications	6(6)(19)	(11)	(72)
Amortization expense	6(8)(21)	3,043	6,054
Losses on disposal of intangible assets (included in "Research and development expenses")	6(8)(21)	1,697	858
Provision for liabilities	6(10)	32,513	41,980
Interest income	6(17)	(4,859)	(1,215)
Interest expense	6(20)	2,007	1,165
Changes in assets and liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Accounts receivable		-	4
Trade accounts receivable		(110,857)	97,122
Trade accounts receivable from related parties		(85,790)	37,864
Other receivables		21	6,791
Other receivables from related parties		(52,327)	-
Inventories		78,174	(56,167)
Prepayments		13,099	16,909
Net changes in liabilities related to operating activities:			
Current portion of contract liabilities		23,127	6,467
Notes payable		1,030	365
Trade accounts payable		60,371	9,574
Trade accounts payable to related parties		12,783	(29,549)
Other payables		(38,018)	8,708
Current portion of provision for liabilities	6(10)	(17,884)	(17,698)
Current portion of refund liabilities		18,017	36,036
Net defined benefit liabilities - non-current		(6,877)	(6,584)
Cash inflows from operating activities:		417,049	661,885
Interest received		4,326	1,227
Interest paid		(1,937)	(1,132)
Income tax paid		(89,467)	(98,723)
Net cash inflow from operating activities		<u>329,971</u>	<u>563,257</u>

(Continued)

Macauto Industrial Co., Ltd.
Parent Company only Statements of Cash Flows

Unit: NT\$ thousands

	Note	2022	2021
<u>Cash Flows from Investing Activities</u>			
Refund of capital from liquidation of investments accounted for using equity method	6(4)	\$ 11,960	\$ -
Proceeds from disposal of investments accounted for using equity method - non-subsiidiaries	6(4)	-	3,489
Cash payments for acquisition of property, plant, and equipment	6(25)	(5,076)	(1,760)
Proceeds from disposal of property, plant, and equipment		179	30
Acquisition of intangible assets	6(8)	(83)	(371)
Increase in prepayments for equipment		-	(1,399)
Decrease (increase) in guarantee deposits paid		1,501	(324)
Increase in other non-current assets - others		(866)	-
Net cash inflow (outflow) from investing activities		7,615	(335)
<u>Cash Flows from Financing Activities</u>			
Decrease in short-term borrowings	6(26)	(19,376)	(560)
Repayment of lease principal	6(26)	(1,976)	(1,770)
Repayment of long-term borrowings	6(26)	(68,966)	(110,021)
Cash dividends paid	6(15)	(247,170)	(352,030)
Net cash outflow from financing activities		(337,488)	(464,381)
Net increase in cash and cash equivalents for the period		98	98,541
Cash and cash equivalents at the beginning of the period	6(1)	778,478	679,937
Cash and cash equivalents at the end of the period	6(1)	\$ 778,576	\$ 778,478

The accompanying notes are an integral part of these parent company only financial statements.

MACAUTO INDUSTRIAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. HISTORY AND ORGANIZATION

- (1) Macauto Industrial Co., Ltd. (“the Company”) was established on July 25, 1983 in accordance with the provisions of the Company Act of the Republic of China. The main business items are the manufacture and processing of various Automobile Sun Shade, auto parts, lawn mowers, etc., as well as the manufacture of molds and hand tools.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since December 2003.

II. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 22, 2023.

III. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts-cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</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 above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9- 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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. The parent company only financial statements have been prepared on the historical cost basis except for net defined benefit assets or liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Balances of foreign currency monetary assets and liabilities are adjusted according to the spot exchange rate evaluation on the balance sheet date. Translation differences arising from adjustments are recognized as current profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the parent company only statement of comprehensive income within “Other gains and losses”.

(4) Classification of current and non-current items

A. Assets that meet one of the following conditions are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash equivalents

A. Cash equivalents refer to short-term and highly liquid investments. The investment can be converted into a fixed amount of cash at any time and the risk of value change is very small.

B. Time deposits that meet the above definition and whose specific purpose is to meet short-term cash commitments in operations are classified as cash equivalents.

(6) Accounts and notes receivable

A. Accounts and notes receivable entitled the Company a legal right to receive consideration in exchange for transferred goods.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Inventories

Cost is determined using the weighted-average method. The cost of finished goods and work in progress include raw materials, direct labor, other direct costs, and production-related overheads (allocated based on normal operating capacity). It excludes borrowing costs. Inventories are stated at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(8) Investments accounted for using equity method/subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss in a subsidiary equals or exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes all changes in 'capital surplus' in proportion to its ownership.

- G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- I. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, "Net profit for the year" and "Other comprehensive income for the year" reported in the parent company only statement of comprehensive income, shall equal to "Net profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in the parent company only financial statements shall equal to equity attributable to owners of parent reported in the consolidated financial statements.

(9) Impairment of financial assets

For financial assets at amortized cost, at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Property, plant and equipment

- A. Aside from those assets which had been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful life
Buildings	5 – 46 years
Machinery and equipment	2 – 11 years
Utilities equipment	7 – 11 years
Transportation equipment	5 – 6 years
Office equipment	5 – 6 years
Other equipment	2 – 9 years

(12) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(13) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities are recognized as the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made on or before the commencement date; and
 - (c) Any initial direct costs incurred.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end

of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that reduce the scope of the lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect partial or full termination of the lease; the difference between this and the remeasured amount of the lease liability is recognized in profit or loss.

(14) Intangible assets

A. Trademarks and patents

Separately acquired corporate identification system trademark rights and product patent rights are stated at historical cost. Trademarks and patents have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 5 to 23 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. When the recoverable amount is lower than its carrying amount, impairment losses are recognized. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(17) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

Financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(19) Provisions

Provisions for product warranties are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amounts expected to be paid. They are recognized as an expense when the relevant service is provided.

B. Pensions

(a) Defined contribution plans

For a defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Advance payments are recognized as assets to the extent that they are refundable in cash or reduce future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisor's remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Company calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(21) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(22) Share capital

Ordinary shares are classified as equity incremental costs directly attributable to the issue of

new shares are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells Automobile Sun Shade and other related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts. The Company estimates sales discounts based on historical experience. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts payable to customers in relation to sales made until the end of the reporting period.
- (c) The Company provides a standard warranty for the products sold with an obligation to repair product defects; provision for liabilities is recognized when goods are sold.
- (d) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

V. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, the impact of COVID-19,

and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the uncertainties in material accounting judgments, estimates and assumptions is addressed below:

(1) Important judgments for adoption of accounting policies

None.

(2) Important accounting estimates and assumptions

Inventory evaluation

A. As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Company evaluates the amounts of price fluctuations of inventories, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2022, the carrying amount of inventories was \$496,128.

VI. Explanation of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash on hand	\$ 1,694	\$ 1,558
Checking deposits and demand deposits	471,262	676,920
	<u>472,956</u>	<u>678,478</u>
Cash equivalents:		
Time deposits	305,620	100,000
	<u>\$ 778,576</u>	<u>\$ 778,478</u>

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Company’s cash and cash equivalents pledged to others as collateral (listed as “Guarantee deposits paid”) as of December 31, 2022 and 2021 are described in Note 8, ‘PLEGGED ASSETS’

(2) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 469,817	\$ 358,960
Less: Allowance for uncollectible accounts	(2,484)	(2,484)
	<u>\$ 467,333</u>	<u>\$ 356,476</u>

A. Aging analysis (including related parties) of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Under 30 days	\$ 275,787	\$ 214,039
31–90 days	364,275	272,813
91–180 days	149,099	81,538
181 days or more	5,304	29,428
	<u>\$ 794,465</u>	<u>\$ 597,818</u>

The above is an aging analysis based on the accounting date.

- B. Accounts receivable as of December 31, 2022 and 2021 were all generated by customer contracts. In addition, the receivable balance of customer contracts (including related parties) as of January 1, 2021 was \$732,808.
- C. The Company no collateral as a guarantee for accounts receivable as of December 31, 2022 and 2021.
- D. Financial assets measured at amortized cost that can best represent the Company’s accounts receivable, irrespective of the collateral or other credit enhancement held, is the carrying amounts of financial assets with the greatest credit risk as of December 31, 2022 and 2021.
- E. For information about the credit risk of accounts receivable, please see Note 12(2), “Description of financial instruments.”
- F. The Company did not provide accounts receivable as pledge guarantees as of December 31, 2022 and 2021.
- (3) Inventory

	December 31, 2022		
	Cost	Allowance for impairment	Carrying value
Merchandise	\$ 25,738	\$ -	\$ 25,738
Raw materials	84,457	(9,371)	75,086
Supplies	48,497	(5,132)	43,365
Work in progress	159,261	(12,463)	146,798
Finished goods	209,881	(4,740)	205,141
	<u>\$ 527,834</u>	<u>(\$ 31,706)</u>	<u>\$ 496,128</u>

	December 31, 2021		
	Cost	Allowance for impairment	Carrying value
Merchandise	\$ 11,901	\$ -	\$ 11,901
Raw materials	107,663	(5,298)	102,365
Supplies	45,777	(3,864)	41,913
Work in progress	184,839	(9,460)	175,379
Finished goods	257,829	(4,062)	253,767
	<u>\$ 608,009</u>	<u>(\$ 22,684)</u>	<u>\$ 585,325</u>

Inventory cost recognized as expense and loss by the Company in the current period:

	<u>2022</u>	<u>2021</u>
Cost of inventory sold	\$ 2,179,219	\$ 2,374,138
Inventory impairment loss	9,022	4,599
Inventory obsolescence loss	4,913	13,978
Inventory loss (profit)	(287)	219
Revenue from the sale scraps	(659)	(725)
Total cost of goods sold	<u>\$ 2,192,208</u>	<u>\$ 2,392,209</u>

(4) Investments accounted for under equity method

A. Changes in investments accounted for under equity method are as follows:

	<u>2022</u>	<u>2021</u>
January 1	\$ 1,737,674	\$ 1,726,489
Proceeds from investments accounted for using equity method	(11,960)	-
Additional investments accounted for using equity method	-	(3,488)
Unrealized sales benefit	(70,339)	(59,180)
Realized sales benefit	59,180	62,616
Share of investment profit and loss accounted for using the equity method	85,491	56,316
Other equity—Exchange differences on translation of foreign financial statements	104,569	(45,079)
December 31	<u>\$ 1,904,615</u>	<u>\$ 1,737,674</u>

B. Details of investments accounted for under equity method are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Crack Mythology International Ltd.	\$ 1,262,250	\$ 1,163,280
Macauto Mexico, S.A. De C.V.	444,673	388,120
Macauto USA, Inc.	120,026	100,996
Macauto Group GmbH	77,766	73,318
Martingale Transnational Co., Ltd.	-	11,960
	<u>\$ 1,904,615</u>	<u>\$ 1,737,674</u>

C. For information on the Company's subsidiaries, please refer to Note 4(3) Consolidation Basis of the Company's 2022 Annual Consolidated Financial Statements.

D. The investment in MARTINGALE TRANSNATIONAL CO., LTD. by the company has completed the dissolution process and liquidation as of March, 2022, with the distribution of \$11,960 from the aforementioned liquidation fully received.

- E. The share of the Company's operating results from individual non-major affiliated companies (Macauto International Development Co., Ltd.) is as follows:

	<u>2021</u>
Net loss for the period and total comprehensive profit and loss for the period	(\$ <u>43</u>)

There is no such event in 2022.

- F. After considering the planning of the overall use of funds and focusing on business operation strategies for the Company, on February 5, 2021, the Board of Directors resolved to dispose of the invested company at an approximate net value per share and use the equity method to evaluate the entire shareholding of Macauto International Development Co., Ltd. The disposal price of \$3,489 has been fully received and the resulting disposition of investment benefits is calculated as \$1 (listed under other gains and losses). The relevant transaction has been completed in February 2021.
- G. The company's investments using the equity method on December 31, 2022 and 2021 did not provide pledges.

(5) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Total
<u>January 1, 2022</u>								
Cost	\$312,268	\$596,858	\$234,007	\$156,952	\$29,000	\$67,252	\$143,422	\$1,539,759
Accumulated depreciation	-	(160,981)	(182,450)	(118,426)	(27,856)	(64,041)	(132,614)	(686,368)
	<u>\$312,268</u>	<u>\$435,877</u>	<u>\$51,557</u>	<u>\$38,526</u>	<u>\$1,144</u>	<u>\$3,211</u>	<u>\$10,808</u>	<u>\$853,391</u>
<u>2022</u>								
January 1	\$312,268	\$435,877	\$51,557	\$38,526	\$1,144	\$3,211	\$10,808	\$853,391
Increase	-	1,006	730	-	1,460	-	575	3,771
Transfer (Note)	-	4,023	-	-	-	-	2,001	6,024
Depreciation expense	-	(19,919)	(17,407)	(15,446)	(1,319)	(1,465)	(6,306)	(61,862)
Disposal – cost	-	-	-	-	(100)	-	(1,290)	(1,390)
– Accumulated depreciation	-	-	-	-	100	-	1,290	1,390
December 31	<u>\$312,268</u>	<u>\$420,987</u>	<u>\$34,880</u>	<u>\$23,080</u>	<u>\$1,285</u>	<u>\$1,746</u>	<u>\$7,078</u>	<u>\$801,324</u>
<u>December 31, 2022</u>								
Cost	\$312,268	\$601,887	\$234,737	\$156,952	\$30,360	\$67,252	\$144,708	\$1,548,164
Accumulated depreciation	-	(180,900)	(199,857)	(133,872)	(29,075)	(65,506)	(137,630)	(746,840)
	<u>\$312,268</u>	<u>\$420,987</u>	<u>\$34,880</u>	<u>\$23,080</u>	<u>\$1,285</u>	<u>\$1,746</u>	<u>\$7,078</u>	<u>\$801,324</u>

(Note) Please refer to Note 6(25) for an explanation of supplementary information of cash flows.

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under inspection	Total
<u>January 1, 2021</u>									
Cost	\$376,019	\$596,288	\$233,236	\$156,952	\$29,000	\$67,252	\$136,295	\$13,454	\$1,608,496
Accumulated depreciation	-	(141,783)	(162,559)	(102,938)	(25,570)	(60,286)	(122,701)	-	(615,837)
	<u>\$376,019</u>	<u>\$454,505</u>	<u>\$70,677</u>	<u>\$54,014</u>	<u>\$3,430</u>	<u>\$6,966</u>	<u>\$13,594</u>	<u>\$13,454</u>	<u>\$992,659</u>
<u>2021</u>									
January 1	\$376,019	\$454,505	\$70,677	\$54,014	\$3,430	\$6,966	\$13,594	\$13,454	\$992,659
Increase	-	-	448	-	-	-	1,052	-	1,500
Transfer (Note)	(63,751)	570	828	-	-	-	6,075	(13,454)	(69,732)
Depreciation expense	-	(19,168)	(20,936)	(15,488)	(2,286)	(3,755)	(9,913)	-	(71,036)
Disposal – cost	-	-	(505)	-	-	-	-	-	(505)
– Accumulated depreciation	-	-	505	-	-	-	-	-	505
December 31	<u>\$312,268</u>	<u>\$435,877</u>	<u>\$51,557</u>	<u>\$38,526</u>	<u>\$1,144</u>	<u>\$3,211</u>	<u>\$10,808</u>	<u>\$-</u>	<u>\$853,391</u>
<u>December 31, 2021</u>									
Cost	\$312,268	\$596,858	\$234,007	\$156,952	\$29,000	\$67,252	\$143,422	\$-	\$1,539,759
Accumulated depreciation	-	(160,981)	(182,450)	(118,426)	(27,856)	(64,041)	(132,614)	-	(686,368)
	<u>\$312,268</u>	<u>\$435,877</u>	<u>\$51,557</u>	<u>\$38,526</u>	<u>\$1,144</u>	<u>\$3,211</u>	<u>\$10,808</u>	<u>\$-</u>	<u>\$853,391</u>

(Note) Please refer to Note 6(25) for an explanation of supplementary information of cash flows.

- A. Property, plant and equipment of the Company as of December 31, 2022 and 2021 constituted assets for self-use.
- B. The Company did not capitalize interest on property, plant and equipment in 2022 and 2021.
- C. For more information regarding the Company's property, plant and equipment pledged to others as of December 31, 2022 and 2021, please refer to Note 8, 'PLEDGED ASSETS'.

(6) Leasing Arrangements– Lessee

- A. The underlying assets of the Company's leases include land, offices, and official vehicles; the terms of the lease agreements usually range from 2 to 4 years. Lease contracts are negotiated individually and contain a variety of terms and conditions. Except that leased assets cannot be used as loan guarantees, no other restrictions are imposed.
- B. The book values of right-of-use assets and the recognized depreciation expenses are as follows:

	December 31, 2022	December 31, 2021
	<u>Carrying Value</u>	<u>Carrying value</u>
Land	\$ -	\$ 1,172
Buildings	429	896
Transportation equipment	1,162	71
	<u>\$ 1,591</u>	<u>\$ 2,139</u>

	2022	2021
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 1,172	\$ 1,172
Buildings	467	275
Transportation equipment	270	284
	<u>\$ 1,909</u>	<u>\$ 1,731</u>

- C. The information on income and expense accounts relating to lease contracts is as follows:

	2022	2021
Items affecting current profit and loss	<u></u>	<u></u>
Interest on lease liabilities	\$ 2	\$ 25
Expenses for short-term rental contracts	197	148
Gain from lease modification	11	72

- D. Additions to the Company's right-of-use assets in 2022 and 2021 were \$1,361 and \$1,452.
- E. The Company's total lease cash outflows in 2022 and 2021 were \$2,173 and \$1,918, respectively.

(7) Net investment properties

	<u>Land</u>
<u>January 1, 2022 and December 31, 2022</u>	
Cost	<u>\$ 81,482</u>
<u>January 1 2021</u>	
Cost	<u>\$ -</u>
<u>2021</u>	
January 1	\$ -
Transfer (Note)	<u>81,482</u>
December 31	<u>81,482</u>
<u>December 31, 2021</u>	
Cost	<u>\$ 81,482</u>

(Note) Please refer to Note 6(25 for an explanation of supplementary cash flow information.

A. The fair value of investment real estate held by the Company as of December 31, 2022 and 2021 was \$144,710 and \$181,384. Based on the evaluation using transaction prices information in the real estate agency industry and publicly available market price information, as well as the appraisal results from the real estate valuation report, all assessments indicate a fair value classification of Level 3.

B. As of December 31, 2022 and 2021, the Company did not provide mortgages on investment real estate.

(8) Intangible assets

	<u>2022</u>			
	<u>Trademarks</u>	<u>Patent rights</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2022				
Cost	\$ 2,085	\$ 28,819	\$ 79,316	\$ 110,220
Accumulated amortization	(1,683)	(14,122)	(77,382)	(93,187)
	<u>\$ 402</u>	<u>\$ 14,697</u>	<u>\$ 1,934</u>	<u>\$ 17,033</u>
<u>2022</u>				
January 1	\$ 402	\$ 14,697	\$ 1,934	\$ 17,033
Increase	-	83	-	83
Current transfer (Note)	-	782	-	782
Amortization expense	(116)	(1,467)	(1,460)	(3,043)
Disposal – cost	-	(2,262)	-	(2,262)
– Accumulated amortization	-	565	-	565
December 31	<u>\$ 286</u>	<u>\$ 12,398</u>	<u>\$ 474</u>	<u>\$ 13,158</u>
<u>December 31, 2022</u>				
Cost	\$ 2,085	\$ 27,422	\$ 79,316	\$ 108,823
Accumulated amortization	(1,799)	(15,024)	(78,842)	(95,665)
	<u>\$ 286</u>	<u>\$ 12,398</u>	<u>\$ 474</u>	<u>\$ 13,158</u>

	2021			
	Trademarks	Patent rights	Computer software	Total
January 1, 2021				
Cost	\$ 2,085	\$ 28,782	\$ 79,316	\$ 110,183
Accumulated amortization	(1,567)	(13,309)	(72,971)	(87,847)
	<u>\$ 518</u>	<u>\$ 15,473</u>	<u>\$ 6,345</u>	<u>\$ 22,336</u>
2021				
January 1	\$ 518	\$ 15,473	\$ 6,345	\$ 22,336
Increase	-	371	-	371
Current transfer (Note)	-	1,238	-	1,238
Amortization expense	(116)	(1,527)	(4,411)	(6,054)
Disposal – cost	-	(1,572)	-	(1,572)
– Accumulated amortization	-	714	-	714
December 31	<u>\$ 402</u>	<u>\$ 14,697</u>	<u>\$ 1,934</u>	<u>\$ 17,033</u>
<u>December 31, 2021</u>				
Cost	\$ 2,085	\$ 28,819	\$ 79,316	\$ 110,220
Accumulated amortization	(1,683)	(14,122)	(77,382)	(98,187)
	<u>\$ 402</u>	<u>\$ 14,697</u>	<u>\$ 1,934</u>	<u>\$ 17,033</u>

(Note) Please refer to Note 6(25) for an explanation of supplementary information of cash flows.

- A. There was no capitalization of borrowing costs for the Company's intangible assets in 2022 and 2021.
- B. The details the Company's intangible asset amortization expenses in 2022 and 2021 were as follows:

	2022	2021
Operating costs	\$ 374	\$ 893
Promotional expenses	268	322
Management expenses	571	1,091
R&D expenses	1,830	3,748
	<u>\$ 3,043</u>	<u>\$ 6,054</u>

(9) Short-term borrowings

	<u>December 31, 2022</u>	<u>Interest rate</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 200,000	1.0642%~1.4071%	None
	<u>December 31, 2021</u>	<u>Interest rate</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 219,376	0.5151%~0.60%	None

For details of interest expenses recognized in profit or loss for the Company in 2022 and 2021, please refer to Note 6(20) for explanation of financial costs.

(10) Provisions for liabilities -current

A. Changes in warranty liability provisions for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
January 1	\$ 106,830	\$ 82,548
Provisions for liabilities in the current period	32,513	41,980
Provisions for liabilities used in the current period	(17,884)	(17,698)
December 31	<u>\$ 121,459</u>	<u>\$ 106,830</u>

B. The Company's warranty liability reserve is mainly related to the sales of automotive roller shades and other products. The provision for warranty liabilities is estimated based on the historical warranty data of the product.

(11) Long-term borrowings

<u>Nature of loans</u>	<u>Expiration date range</u>	<u>Interest rate range (Note)</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long term bank borrowings				
Secured bank borrowings	2024.11.15	0.5950%	Land, houses, and buildings	\$ 137,931
Less: Long-term borrowings due within one year or one business cycle				(68,966)
				<u>\$ 68,965</u>

<u>Nature of loans</u>	<u>Expiration date range</u>	<u>Interest rate range (Note)</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Long term bank borrowings				
Secured bank borrowings	2024.11.15	0%	Land, houses, and buildings	\$ 206,897
Less: Long-term borrowings due within one year or one business cycle				(68,966)
				\$ 137,931

Note: The Company applied for loan items of medium-term operating working capital from financial institutions based on the Loans for the Project to Strengthen Promotion of Investment in Taiwan by Overseas Taiwanese Businesses (2nd Round) Main Points of the National Development Fund of the Executive Yuan. The loan interest rate is the listed postal deposit interest rate minus 0.739% to 0.875% annual interest rate for postal savings deposits.

For details of interest expenses recognized in profit or loss for the Company in 2022 and 2021, please refer to Note 6(20) for explanation of financial costs.

(12) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31 every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by end of March next year. Relevant information about the retirement method of the above defined benefits is disclosed as follows:

(a) Amounts recognized in the balance sheets are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 161,324)	(\$ 152,343)
Fair value of plan assets	47,074	35,897
Net defined benefit liability	(\$ 114,250)	(\$ 116,446)

(b) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
Balance on January 1	(\$ 152,343)	\$ 35,897	(\$ 116,446)
Current service cost	(2,298)	-	(2,298)
Interest income (expense)	(860)	141	(719)
	<u>(155,501)</u>	<u>36,038</u>	<u>(119,463)</u>
Remeasurements			
Return on plan assets	-	2,692	2,692
Change in demographic assumptions	(23)	-	(23)
Change in financial assumptions	5,651	-	5,651
Experience adjustment	(13,001)	-	(13,001)
	<u>(7,373)</u>	<u>2,692</u>	<u>(4,681)</u>
Pension fund contribution	-	9,894	9,894
Paid pension	1,550	(1,550)	-
Balance on December 31	<u>(\$ 161,324)</u>	<u>\$ 47,074</u>	<u>(\$ 114,250)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
Balance on January 1	(\$ 160,873)	\$ 30,310	(\$ 130,563)
Current service cost	(2,788)	-	(2,788)
Interest income (expense)	(381)	48	(333)
	<u>(164,042)</u>	<u>30,358</u>	<u>(133,684)</u>
Remeasurements			
Return on plan assets	-	566	566
Change in demographic assumptions	(241)	-	(241)
Change in financial assumptions	3,987	-	3,987
Experience adjustment	3,221	-	3,221
	<u>6,967</u>	<u>566</u>	<u>7,533</u>
Pension fund contribution	-	9,705	9,705
Paid pension	4,732	(4,732)	-
Balance on December 31	<u>(152,343)</u>	<u>\$ 35,897</u>	<u>(\$ 116,446)</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows

	<u>2022</u>	<u>2021</u>
Discount rate	1.2%	0.65%
Future salary increases	2.00%	2.00%

The assumptions for future mortality in 2022 and 2021 are estimated according to the 6th empirical life tables of Taiwan's life insurance industry.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increased</u>	<u>0.25%</u>	<u>Increased</u>	<u>0.25%</u>
	<u>0.25%</u>	<u>reduction</u>	<u>0.25%</u>	<u>reduction</u>
December 31, 2022				
Effect on the present value of defined benefit obligations	(\$ 2,442)	\$ 2,521	\$ 2,494	(\$ 2,429)
December 31, 2021				
Effect on the present value of defined benefit obligations	(\$ 2,535)	\$ 2,630	\$ 2,588	(\$ 2,508)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(e) The Company's estimated contribution to pensions in 2023 was \$9,362.

(f) As of December 31, 2022, the weighted average duration of the retirement plan was 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	22,495
2–5 years		83,435
Over 6 years		67,424
	<u>\$</u>	<u>173,354</u>

B. Since July 1, 2005, the Company has adhered to the Labor Pension Act in providing a defined contribution retirement method applicable to employees of domestic nationality. For the portion of the labor pension system stipulated in the Labor Pension Act that the employee chooses to apply, the Company will pay 6% of the salary to the employee’s personal account at the Labor Insurance Bureau every month, and the payment of the employee pension shall be received in the form of a monthly pension or one-time pension according to the employee’s individual pension account and the amount of accumulated income. The pension costs recognized by the Company in accordance with the above pension methods in 2022 and 2021 were \$15,769 and \$17,728 respectively.

(13) Share capital

A. The numbers of outstanding shares of the Company’s 2022 and 2021 common shares at the beginnings and ends of the periods are adjusted as follows: (Unit: Thousand shares)

	<u>2022</u>	<u>2021</u>
Balance as at January 1 and December 31	<u>74,900</u>	<u>74,900</u>

B. As of December 31, 2022, the Company’s authorized capital was \$1,000,000 and paid-up capital amount was \$749,000, divided into 74,900 thousand shares and the amount per share was NT\$10, to be issued installments. All payments for the issued shares of the Company have been received.

(14) Capital surplus

According to the provisions of the Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital

- B. In accordance with provisions of the Company's Articles of Incorporation, the Company's dividends are based on the principle of dividend stability in line with the current year's earnings. The Company is in a period of business growth and there is a need for funds to promote global operations in the next few years. Therefore, in addition to the distribution of surplus in accordance with the provisions of Article 28 of the Company's Articles of Incorporation, the amount of distribution shall in principle not be less than 30% of the distributable surplus of the current year. If necessary, dividends may be paid in conjunction with capital reserve. Cash dividends shall not be less than 30% of the total dividends. If there is a surplus in the Company's annual final accounts, income tax should first be paid to make up for losses of previous years. If there is a surplus, 10% shall be set aside as legal reserve in accordance with the law, and a special reserve shall be allocated or transferred in accordance with the provisions of Article 41 of Securities and Exchange Act to constitute the distributable surplus for the current year. Furthermore, the accumulated undistributed surplus of the prior year is to be added to the cumulative distributable surplus, and the aforementioned distributable surplus shall be proposed by the Board of Directors to be distributed by resolution. If the Company distributes in cash its dividends and bonuses or all or part of its legal reserve and capital reserve, this shall be authorized by resolution of Board of Directors with at least two-thirds of the directors present and more than half of the attending directors in agreement, and this shall be reported to the shareholders' meeting. The provisions of the preceding paragraph that must be resolved by the shareholders' meeting are not applicable.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings
- D. When IFRSs were first adopted, the special reserve of \$26,594 was set out in Letter Jinguanzhengfazi No. 1010012865 dated April 6, 2012, and this was reversed by the Company when subsequently disposing of the relevant assets.
- E. The cash dividends recognized by the Company for distribution and owners for 2022 and 2021 are \$247,170 (NT\$3.3 per share) and \$352,030 (NT\$4.7 per share), respectively. On March 22, 2023, the Board of Directors proposed that the profit distribution for 2022 be a cash dividend of NT\$3.3 per share, with dividends totaling \$247,170.

(16) Operating revenue

- A. The Company's revenue is all revenue from customer contracts for product sales, which are recognized after a certain point in time, and the revenue can be subdivided into the following major product categories:

	2022	2021
Revenue from Automobile Sun Shade	\$ 3,071,386	\$ 3,381,693
Revenue from garden tools	22,251	22,940
	<u>\$ 3,093,637</u>	<u>\$ 3,404,633</u>

B. The Company recognizes contract liabilities related to customer contract revenue as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities – Automobile Sun Shade	\$ 48,784	\$ 25,715	\$ 19,256
Contract liabilities – garden tools	69	11	3
	<u>\$ 48,853</u>	<u>\$ 25,726</u>	<u>\$ 19,259</u>

The Company's contractual liabilities as of January 1, 2022 and 2021 were amounts recognized as revenue in 2022 and 2021 of \$9,233 and \$9,259 respectively.

(17) Interest income

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 3,822	\$ 1,215
Other Interest income	1,037	-
	<u>\$ 4,859</u>	<u>\$ 1,215</u>

(18) Other income

	<u>2022</u>	<u>2021</u>
Other income	\$ 2,134	\$ 7,394

(19) Other gains and losses

	<u>2022</u>	<u>2021</u>
Disposal of investment interests	\$ -	1
Net gain on disposal of property, plant and equipment	179	30
Net currency exchange gain (loss)	62,514 (20,976)
Gain from lease modification	11	72
Other losses	(1)	(1,886)
	<u>\$ 62,703</u>	<u>(\$ 22,759)</u>

(20) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense	\$ 2,005	1,140
Lease liabilities	2	25
	<u>\$ 2,007</u>	<u>1,165</u>

(21) Additional information on nature of expenses

	<u>2022</u>		
	<u>Under operating costs</u>	<u>Under operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 295,995	\$ 225,963	\$ 521,958
Depreciation expense	51,671	12,100	63,771
Amortization expense	374	2,669	3,043
	<u>\$ 348,040</u>	<u>\$ 240,732</u>	<u>\$ 588,772</u>

	2021		
	Operating cost	Under operating expenses	Total
Employee benefits expense	\$ 324,759	\$ 231,437	\$ 556,196
Depreciation expense	57,042	15,725	72,767
Amortization expense	893	5,161	6,054
	<u>\$ 382,694</u>	<u>\$ 252,323</u>	<u>\$ 635,017</u>

(22) Employee benefits expense

	2022		
	Under operating costs	Under operating expenses	Total
Salary	\$ 239,228	\$ 178,288	\$ 417,516
Health and labor insurance	25,558	15,397	40,955
Pension	10,316	8,470	18,786
Directors' Remuneration	-	15,124	15,124
Other employment expenses	20,893	8,684	29,577
	<u>\$ 295,995</u>	<u>\$ 225,963</u>	<u>\$ 521,958</u>

	2021		
	Under operating costs	Under operating expenses	Total
Salary	\$ 257,125	\$ 184,406	\$ 441,531
Health and labor insurance	36,226	16,664	52,890
Pension	11,975	8,874	20,849
Directors' Remuneration	-	13,213	13,213
Other employment expenses	19,433	8,280	27,713
	<u>\$ 324,759</u>	<u>\$ 231,437</u>	<u>\$ 556,196</u>

- A. The average numbers of employees of the Company in 2022 and 2021 were 605 and 703 respectively, of which the number of directors who were not concurrently employees were 5 respectively.
- B. The Company's average employee benefit expenses recognized in 2022 and 2021 were \$845 and \$778 respectively. The recognized amounts of average employee salary expenses were \$696 and \$633 respectively, and the adjustment and change of average employee salary expenses in 2022 was 9.95 %
- C. The Company's 2022 and 2021 supervisors' remuneration were \$ — and \$759 respectively. In addition, the Company has set up an Audit Committee in June 2021. As a result, there was no supervisors' remuneration since June 2021.
- D. In accordance with Company's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the chairperson, vice chairperson, directors, and managers, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry.

- E. In accordance with the Company's Articles of Incorporation, if the Company makes a profit for the current year, 3% to 8% should be allocated for employee remuneration and no more than 3.5% should be allocated for director and supervisor remuneration. However, when the Company still has accumulated losses, it should reserve the compensation amount in advance. Employee remuneration is made in stock or cash; in addition, the recipients of stock or cash distributions may include employees of affiliated companies who meet certain conditions.
- F. The estimated amounts of employee compensation of the Company for 2022 and 2021 were \$21,759 and \$21,670 respectively. The estimated amounts of directors' and supervisors' remuneration were \$8,704 and \$8,668 respectively, and the aforementioned amounts were included in the salary expense items. The 2021 employee remuneration and director and supervisor remuneration approved by the Board of Directors are consistent with the amounts estimated in the 2021 financial statements. On March 22, 2023, the Board of Directors resolved the actual distribution amount to be \$21,759 and \$8,704. Out of this, the above-mentioned employee remuneration was to be paid in cash. Information about employee remuneration and director and supervisor remuneration approved by the Company's Board of Directors can be inquired on the Market Observation Post System.

(23) Income taxes

A. Income tax expense:

(a) Components of income tax expense:

	2022	2021
Current income tax:		
Income tax incurred in current year	\$ 88,666	\$ 94,876
Tax on unappropriated earnings	3,633	4,218
Over provision of prior year's income tax payable	(4,014)	(428)
Current income tax total amount	<u>88,285</u>	<u>98,666</u>
Deferred income tax:		
Origin and reversal of temporary differences	(10,749)	(12,410)
Total deferred income tax	(10,749)	(12,410)
Income tax expense	<u>\$ 77,536</u>	<u>\$ 86,256</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	2022	2021
Remeasurement of defined benefit obligations	<u>(\$ 936)</u>	<u>\$ 1,507</u>

B. Reconciliation between income tax expense and accounting profit:

	2022	2021
Tax calculated based on profit		
before tax and statutory tax rate	\$ 97,902	\$ 97,138
Effect of items disallowed by tax regulation	(19,985)	(11,617)
Effect from investment tax credits	-	(3,055)
Tax on undistributed earnings	3,633	4,218
Prior year income tax over estimation	(4,014)	(428)
Income tax expense	<u>\$ 77,536</u>	<u>\$ 86,256</u>

C. Amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	2022			
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized inventory impairment	\$ 4,537	\$ 1,804	\$ -	\$ 6,341
Unrealized after-sales service expenses	21,366	2,924	-	24,290
Unrealized gains among affiliated companies	12,421	5,119	-	17,540
Employee benefits	4,861	114	-	4,975
Pensions	22,023	(1,375)	936	21,584
Estimation of unrealized sales allowance	18,838	3,603	-	22,441
	<u>\$ 84,046</u>	<u>\$ 12,189</u>	<u>\$ 936</u>	<u>\$ 97,171</u>
Deferred tax assets				
Temporary differences:				
Unrealized conversion benefit	(\$ 1,050)	(\$ 1,440)	\$ -	(\$ 2,490)
	<u>(\$ 1,050)</u>	<u>(\$ 1,440)</u>	<u>\$ -</u>	<u>(\$ 2,490)</u>
	<u>\$ 82,996</u>	<u>\$ 10,749</u>	<u>\$ 936</u>	<u>\$ 94,681</u>

	<u>January 1</u>	<u>Recognized in Profit or Loss</u>	<u>2021 Recognized in Other Comprehensive Income</u>	<u>December 31</u>
Deferred tax assets				
Temporary differences:				
Unrealized inventory impairment	\$ 3,617	\$ 920	\$ -	\$ 4,537
Unrealized after-sales service expenses	16,510	4,856	-	21,366
Unrealized exchange loss	13,802	(1,381)	-	12,421
Unrealized gains among affiliated companies	4,496	365	-	4,8016
Employee benefits	25,230	(1,700)	(1,507)	22,023
Pensions	<u>11,481</u>	<u>7,357</u>	<u>-</u>	<u>18,838</u>
Estimation of unrealized sales allowance	<u>\$ 75,136</u>	<u>\$ 10,417</u>	<u>(\$ 1,507)</u>	<u>\$ 84,046</u>
 Deferred tax assets				
Temporary differences:	(\$ 3,043)	\$ 1,993	\$ -	(\$ 1,050)
Unrealized conversion benefit	(\$ 3,043)	\$ 1,993	\$ -	(\$ 1,050)
	<u>\$ 72,093</u>	<u>\$ 12,410</u>	<u>(\$ 1,507)</u>	<u>\$ 82,996</u>

D. The Company's income tax has been approved by the tax collection authority through 2020. Moreover, as of March 22, 2023, there is no instance of administrative relief.

(24) Earnings per share

	2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 411,972	74,900	\$ 5.50
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 411,972	74,900	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	400	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 411,972	75,300	\$ 5.47
	2021		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 399,434	74,900	\$ 5.33
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 399,434	74,900	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	354	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 399,434	75,254	\$ 5.31

(25) Supplemental cash flow information

A. Investment activities with only partial cash receipts and payments:

	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 3,771	\$ 1,500
Add: Equipment payable at the beginning of the period (listed under other payables)	1,394	1,654
Less: Equipment payments payable at the end of the period (listed under other payables)	(89)	(1,394)
Cash payments for purchasing property, plant and equipment	<u>\$ 5,076</u>	<u>\$ 1,760</u>

B. Investment activities with no cash flow effect::

	<u>2022</u>	<u>2021</u>
(a) Inventory transfers to property, plant and equipment	<u>\$ 2,001</u>	<u>\$ 6,075</u>
	<u>2022</u>	<u>2021</u>
(b) Property, plant and equipment reclassified as investment real estate	<u>\$ -</u>	<u>\$ 77,205</u>
	<u>2022</u>	<u>2021</u>
(c) Transfer of prepayments to intangible assets	<u>\$ 782</u>	<u>\$ 1,238</u>
	<u>2022</u>	<u>2021</u>
(d) Prepaid equipment transfer to property, plant and equipment	<u>\$ 4,023</u>	<u>\$ 1,398</u>
	<u>2022</u>	<u>2021</u>
(e) Prepaid equipment transfer to investment real estate	<u>\$ -</u>	<u>\$ 4,277</u>

(26) Changes in liabilities from financing activities

	Short-term loans	Lease liabilities	Long-term borrowings (including portions due in less than one year)	Total liabilities from financing activities
January 1, 2022	\$ 219,376	\$ 2,171	\$ 206,897	\$ 428,444
Changes in cash flow from financing activities	(19,376)	(1,976)	(68,966)	(90,318)
Changes in other non- cash items	-	1,352	-	1,352
December 31, 2022	<u>\$ 200,000</u>	<u>\$ 1,547</u>	<u>\$ 137,931</u>	<u>\$ 339,478</u>

	Short-term loans	Lease liabilities	Long-term borrowings (including portions due in less than one year)	Total liabilities from financing activities
January 1, 2021	\$ 219,936	\$ 2,901	\$ 316,918	\$ 539,755
Changes in cash flow from financing activities	(560)	(1,770)	(110,021)	(112,351)
Changes in other non- cash items	-	1,040	-	1,040
December 31, 2021	<u>\$ 219,376</u>	<u>\$ 2,171</u>	<u>\$ 206,897</u>	<u>\$ 428,444</u>

VII. Related party transactions

(1) Names and relationship with related parties

Name of related party	Relationship with the Company
Macauto USA, Inc.	Subsidiary
Macauto Group GmbH	Subsidiary
Macauto Mexico, S.A. De C.V.	Subsidiary
Kunshan Macauto Automobile Parts Industry Co., Ltd.	Subsidiary
Kunshan Macauto Automobile Parts Sales Co., Ltd.	Subsidiary

(2) Significant transactions and balances with related parties

A. Operating income

	2022	2021
Subsidiary	<u>\$ 648,158</u>	<u>\$ 644,748</u>

Transaction price: Both related parties and non-related parties adopt a negotiation method.

Collection terms (period): For related parties, 90 days EOM; for non-related parties, 1 to 3 months EOM.

B. Purchase

	<u>2022</u>	<u>2021</u>
Kunshan Macauto Automobile Parts Industry Co., Ltd.	\$ 157,935	\$ 176,212
Other subsidiaries	5,193	4,535
	<u>\$ 163,128</u>	<u>\$ 180,747</u>

Transaction price: Both related parties and non-related parties adopt a negotiation method.

Payment terms (period): For related parties, 90 days EOM; for non-related parties, 1 to 3 months EOM.

C. Export fees

	<u>2022</u>	<u>2021</u>
Macauto USA, Inc.	\$ 51,863	\$ 37,266

D. Service fees

	<u>2022</u>	<u>2021</u>
Macauto Group GmbH	\$ 34,104	\$ 45,191

E. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Macauto Mexico, S.A. De C.V.	\$ 283,562	\$ 118,569
Kunshan Macauto Automobile Parts Industry Co., Ltd.	54,366	75,611
Other subsidiaries	38,684	44,678
Less: Reclassification of overdue accounts receivable to other receivables.	(51,964)	-
	<u>\$ 324,648</u>	<u>\$ 238,858</u>

The reclassification of overdue accounts receivable to other receivables is performed for accounts that have exceeded the credit period of 3 months. The aging distribution of these accounts is as follows:

	<u>December 31, 2022</u>	
	<u>Date distribution of account</u>	<u>Overdue Accounts</u>
Macauto Mexico, S.A. De C.V.	Days in 181~360	<u>\$ 51,964</u>

There were no such occurrences in the year 2021.

F. Payables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	\$ 26,939	\$ 14,156

G. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	\$ 13,629	\$ 11,679

H. Funding arrangements(Listed under "Other Receivables - Related Parties")

(a) Accounts Receivable from Related Parties:

	<u>December 31, 2022</u>
Macauto Mexico, S.A. De C.V.	\$ 52,327

(b) Interest Income

	<u>December 31, 2022</u>
Macauto Mexico, S.A. De C.V.	\$ 1,037

The conditions for the funds lent to subsidiaries include repayment of principal and interest before the agreed-upon maturity date. For the year 2022, the interest rates charged range from 2.2019% to 4.5573% per annum.

There were no such occurrences in the year 2021.

I. Endorsements/guarantees provided:

Details of the Company's endorsements/guarantees for subsidiaries are as follows:

	Nature	<u>2022</u>	<u>2021</u>
Macauto Mexico, S.A. De C.V.	Financing amount guarantees	\$ 522,070	\$ 470,560

The actual amounts used by the Company to provide subsidiary financing endorsement guarantees as of December 31, 2022 and 2021 were \$63,723 and \$74,044 respectively.

(3) Senior management salary information

	<u>2022</u>	<u>2021</u>
Salary and other short-term employee benefits	\$ 50,771	\$ 45,942
Retirement benefits	1,156	986
	<u>\$ 51,927</u>	<u>\$ 46,928</u>

VIII. Pledged assets

Details of guarantees provided for the Company's assets are as follows:

<u>Asset item</u>	<u>Carrying amounts:</u>		<u>Guarantee purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Land (Note 1)	303,335	303,335	Long-term borrowings guarantees
Buildings – net (Note 1)	\$ 391,493	\$ 406,468	Long-term borrowings guarantees Purchase material guarantees
Pledged time deposits (Note 2)	2,500	2,500	
	<u>\$ 697,328</u>	<u>\$ 712,303</u>	

(Note 1) Recognized as under property, plant and equipment.

(Note 2) Guarantee deposits paid

IX. Significant contingent liabilities and unrecognized contract commitments

- (1) The details of endorsement and guarantees provided to others are described in Note 13(1)-B.
- (2) As of December 31, 2022 and 2021, the remaining balance due for Property, plant, and equipment was \$429 and \$1,435 respectively.

X. Significant Disaster Loss

None.

XI. Significant Events After The Balance Sheet Date

None.

XII. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Company are described in Notes 6, 'Financial assets'

B. Financial risk management policy

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse impact of uncertainty on the company's financial performance, the Company undertakes forward exchange rate contracts to avoid exchange rate risks. Derivative instruments undertaken by the Company are for the purpose of hedging and not for trading or speculation.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is therefore subject to the exchange rate risk arising from transactions that are different from the functional currency of the Company and its subsidiaries; these are mainly USD and CNY. The associated exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Company's management has established a policy that requires each company within the Company to manage exchange rate risk relative to its functional currency. Each company should hedge its overall exchange rate risk through the Group's Finance Department. Currency risk is measured through highly probable USD and CNY revenue forecast transactions, using forward Foreign currency translation contracts to reduce the impact of exchange rate fluctuations on the expected collection of receivables.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD); The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency		
	(amount in thousands)	Exchange Rate	Book value (NT\$)
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY:NTD	\$ 92,032	4.4080	\$ 405,677
USD:NTD	20,698	30.71	635,636
EUR:NTD	3,395	32.72	111,084
JPY:NTD	63,269	0.2324	14,704
<u>Investments accounted for using equity method</u>			
MXN:NTD	307,695	1.5818	486,712
USD:NTD	4,078	30.71	125,235
EUR:NTD	2,374	32.72	77,677
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY:NTD	9,727	4.4080	42,877
USD:NTD	1,808	30.71	55,524
EUR:NTD	502	32.72	16,425

December 31, 2021			
(Foreign currency: functional currency)	Foreign currency		
	(amount in thousands)	Exchange Rate	Book value (NT\$)
<u>Financial assets</u>			
<u>Monetary items</u>			
CNY:NTD	\$ 103,034	4.344	\$ 447,580
USD:NTD	11,736	27.68	324,852
EUR:NTD	1,964	31.32	61,512
JPY:NTD	88,147	0.241	21,243
<u>Investments accounted for using equity method</u>			
MXN:NTD	301,525	1.345	405,551
USD:NTD	3,830	27.68	106,014
EUR:NTD	2,341	31.32	73,320
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY:NTD	4,401	4.344	19,118
USD:NTD	2,640	27.68	73,075
EUR:NTD	1,757	31.32	55,029

- v. Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$62,514 and (\$20,976), respectively
- vi. For the Company in 2022 and 2021, if the NTD appreciated or depreciated by 1% against each currency while all other factors remained unchanged, the net profit after tax for the Company for 2022 and 2021 would decrease or increase by \$13,922 and \$10,343 respectively.

Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities,, the Company has set stop loss points. Therefore, no significant price risk is expected to arise.

Cash flow and fair value interest rate risks

- i. Funds borrowed by the Company are in the form of financial instruments with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, resulting in volatility of future cash flows. However, this risk is partially offset by holding cash and cash equivalents at floating rates.
- ii. In conducting a sensitivity analysis on interest rate risk, if borrowing rates increased or decreased by 1% and with all other factors held constant, the Company's net profit after tax in 2022 and 2021 would decrease or increase by \$2,703 and \$3,410 respectively mainly due to the increase or decrease in interest expenses due to due floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company establishes credit risk management from a group perspective. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.
- iii. The Company adopts IFRS 9 to provide prerequisite assumptions. When a contract payment is overdue for more than 30 days according to the agreed payment terms, the credit risk of deemed financial assets has increased significantly since the initial recognition.
- iv. The Company adopts IFRS 9 to provide prerequisite assumptions, and impairment assessment begins when the contract payment is overdue for more than a certain number of days according to the agreed payment terms.

- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss. The Company uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the company applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	<u>2022</u>	<u>2021</u>
Beginning and ending balance	\$ 2,484	\$ 2,484

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants.
- ii. When surplus cash held by the Company exceeds the management needs of working capital, the Company's Finance Department will plan to invest the remaining funds in interest-bearing demand deposits and time deposits. The instrument it chooses has an appropriate maturity date or sufficient liquidity to respond to the above forecasts and provide sufficient dispatch levels.
- iii. The details of the Company's unused loan amounts are as follows.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating rate		
Due within one year	\$ 1,253,550	1,107,424
Due in one year or longer	300,000	450,000
	<u>\$ 1,553,550</u>	<u>\$ 1,557,424</u>

Note: The quota due within one year is an annual quota. It will be discussed separately in 2023. The balance is required for the Company to prepare for operating and capital expenditures.

- iv. The following table is the Company's non-derivative financial liabilities and derivative financial liabilities settled in gross amount, grouped by the relevant due date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non derivative financial liabilities:				
Short-term loans	\$ 200,782	\$ -	\$ -	\$ -
Notes payable	2,552	-	-	-
Accounts payable	541,223	-	-	-
Accounts payable – related parties	26,939	-	-	-
Other payables	274,290	-	-	-
Lease liabilities (including current and non-current)	817	345	489	-
Long-term loans (including portions due in less than one year)	69,580	69,171	-	-
Refund liabilities	112,205	-	-	-
December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non derivative financial liabilities:				
Short-term loans	\$ 219,975	\$ -	\$ -	\$ -
Notes payable	1,522	-	-	-
Accounts payable	480,852	-	-	-
Accounts payable – related parties	14,156	-	-	-
Other payables	313,545	-	-	-
Lease liabilities (including current and non-current)	1,747	429	-	-
Long-term loans (including portions due in less than one year)	68,966	68,966	68,966	-
Refund liabilities	94,188	-	-	-

- v. The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. All derivative instruments invested by the Company are included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value including the carrying amounts of cash and cash equivalents, accounts receivable(including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable(including related parties), other payables and long-term borrowings (including current portion) are approximate to their fair values

C. The Company has no financial assets and liabilities measured at fair value as of December 31, 2022 and 2021.

(4) Other information

A. Affected by the COVID-19 pandemic and the government's promotion of various pandemic prevention measures, the Company has adopted countermeasures related to workplace hygiene management in line with the Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19), and it continues to manage related matters. Company plants are operating normally and there is no significant impact.

B. The Company is a multinational business enterprise. Due to the impact of the COVID-19 outbreak, governments in some regions such as Europe and the Americas have implemented various epidemic prevention measures. These in turn have affected export sales affected to a certain extent. The Company maintains close contact with customers and manufacturers to maintain order continuity. However, the actual potential impact still depends on the follow-up developments of the pandemic in each country.

XIII. Supplementary Disclosures

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022

(1) Significant transactions information

A. Loans to other: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. The amount of purchases or sales with related parties exceeds NT\$100 million or 20% of the paid-in capital: Please refer to table 3.

H. Accounts receivable from related parties amount to NT\$100 million or 20% of the paid-in capital: Please refer to table 4.

I. Trading in derivative instruments: None.

J. Business relationship and significant transaction details and amounts between the parent company, subsidiary companies, and each subsidiary company: Please refer to table 5.

(2) Information on investees

Name of the invested company, location, and other related information (excluding Mainland China invested companies): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

XIV. Segment information

Not applicable.

Macauto Industrial Co., Ltd.
Loan to others
January 1, 2022, to December 31, 2022

Table 1

Unit: NT\$ Thousand

Code	Lending Company	Borrower	Transaction Items	Related party	Highest amount in the current period	Closing balance at the end of the period	Actual disbursement amount	Interest rate range	Nature of funds lending (Note1)	Business transaction amount	Reasons for the need for short-term funding include	Provision for bad debts amount	Collateral Item Value	Limit on loans granted to each individual entity (Note 2)	Total lending limit (Note 2)	Note
0	Macauto Industrial Co., Ltd.	MACAUTO MEXICO, S.A. DE C.V.	Other receivables - related parties	Y	\$ 52,390	\$ 51,964	\$ 51,964	4.5573%	1	\$ 222,884	-	\$ -	- \$ -	\$ 222,884	\$ 1,349,734	-
0	Macauto Industrial Co., Ltd.	MACAUTO MEXICO, S.A. DE C.V.	Other receivables - related parties	Y	61,420	61,420	-	-	2	-	Operating turnover expenses	-	- -	674,867	1,349,734	-

(Note 1) Explanation of the nature codes for fund lending:

1. Those with business transactions.
2. Those with a necessary need for short-term financing.

(Note 2) Fund lending limits for individual parties:

1. Total fund lending limit: Shall not exceed 40% of the net worth based on the most recent audited financial statements of the Company.
2. Individual enterprise limit: For enterprises in which the Company holds a controlling interest of 20% or more, and for subsidiary companies in which the Company holds 100% equity, the fund lending to each individual enterprise shall not exceed 20% of the Company's net worth.

(Note 3) In accordance with the operating procedures for fund lending to others, it shall be implemented upon approval by the Board of Directors and reported to the shareholders' meeting for reference.

(Note 4) For amounts denominated in foreign currencies in this table, they are converted to New Taiwan Dollars at the exchange rate on the financial reporting date (USD:TWD 1:30.71).

Macauto Industrial Co., Ltd
Provision of endorsements and guarantees to others
January 1, 2022, to December 31, 2022

Table 2

Unit: NT\$ Thousand

Code (Note 1)	Endorser's Company Name	Guaranteed Party Company Name	Relationship (Note 1)	Limit for Endorsement Guarantee to a Single Company (Note 1)	Maximum Endorsement Guarantee Amount for the Period	Endorsement Guarantee Balance at the End of the Period	Actual Disbursement Amount	Endorsement Guarantee Amount Secured by Assets	Accumulated Endorsement Guarantee Amount as a Percentage of the Most Recent Financial Statements' Net Worth	Maximum Endorsement Guarantee Limit (Note 2)	Provision of endorsements /guarantees by Parent Company to Subsidiaries	Provision of endorsement /guarantees by Subsidiaries to Parent Company	Provision of endorsements /guarantees to Mainland China	Notes
0	Macauto Industrial Co., Ltd.	MACAUTO MEXICO, S.A. DE C.V.	2	\$ 1,012,301	\$ 522,070	\$ 522,070	\$ 63,723	\$ -	15.47%	\$ 1,349,734	Y	N	N	—
		Macauto International Development Co., Ltd.	1	1,012,301	81,910	81,910	-	81,910	2.43%	1,349,734	N	N	N	—

Note 1: Explanation of Relationship Codes with the Company:

1. Companies with business transactions.
2. Companies in which the Company directly or indirectly holds voting rights exceeding 50%.

Note 2: The total endorsement guarantee amount by the Company to external parties is limited to 30% of the most recent audited or certified financial statements' net worth. The endorsement guarantee amount to a single enterprise shall not exceed 30% of the Company's net worth. The overall endorsement guarantee amount by the Company and its subsidiaries shall not exceed 40% of the Company's net worth, and the endorsement guarantee amount to a single enterprise shall not exceed 40% of the Company's net worth. However, if approved by the Board of Directors, for subsidiaries in which the Company holds 100% of the voting rights directly or indirectly, the endorsement guarantee limit may exceed the aforementioned limits related to net worth for a single enterprise and the endorsed company.

Note 3: The amounts in this table involving foreign currencies are converted into New Taiwan Dollars at the exchange rate on the financial reporting date (USD:TWD 1:30.71).

Macauto Industrial Co., Ltd

The amount of purchases or sales with related parties exceeds NT\$100 million or 20% of the paid-in capital.

January 1, 2022, to December 31, 2022

Table 3

Unit: NT\$ Thousand

Company for purchases (sales)	Name of the counterparty	Relationship	Description of transaction				Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		Percentage of notes or accounts receivable/(payable)	Note
			Purchases (sales)	Amount	Ratio	Credit Period	Unit Price	Credit Period	Amount			
Macauto Industrial Ltd	Co., Kunshan Macauto Automobile Parts Industry Co., Ltd.	Subsidiary	(Sales)	(\$ 175,821)	(6%)	O/A 90days	—	(Note 2)	\$ 54,366	6%	—	
	"	Subsidiary	Purchases	157,935	10%	O/A 90days	—	(Note 3)	(25,193)	4%	—	
	MACAUTO MEXICO, S.A. DE C.V.	Subsidiary	(Sales)	(327,073)	(11%)	O/A 90days	—	(Note 2)	231,598	27%	—	
	MACAUTO USA,INC.	Subsidiary	(Sales)	(104,459)	(3%)	O/A 90days	—	(Note 2)	28,392	3%	—	

(Note 1) The transactional relationships with related parties are not separately disclosed as they only differ in the direction of the transactions.

(Note 2) Payment terms for regular customers are net 1 to 3 months, based on the company's credit management policy.

(Note 3) Payment terms for regular suppliers are net 1 to 3 months.

(Note 4) The amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates (USD:TWD 1:30.71, MXN:TWD 1:1.5818, CNY:TWD 1:4.408) as of the financial reporting date.

Macauto Industrial Co., Ltd
Accounts receivable from related parties amount to NT\$100 million or 20% of the paid-in capital.
December 31, 2022

Table 4

Unit: NT\$ Thousand

Company Name	Name of the counterparty	Relationship	Accounts receivable from related parties amount	Turnover rate	Overdue receivable			Allowance for doubtful accounts
					Amount	Action taken for overdue accounts	Subsequent collections	
Macauto Industrial Co., Ltd	MACAUTO MEXICO, S.A. DE C.V.	Subsidiary	\$ 283,925	1.63	\$ 51,964	(Note)	\$ 37,618	\$ -

(Note) Transfer to other receivables and regular follow-up to strengthen collection.

Macauto Industrial Co., Ltd

Business relationship and significant transaction details and amounts between the parent company, subsidiary companies, and each subsidiary company

January 1, 2022, to December 31, 2022

Table 5

Unit: NT\$ Thousand

Code (Note 2)	Name of the counterparty	Counterparty in the transaction:	Relationship with the counterparty (Note 3)	Transaction details			Ratio to total revenue or total assets (Note 4)
				Item	Amount	Terms of the transaction	
0	Macauto Industrial Co., Ltd	Kunshan Macauto Automobile Parts Industry Co., Ltd.	1	Sales	\$ 175,821	O/A 90days	4%
		"	1	Purchases	157,935	O/A 90days	3%
		"	1	Accounts receivable	54,366	—	1%
		"	1	Accounts payable	25,193	—	—
		MACAUTO USA,INC.	1	Sales	104,459	O/A 90days	2%
		"	1	Accounts receivable	28,392	—	—
		"	1	Other payable	13,629	—	—
		"	1	Export fees	51,863	—	1%
		MACAUTO GROUP GmbH	1	Service fees	34,104	—	1%
		MACAUTO MEXICO, S.A. DE C.V.	1	Endorsement guarantee	522,070	—	9%
		"	1	Sales	327,073	O/A 90days	7%
		"	1	Accounts receivable	231,598	—	4%
		"	1	Other receivables	52,327	—	1%
		Kunshan Macauto Automobile Parts Sales Co.,Ltd	1	Sales	40,805	O/A 90days	1%
		"	1	Purchases	5,193	O/A 90days	—
		"	1	Accounts receivable	10,292	—	—
1	Kunshan Macauto Automobile Parts Industry Co., Ltd.	Kunshan Macauto Automobile Parts Sales Co.,Ltd	3	Sales	39,274	O/A 90days	1%
		"	3	Accounts receivable	17,712	—	—
		MACAUTO USA,INC.	3	Sales	25,515	O/A 90days	1%
		"	3	Accounts receivable	7,091	—	—
2	Kunshan Macauto Automobile Parts Sales Co.,Ltd	MACAUTO MEXICO, S.A. DE C.V.	3	Sales	81,983	O/A 90days	2%
		"	3	Accounts receivable	34,739	—	1%
3	MACAUTO MEXICO, S.A. DE C.V.	MACAUTO USA, INC.	3	Sales	121,667	O/A 90days	2%
		"	3	Accounts receivable	45,950	—	1%

(Note 1) Business relationships and significant transactional details between the parent company and its subsidiaries, as well as among the subsidiaries, are not separately disclosed as they involve transactions in opposite directions. Significant disclosure is applicable for amounts exceeding \$5,000.

(Note 2) Business transactions between the parent company and its subsidiaries should be annotated with the following numbering method:

1. Parent company should be indicated as "0."
2. Subsidiaries should be numbered sequentially using Arabic numerals starting from 1, according to their company codes.

(Note 3) The relationship with the counterparty can be indicated by the following types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) Calculation of the ratio of transaction amounts to total consolidated revenue or total assets is as follows: If the item belongs to the balance sheet, it is calculated as the ending balance as a percentage of total consolidated assets. If the item belongs to the income statement, it is calculated as the accumulated amount at the end of the period as a percentage of total consolidated revenue.

(Note 5) Amounts in this table involving foreign currencies are converted to New Taiwan Dollars at the exchange rates on the financial reporting date (USD:TWD 1:30.71 and CNY:TWD 1:4.408).

Macauto Industrial Co., Ltd

Name of the invested company, location, and other related information (excluding Mainland China invested companies)

January 1, 2022, to December 31, 2022

Table 6

Unit: NT\$ Thousand

Investor	Investee	Location	Main Business	Original investment amount		Holding status as of December 31,2022			Net income (loss) of the investee	Investment Income (loss) recognized by the Company	Note
				Balance as at December 31,2022	Balance as at December 31,2021	Shares	Percentage of ownership	Book Value			
Macauto Industrial Co., Ltd	CRACK MYTHOLOGY INTERNATIONAL LTD.	Mauritius	General investment	\$ 98,272	\$ 98,272	3,200,000	100	\$ 1,262,250	\$ 67,920	\$ 67,920	Subsidiary
	MACAUTO USA, INC.	USA	Automobile Sun Shade	36,852	36,852	4,000,000	100	120,026	7,395	7,395	Subsidiary
	MACAUTO HOLDINGS LLC	USA	General investment	7,078	7,078	230,477	100	-	-	-	Subsidiary
	MACAUTO GROUP GmbH	Germany	Automobile Sun Shade	76,892	76,892	-	100	77,666	1,027	1,027	Subsidiary
	MACAUTO MEXICO, S.A. DE C.V.	Mexico	Automobile Sun Shade	615,736	615,736	-	100	444,673	9,149	9,149	Subsidiary
	MARTINGALE TRANSNATIONAL CO., LTD.	Mauritius	Automobile Sun Shade	-	12,533	-	-	-	-	-	-
MACAUTO HOLDINGS LLC	HEDGE TRADING LTD.	Samoa	Automobile Sun Shade	-	55	-	-	-	-	-	Subsidiary (Note 2)

(Note 1) Liquidated in March 2022.

(Note 2) Liquidated in October 2022.

(Note 3) The amounts in this table involving foreign currencies are converted to New Taiwan Dollars based on the exchange rates on the financial reporting date (USD:TWD 1:30.71 and EUR:TWD 1:32.72).

Macauto Industrial Co., Ltd
Mainland China Investment Information - Basic Information
January 1, 2022, to December 31, 2022

Table 7

Unit: NT\$ Thousand

Investee in Mainland China	Main Business	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31,2022		Accumulated amount of remittance from Taiwan as of December 31,2022	Net income (loss) of the investee	Percentage of the ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments as of December 31,2022	Accumulated amount of investment income remitted back to Taiwan as of December 31,2022	Note
					Exported	Repatriated							
Kunshan Macauto Automobile Parts Industry Co., Ltd.	Automobile Sun Shade	\$ 119,769	Note 1	\$ 98,272	\$ -	\$ -	\$ 98,272	\$ 67,920	100	\$ 67,920	\$ 1,285,315	\$ 304,807	Note 4
Kunshan Macauto Automobile Parts Sales Co.,Ltd	Sales of Automobile Sun Shade and the components, etc.	44,080	Note 2 Note 3	-	-	-	-	9,960	100	9,960	75,335	-	Note 4
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of December 31,2022		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs(MOEA)			Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5).						
Macauto Industrial Co., Ltd			\$ 98,272			\$119,769				\$2,024,601			

(Note 1) Establishment of a company in a third territory (CRACK MYTHOLOGY INTERNATIONAL LTD.) for the purpose of investing in mainland China.

(Note 2) Among which \$21,497 (USD 0.7 million) is invested indirectly in the mainland company through the increase in capital from the earnings of CRACK MYTHOLOGY INTERNATIONAL LTD. in the third territory.

(Note 3) Investment in mainland China through the mainland company (Kunshan Macauto Automobile Parts Industry Co., Ltd.).

(Note 4) The valuation and recognition of the investment amount is based on the financial statements of the invested company audited by the certified public accountant for the same period.

(Note 5) The investment limit is calculated based on 60% of the net worth or consolidated net worth, whichever is higher.

(Note 6) The amounts in this table involving foreign currencies are converted into New Taiwan Dollars based on the exchange rates (USD: TWD 1:30.71 and RMB: TWD 1:4.408) on the financial reporting date.

Table8

Macauto Industrial Co., Ltd
Major Shareholder Information
December 31, 2022

Unit: Share

Name of major shareholders	Number of shares held		Ownership Percentage	Note
	Common Shares			
TAYIH KENMOS AUTO PARTS CO., LTD.	9,450,000		12.61%	—
Lin, Yung-Ching	4,635,350		6.18%	—

Note: : The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

Macauto Industrial Co., Ltd.
Cash and Cash Equivalents Schedule
December 31, 2022

Unit: NT\$ Thousand

Item	Summary	Amount
Cash:		
Cash on hand		\$ 1,694
Checking Deposits		533
Demand Deposits - NTD		231,826
— Foreign Currency	USD 3,474 thousand Exchange Rate:30.71	
	RMB 18,946 thousand Exchange Rate:4.408	
	EUR 1,238 thousand Exchange Rate:32.72	
	GBP 15 thousand Exchange Rate:37.09	
	JPY 31,617 thousand Exchange Rate:0.2324	
	KRW 12,987 thousand Exchange Rate:0.0246	238,903
Cash Equivalents:		<u>472,956</u>
Time Deposits -NTD	Maturity date: January 5, 2023 to January 18, 2023 Annual interest rate: 0.91% to 1.25%	200,000
Time Deposits - Foreign Currency	USD 2,800 thousand Exchange rate: 30.71 Maturity date: January 29, 2023 to March 28, 2023 Annual interest rate: 4.72% to 4.85%	85,988
	EUR 600 thousand Exchange rate: 32.72 Maturity date: March 7, 2023 Annual interest rate: 1.40%	<u>19,632</u>
		<u>305,620</u>
		<u>\$ 778,576</u>

Macauto Industrial Co., Ltd.
Net Accounts Receivable Statement
December 31, 2022

Unit: NT\$ Thousand

<u>Client</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Client A	Accounts Receivable	\$ 67,160	
Client B	Accounts Receivable	52,120	
Client C	Accounts Receivable	51,982	
Client D	Accounts Receivable	44,849	
Client E	Accounts Receivable	40,862	
Client F	Accounts Receivable	26,693	
Other Clients (Less than 5%)		186,151	
		<u>469,817</u>	
Loss: Provision for Doubtful Debts		(2,484)	
		<u>\$ 467,333</u>	

Macauto Industrial Co., Ltd.
Net Accounts Receivable From Related Parties Statement
December 31, 2022

Unit: NT\$ Thousand

<u>Client</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
MACAUTO MEXICO, S.A. DE C.V.	Accounts Receivable	\$ 231,598	—
Kunshan Macauto Automobile Parts Industry Co., Ltd.	"	54,366	—
MACAUTO USA, INC.	"	28,392	—
Kunshan Macauto Automobile Parts Sales Co., Ltd	"	<u>10,292</u>	—
		<u>\$ 324,648</u>	

Macauto Industrial Co., Ltd.
Other Receivables From Related Parties
December 31, 2022 Unit: NT\$ Thousand

<u>Client</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
MACAUTO MEXICO, S.A. DE C.V.	Funds Provided and Similar Items	\$ 52,327	-

Macauto Industrial Co., Ltd.
Inventory Detail Report
December 31, 2022 Unit: NT\$ Thousand

Item	Summary	Amount		Note
		Cost	Net Realizable Value	
Merchandise	-	\$ 25,738	\$26,228	Note
Raw materials	-	84,457	80,768	Note
Supplies	-	48,497	60,524	Note
Work in progress	-	159,261	204,545	Note
Finished goods	-	209,881	309,848	Note
		527,834	\$ 681,913	
Less: Allowance for inventory obsolescence.		(31,706)		
		\$ 496,128		

Note: The determination of net realizable value is detailed in Note 4, (7) Inventory, please refer to that for further explanation.

Macauto Industrial Co., Ltd.
Statement of Changes in Investments under Equity Method
January 1, 2022, to December 31, 2022

Unit: NTS Thousand

The name of the investee company	Initial balance		Increase in the current period		Decrease in the current period		The ending balance			Market value or equity value		Providing guarantees or pledges	Note
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Percentage of ownership. %	Amount	Unit Price (NT\$)	Total Amount		
CRACK MYTHOLOGY INTERNATIONAL LTD.	3,200	\$ 1,163,280	-	\$ 122,057	-	(\$ 23,087)	3,200	100	\$ 1,262,250	394.45	\$ 1,262,250	None	-
MACAUTO USA, INC.	4,000	100,996	-	\$ 24,242	-	(5,212)	4,000	100	120,026	30.01	120,026	None	-
MARTINGALE TRANSNATIONAL CO., LTD.	406	11,960	-	-	(406)	(11,960)	-	-	-	-	-	None	-
MACAUTO HOLDINGS LLC	231	-	-	-	-	-	231	100	-	-	-	None	-
MACAUTO GROUP GmbH	-	73,318	-	4,348	-	-	-	100	77,666	-	77,666	None	-
MACAUTO MEXICO,S.A.DE C.V.	-	388,120	-	98,593	-	(42,040)	-	100	44,673	-	44,673	None	-
		<u>\$ 1,737,674</u>		<u>\$ 249,240</u>		<u>(\$ 82,299)</u>			<u>1,904,615</u>		<u>1,904,615</u>		

Macauto Industrial Co., Ltd.
Property, Plants, And Equipment - Statement Of Changes In Cost
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (5) Explanation of Property, Plants, and Equipment for more details.

Macauto Industrial Co., Ltd.
Property, Plants, And Equipment - Accumulated Depreciation Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (5) for the explanation of property, plant, and equipment, and refer to Note 4, (11) for the depreciation methods and useful lives of property, plant, and equipment.

Macauto Industrial Co., Ltd.
Net investment in investment property - Detailed Statement of Cost Changes
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (7) for the explanation of investment properties.

Macauto Industrial Co., Ltd.
Detailed Statement of Changes in Deferred Tax Assets
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (23) Explanation of Income Taxes for details.

Macauto Industrial Co., Ltd.
Short-term Borrowings Statement
December 31, 2022

Unit: NT\$ Thousand

<u>Types of Borrowings</u>	<u>Explanation</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Interest Rate Range</u>	<u>Financing Amount</u>	<u>Collateral or Guarantee</u>	<u>Note</u>
Unsecured Bank Loan	Export-Import Bank of the Republic of China	\$ 100,000	2022.1.5-2023.1.5	1.4071%	\$300,000	None	-
	Export-Import Bank of the Republic of China	100,000	2022.9.20-2023.9.20	1.0642%	\$300,000	None	-
		<u>\$ 200,000</u>					

Macauto Industrial Co., Ltd.
Accounts payable Statement
December 31, 2022

Unit: NT\$ Thousand

<u>Client</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Goang Hann Enterprise Co., Ltd.	Accounts Payable to Customers	\$ 72,792	-
Chengxing Yong Industry Co., Ltd.	Accounts Payable to Customers	33,603	-
Yihe Shern Enterprise Co., Ltd.	Accounts Payable to Customers	29,693	-
Others (Less than 5%)	Accounts Payable to Customers	405,135	-
		<u>\$541,223</u>	

Macauto Industrial Co., Ltd.
Detailed List of Other Payables
December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Payroll and Bonuses Payable	-	\$ 126,221	-
Payables for Employee Remuneration and Director Remuneration	-	30,654	-
Others (Less than 5%)	-	117,415	-
		<u>\$274,290</u>	

Macauto Industrial Co., Ltd.
Detailed Statement of Current Income Tax Liability
December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Corporate Income Tax Payable	\$ 105,966
Additional Income Tax Payable on Undistributed Earnings	3,633
	<u>\$109,599</u>

Macauto Industrial Co., Ltd.
Detailed Statement of Changes in Provisions for liabilities -current
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (10) Explanation of Provisions for liabilities -current in detail.

Macauto Industrial Co., Ltd.
Long-term liabilities, current portion
December 31, 2022

Unit: NT\$ Thousand

Creditor	Summary	Loan amount	Contract period	Interest rate (Note)	Collateral or guarantee	Note
Mega International Commercial Bank	Secured Bank Loan	\$68,966	2014.12.3-2024.11.15	0.595%	Land, Buildings, and Construction	Principal Repayment by Installments starting from November 15, 2017

Note: The company has applied for a loan project for mid-term operational working capital from financial institutions in accordance with the "Guidelines for Enhancing the Promotion of Taiwan Business Investment Return Project (Phase II)" by the National Development Fund of the Executive Yuan. The loan interest rate is the Postal Savings 2-year fixed deposit interest rate minus a variable interest rate of 0.739% to 0.875%.

Macauto Industrial Co., Ltd.
Refund Liabilities-current Statement
December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Allowance for Sales Returns and Allowances	-	\$ 82,475	-
Accrued Business Promotion Expenses	-	29,730	-
		<u>\$112,205</u>	

Macauto Industrial Co., Ltd.
Long-term Borrowings Statement
December 31, 2022

Unit: NT\$ Thousand

<u>Creditor</u>	<u>Summary</u>	<u>Loan amount</u>	<u>Contract period</u>	<u>Interest rate (Note)</u>	<u>Collateral or guarantee</u>	<u>Note</u>
Mega International Commercial Bank	Secured Bank Loan	\$ 50,000	2015.1.6-2024.11.15	0.595%	Land, Buildings, and Construction	Principal Repayment by Installments starting from November 15, 2017
Mega International Commercial Bank	Secured Bank Loan	50,000	2015.2.25-2024.11.15	0.595%	Land, Buildings, and Construction	Principal Repayment by Installments starting from November 15, 2017
Mega International Commercial Bank	Secured Bank Loan	37,931	2014.12.30-2024.11.15	0.595%	Land, Buildings, and Construction	Principal Repayment by Installments starting from November 15, 2017
		<u>137,931</u>				
	Reduction: Within one year	(<u>68,966</u>)				
		<u>68,965</u>				

Note: The company has applied for a loan project for mid-term operational working capital from financial institutions in accordance with the "Guidelines for Enhancing the Promotion of Taiwan Business Investment Return Project (Phase II)" by the National Development Fund of the Executive Yuan. The loan interest rate is the Postal Savings 2-year fixed deposit interest rate minus a variable interest rate of 0.739% to 0.875%.

Macauto Industrial Co., Ltd.
Net Defined Benefit Liability - Non-current Changes Details
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (12) Explanation of Retirement Benefits for detailed information on retirement benefits.

Macauto Industrial Co., Ltd.
Operating revenues Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Item	Quantity	Amount		Note
		Subtotal	Total	
Sales Revenue				
Automobile Sun Shade - Finished Goods	3,462 thousand	\$ 2,309,242		—
Mowers - Finished Goods	1 thousand	14,663		—
Molds		86,006		—
Merchandise		230,030		—
Automobile Sun Shade—Raw Materials		29,688		—
— Materials		83,710		—
— Work-in-Progress		382,439		—
Mowers—Raw Materials		580		—
— Materials		308		—
— Work-in-Progress		<u>6,756</u>		—
Sales Revenue			\$ 3,143,422	
Less: Sales Returns and Allowances			<u>(49,785)</u>	
Net Sales Revenue			<u>\$ 3,093,637</u>	

Macauto Industrial Co., Ltd.
Operating costs Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Item	Amount
Beginning Merchandise	\$ 11,901
Purchases during the Period	228,532
Expenses Transferred	(1,866)
Ending Merchandise	<u>(25,738)</u>
Cost of Goods Sold	<u>212,829</u>
Beginning Raw Materials	107,663
Add: Materials Purchased during the Period	492,898
Less: Raw Materials Sold	(19,430)
Expenses Transferred	(1,097)
Scrap Materials	(711)
Shortage of Materials	(196)
Ending Raw Materials	<u>(84,457)</u>
Materials Consumed during the Period	<u>494,670</u>
Beginning Supplies	45,777
Add: Supplies Purchased during the Period	649,415
Less: Supplies Sold	(73,049)
Expenses Transferred	(892)
Scrap Supplies	(1,287)
Shortage of Supplies	(45)
Ending Supplies	<u>(48,497)</u>
Supplies Consumed during the Period	<u>571,422</u>
Direct Labor	188,608
Manufacturing Expenses	<u>369,515</u>
Manufacturing Cost	<u>1,624,215</u>

Macauto Industrial Co., Ltd.
Operating costs Statement (Continued)
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Item	Amount
Beginning Work-in-Progress Inventory	\$ 184,839
Add: Materials Added during the Period	202,589
Inventory Overage	528
Less: Work-in-Progress Inventory Sold	(295,061)
Expenses Transferred:	(2,225)
Work-in-Progress Inventory Scrapped	(2,908)
Ending Work-in-Progress Inventory	<u>(159,261)</u>
Finished Goods Cost	1,552,716
Beginning Finished Goods Inventory	257,829
Add: Materials Added during the Period	106
Less: Transferred to Fixed Assets	(2,001)
Expenses Transferred	(19,912)
Finished Goods Scrapped	(7)
Ending Finished Goods Inventory	<u>(209,881)</u>
Cost of Goods Manufactured and Sold	<u>1,578,850</u>
Add: Cost of Materials Sold	19,430
Cost of Supplies Sold	73,049
Cost of Work-in-Progress Inventory Sold	<u>295,061</u>
Cost of Inventories Sold	2,179,219
Inventory Scrap Loss	4,913
Inventory Impairment Loss	9,022
Less: Scrap and Waste Sales Revenue	(659)
Inventory Overage	<u>(287)</u>
Cost of Goods Sold	<u>\$ 2,192,208</u>

Macauto Industrial Co., Ltd.
Manufacturing Expenses Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Processing Fees	-	\$ 84,572	-
Salary Expenses	-	60,936	-
Depreciation	-	51,671	-
Product Service Warranty Expenses	-	32,513	-
Consumables	-	24,692	-
Labor Insurance and Health Insurance	-	25,558	-
Material Costs	-	31,962	-
Others (Less than 5%)	-	57,611	-
		<u>\$369,515</u>	

Macauto Industrial Co., Ltd.
Selling Expenses Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Export Fees	-	\$ 131,778	-
Labor Fees	-	38,962	-
Salary Expenses	-	32,694	-
Freight Fees	-	71,706	-
Others (Less than 5%)	-	13,574	-
		<u>\$288,714</u>	

Macauto Industrial Co., Ltd.
Administrative Expenses Statement
January 1, 2022, to December 31, 2022

Item	Summary	Amount	Note
Salary Expenses	-	\$ 79,000	-
Director's Remuneration	-	15,124	-
Depreciation Expenses	-	7,202	-
Others (Less than 5%)	-	40,265	-
		\$141,591	

Unit: NT\$ Thousand

Macauto Industrial Co., Ltd.
Research and Development Expense Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Item	Summary	Amount	Note
Salary Expenses	-	\$ 75,064	-
Material Expenses	-	11,852	-
Labor Insurance	-	7,418	-
Testing Expenses	-	6,479	-
Others (Less than 5%)	-	22,824	-
		\$ 123,637	

Macauto Industrial Co., Ltd.
Other Gains and Losses Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (19) for detailed explanation of other gains and losses.

Macauto Industrial Co., Ltd.
Financial Cost Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (20) for detailed explanation of financial cost.

Macauto Industrial Co., Ltd.
Employee Benefits, Depreciation, Amortization, and Impairment Expenses Incurred in the Current Period
by Functional Category Summary Statement
January 1, 2022, to December 31, 2022

Unit: NT\$ Thousand

Please refer to Note 6, (21) Additional Information on Expense Nature, and Note 6, (22) Explanation of Employee Benefit Expenses for further details.