

Stock Code: 9951

# Macauto Industrial Co., Ltd.

## 2022 Annual Report

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Published on May 26, 2023

Annual Report Website:

Market Observation Post System: <http://mops.twse.com.tw>

Company Website: <https://www.macauto-group.com>

**I. Names, Job Titles, Contact Phone Numbers and E-Mail Addresses of Spokesperson and Acting Spokesperson:**

**Spokesperson:**

Name: Hsu, Chu-Ju

Title: Manager, Finance Department

Contact tel.: (06) 233-1088 Ext. 2900

Email address: [maggie.hsu@macauto-group.com](mailto:maggie.hsu@macauto-group.com)

**Acting Spokesperson: Lin, Meng-Yu**

Title: Vice President of Group General Management Office

Contact tel.: (06) 233-1088 Ext. 2222

Email address: [noelle.lin@macauto-group.com](mailto:noelle.lin@macauto-group.com)

**II. Contact Information of the Headquarters, Branch Offices and Factory:**

**Headquarters:**

Address: No. 6, Yongke 5th Rd, Yongkang Dist., Tainan City 710, R.O.C.

Tel.: (06) 233-1088

**Branch Offices:** None

**Factory:**

Address: No. 6, Yongke 5th Rd, Yongkang Dist., Tainan City 710, R.O.C.

Tel.: (06) 233-1088

**III. Name, Address, Website, and Telephone Number of Stock Transfer Institution:**

Name: Registrar Agency Department, Capital Securities Corporation

Address: B2, No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 10601, R.O.C.

Website: <https://agency.capital.com.tw>

Tel.: (02) 2702-3999

**IV. Name, Address, Website, and Telephone Number of Certified Public Accountants and of Accounting Firm for the Financial Statements of the Latest Year:**

Name: CPA Lin, Yong-Zhi and CPA Yeh Fang-Ting

Firm: PricewaterhouseCoopers Taiwan

Address: 12F, No. 395, Sec. 1, Linsen Rd., East Dist., Tainan 70151, R.O.C.

Website: <http://www.pwc.tw>

Tel.: (06) 234-3111

**V. Name of Overseas Securities Exchange and Method for Accessing Information on Overseas Negotiable Securities: None.**

**VI. Company Website: <https://www.macauto-group.com>**

## Contents

Page

I.	Letter to Shareholders.....	1
II.	Company Profile.....	5
	A. Date Established .....	5
	B. Company History.....	5
III.	Corporate Governance Report.....	7
	A. Organization System.....	7
	B. Information on Directors, Supervisors, The President, Vice Presidents, Associate Managers, and Supervisors of Various Departments and Branches	9
	C. Corporate Governance Status .....	30
	D. Information about CPA Professional Fees.....	57
	E. Change of CPA Information .....	58
	F. The Company’s Chairman, General Manager, or Any Managerial Officer In Charge of Finance Or Accounting Matters Has in The Most Recent Year Held A Position at the Accounting Firm Of Its CPA or at An Affiliated Enterprise ....	58
	G. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Holders Of 10% or More of Company Shares in the Most Recent Year and Through the Printing Date of the Annual Report .....	59
	H. Information About the Relationship of the Ten Largest Shareholders .....	60
	I. The Total Number of Shares Held in Same Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by The Company Shall Be Combined to Calculate Combined Shareholding Percentage .....	62
IV.	Capital and Shares .....	63
	A. Capital and Shares .....	63
	B. Corporate Bonds.....	68
	C. Preferred Shares.....	68
	D. Global Depositary Receipts.....	68
	E. Employee Stock Options .....	68
	F. Subscription of New Shares for Employee Restricted Stocks.....	68
	G. Issuance of New Shares due to Acquisition of Shares of Another Company.....	68
	H. Implementation Status of Fund Usage Plan .....	68
V.	Overview of Operations.....	69
	A. Business Content .....	69
	B. Production and Sales Overview.....	69
	C. Information of Employees in the Latest Two Years Up to the Printing Date of the Annual Report.....	76
	D. Environmental Protection Expenditure Information .....	77

<b>Contents</b>		<b>Page</b>
E.	Labor Relations .....	80
F.	Information Security Management.....	82
G.	Significant Contracts .....	83
VI.	Financial Overview.....	84
A.	Concise Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years .....	84
B.	Financial Analysis for the Most Recent Five Years.....	88
C.	Audit Report of the Audit Committee .....	94
D.	2022 Consolidated Financial Statements with Subsidiaries Audited by CPA.....	95
E.	2022 Stand-alone Financial Statements Audited by CPA.....	95
F.	Up to the Printing Date of this Annual Report, the Company or Related Companies Experienced Financial Turnover Difficulties .....	95
VII.	Review and Analysis of Financial Status and Financial Performance and Risk Issues	96
A.	Financial Status .....	96
B.	Financial Performance.....	97
C.	Cash flows .....	98
D.	The Impact of Major Capital Expenditures in Recent Years on Financial Operations.....	98
E.	Reinvestment Policy in the Most Recent Year, Main Reasons for Its Profit or Loss, Improvement Plan and Investment Plan for the Next Year.....	98
F.	Risks.....	99
G.	Other Significant Matters .....	103
VIII.	Special Disclosures.....	104
A.	Related Information of Affiliated Companies .....	104
B.	The Most Recent Fiscal Year and up to the Date of this Annual Report Printed, Private Placement Securities .....	109
C.	The Most Recent Fiscal Year and up to the Date of this Annual Report Printed, Subsidiary Companies Holding or Disposal of the Company's Stock List.....	109
D.	Other Necessary Supplementary Information .....	109
IX.	In the Most Recent Year and up to the Printing Date of the Annual Report, If There Is any Occurrence of Matters that Have a Significant Impact on Shareholders' Equity or Stock Price as Specified in Article 36 Paragraph 3, Item 2 of the Securities and Exchange Act .....	109

## I. Letter to Shareholders

### A. Financial Results for the Year 2022

#### (1) Implementation of Business Plan

Due to increasing demand in North American and Northeast Asian markets, the Company's consolidated operating revenue for the fiscal year 2022 was NT\$ 4.85 billion, a 1.61% increase from NT\$ 4.773 billion in the previous year. The consolidated operating margin was NT\$ 1.243 billion, a decrease of 8.6% compared to NT\$ 1.36 billion in the previous year, due to the impact of China's lockdown in the first half of the year and product sales portfolio. The consolidated operating income was NT\$ 413 million, a decrease of 18.54% compared to NT\$ 507 million in the previous year, due to the decrease in operating margin. In addition, the Company benefited from the strengthening of the US dollar and Chinese yuan, which resulted in exchange gains, and the consolidated net profit for FY2022 was NT\$ 412 million, a 3.26% increase from NT\$ 399 million in the previous year.

#### (2) Budget Execution

The Company implements monthly budget management for costs and expenses to ensure reasonable profit control and enhance operational efficiency.

#### (3) Financial Income and Profitability

Consolidated Financial Statements					
Year		2022	%	2021	%
Financial Income and Expenses	Operating revenue	4,850,034	100	4,773,043	100
	Operating costs	(3,606,645)	(74)	(3,413,223)	(71)
	Operating margin	1,243,389	26	1,359,820	29
	Operating expenses	(830,837)	(17)	(852,571)	(18)
	Operating income	412,552	9	507,249	11
	Net profit for the period	411,972	9	399,434	9
Profitability	ROE (Return on Equity)	12.71%		12.87%	
	EPS (Earnings Per Share) after tax	5.50		5.33	

(4) Research and Development Status:

Macauto Industrial Co., Ltd. has a competitive advantage in the international market in terms of the technology, quality, and cost of products such as Rollo Assy, Door Shade, Rear Shade - Power, Luggage Compartment Cover, Wind Deflectors, Barrier Net, Map Pocket, Front Trunk Net, and Sun Visor Roller. The Company continues to invest resources and manpower in innovative technologies with international competitiveness, such as power adjustment rear door shade, luggage compartment cover - power, track-type (wire-pulling) rear door shade- power with triangle shade, rear door shade with magnet hook, armrest, console, and new fabric, such as recycle fabric and lightweight fabric, and actively expands automotive interior parts. In addition, the Company will continue to grasp industry trends and pay attention to important customer strategy development to enhance product uniqueness and meet customer needs.

B. Summary of 2023 Business Plan:

(1) Business Guideline

1. Continuously expand the market and acquire new customers.
2. Stay informed about industry trends and the strategic development of key customers, and develop new products and technologies to meet customer needs.
3. Continuously invest in research and development resources to enhance the company's R&D capabilities.
4. Integrate group operations to enhance competitiveness.
5. Optimize product quality and increase customer satisfaction.

(2) Expected Sales Quantity for 2023 and its Basis :

Unit : Thousand of pieces

Product	Macauto Industrial Co., Ltd. Projected sales quantity (Finished goods)	Macauto Group Projected sales quantity (Finished goods)
Automobile Sun Shade	3,352	9,457

Note: The projected sales quantity is aggregated based on the indicated volume from customers.

(3) Important Sales and Marketing Policies

1. In response to changes in the automotive industry, rapidly grasp customer order demands, visualize inventory management, and reduce inventory levels.
2. Optimize the manufacturing cost of molds and enhance the competitiveness of mold quotations.

3. Increase high-quality suppliers, centralize procurement, and enhance local procurement to reduce costs related to raw material packaging and transportation.
4. Encourage cross-learning and standardization among different manufacturing sites to optimize their manufacturing capabilities.

C. Future Company Development Strategy

1. Paying attention to ESG carbon emission issues, we will calculate carbon emissions and footprints at necessary intervals in accordance with international trends. We will also respond to customer demands by exploring and developing environmentally friendly and recyclable materials.
2. Strengthening the centralization of functional organizations, we will enhance the integration of group research and development, procurement, and operational management systems.
3. Enhancing the localization of subsidiary companies, we will adjust our organizational structure to respond to potential market growth in China and business development in Japan. We will allocate more resources to research and development and business operations.
4. Establishing a global presence, we will be closer to the market and customers.
5. Developing new customers and new products to expand the product line of the group.

D. Impact from External Competitive Environment, Regulatory Environment, and Overall Business Environment

(1) Impact from External Competitive Environment

To cope with market competition, the company will improve the speed of product design and development, reduce product development cycles and costs through shared components or VA/VE approaches, and meet customer needs.

(2) Impact from Regulatory Environment

The company has introduced advanced software and testing equipment to adapt to increasingly stringent environmental regulations and enhance product design capabilities. The company also aims to increase its mastery of materials to minimize the impact in this aspect. Additionally, it is crucial to continuously monitor changes in regulatory environments and strategically plan patents during the research and development phase to mitigate potential risks.

(3) Impact from Overall Business Environment

The impact of global economic fluctuations in the year 2023 is expected to vary in different regions. The company will continue to focus on increasing market share, expanding product range, reducing costs and expenses, and enhancing product quality to counter possible effects of changes in the overall business environment.



## II. Company Profile

### A. Date Established

July 25, 1983

### B. Company history

Year	Milestones
1983	The Company was founded in Yongkang District, Tainan City, established with capital of NT\$4,000,000.
1987	Capital increased by cash of NT\$8,000,000, increasing capital amount to NT\$12,000,000.
1992	Capital increased by cash of NT\$17,500,000, increasing capital amount to NT\$29,500,000.
1994	Began development and manufacturing of electric lawn mowers and trimmers.
1998	1. Cash capital increase of NT\$15,750,000 and capitalization of retained earnings of NT\$13,570,000, increasing capital amount to NT\$58,820,000. 2. Began R&D and manufacturing of activated carbon.
1999	1. Cash capital increase of NT\$76,468,520, capitalization of retained earnings of NT\$16,116,680, and capitalization of capital company of NT\$28,594,800, increasing capital amount to NT\$180,000,000. 2. The Company's electric automotive sunshade was successfully sold to the German auto manufacturer BMW for installation in 5 Series cars, standing out as the first domestic company to successfully sell to BMW.
2001	1. Cash capital increase of NT\$30,000,000 and capitalization of retained earnings of NT\$27,000,000, capital amount to NT\$237,000,000. 2. Entered mainland China to establish Kunshan Macauto Automobile Parts Industry Co., Ltd. and supply the local mainland China automotive sunshade market.
2002	Capitalization of retained earnings of NT\$23,700,000, increasing capital amount to NT\$260,700,000.
2003	1. Capitalization of retained earnings of NT\$39,300,000, increasing capital amount to NT\$300,000,000. 2. Trading of TPEx listed stock.
2004	Capitalization of retained earnings of NT\$60,000,000, increasing capital amount to NT\$360,000,000.
2005	1. Capitalization of retained earnings of NT\$54,000,000 and subscription of employee stock option certificates of NT\$5,080,000, increasing capital amount to NT\$419,080,000. 2. The Company won in the 2005 SPE Automotive Division Innovation Awards Program – Interior Category together with Delphi and Saint-Gobain.
2006	Capitalization of retained earnings of 41,908,000 and employee stock option certificates of NT\$4,890,000, increasing capital amount to NT\$465,878,000.
2007	Established Macauto Group GmbH in Germany to develop the European market.
2008	Capitalization of retained earnings of NT\$69,982,000 and capitalization of employee bonuses of NT\$8,000,000, increasing capital amount to NT\$549,000,000.
2009	Cash capital increase via private placement of 20,000,000 shares with share capital from common shares to be converted into NT\$749,000,000 after the capital increase.
2011	1. Recognized as exhibiting an outstanding performance at the 12th National

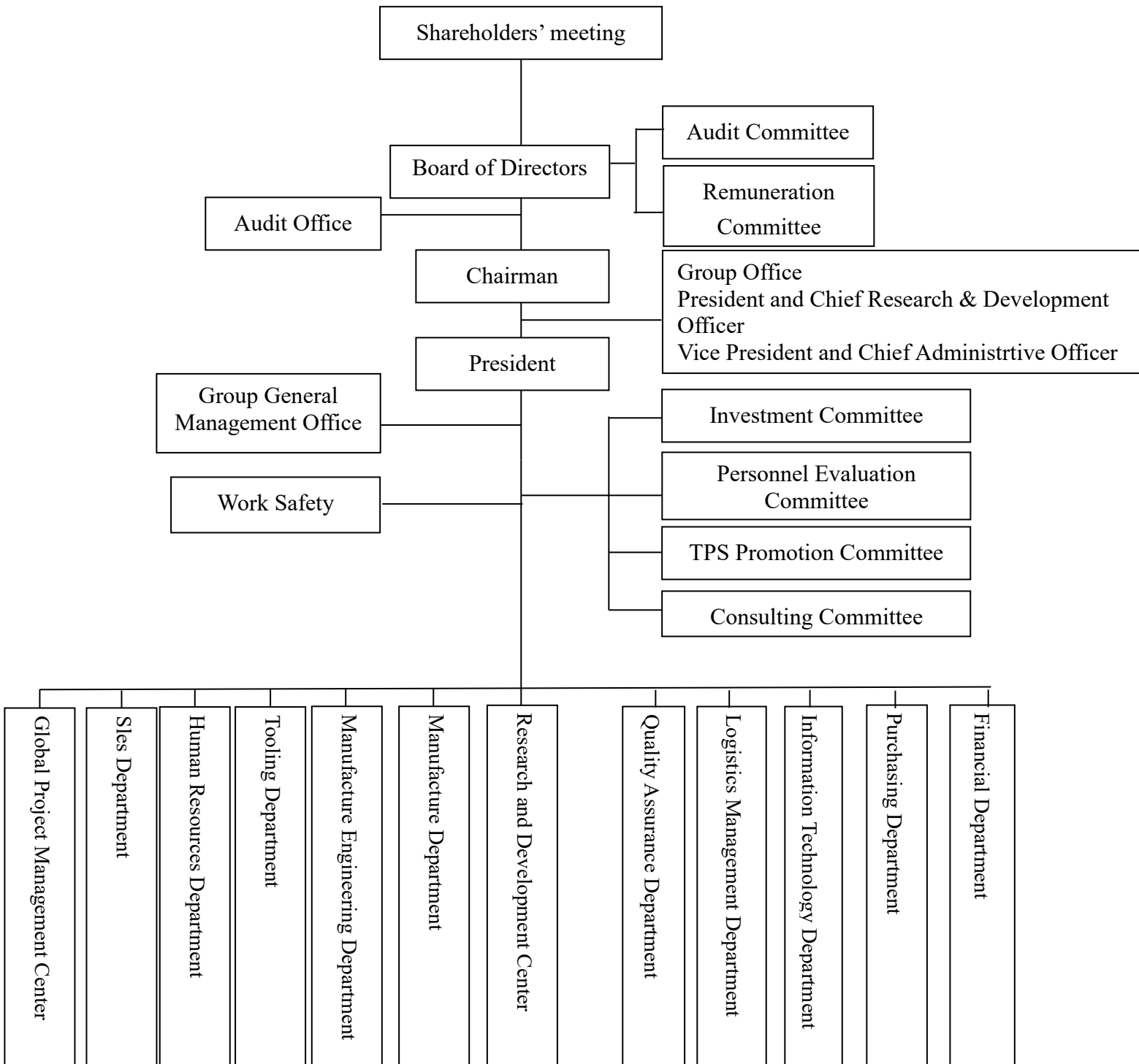
Year	Milestones
	Standardization Award, receiving a Certificate of Merit from the Ministry of Economic Affairs. 2. Won WCI evaluation as a Gold Supplier for 2011.
2012	Subsidiary Kunshan Macauto Automobile Parts Industry Co., Ltd. won a 2012 Ford World Excellence Gold Award.
2013	Established Jinmao Industrial Co., Ltd. to oversee business related to activated carbon filters.
2014	1. The Company moved to the new factory in Yongkang and sold the filter media business to Jinmao Industrial Co., Ltd. 2. The Company adjusted its Group deployment by selling 90% of the equity of Jinmao Industrial Co., Ltd. 3. Won the GM 2014 Supplier Quality Merit Award. 4. Won the JCI 2014 European Supplier Performance Excellence Award. 5. Won the JCI Global Supplier Performance Excellence Award. 6. Won the AGCO 0 ppm Bronze Medal.
2015	1. The Company adjusted its Group deployment by selling the remaining 10% of equity of Jinmao Industrial Co., Ltd. 2. Entered Leon, Mexico to set up Macauto Mexico subsidiary. 3. The Group invested in Kunshan Macauto Automobile Parts Sales Co., Ltd. 4. Won the Yenfeng 2015 European Supplier Quality Excellence Award.
2016	1. Invested in Macauto International Development Co., Ltd. in response to land development around the high-speed rail. 2. The Mexican subsidiary bought land to address future development needs.
2017	1. Obtained IATF 16949:2016 certification. 2. Obtained ISO 14001:2015 certification.
2018	1. R.O.C. Macauto won the 2018 General Motors Supplier Quality Excellence Award. 2. In December 2018, Macauto Group GmbH moved to Heiligenhaus, Germany.
2019	Mexico factory moved to Industrial Park Stiva Leon, Guanajuato.
2021	The Company adjusted its Group deployment by selling Macauto International Development Co., Ltd.
2022	The Company adjusted its Group deployment by liquidating MARTINGALE TRANSNATIONAL CO.,LTD. and HEDGE TRADING LIMITED.

III. Corporate Governance Report

A. Organization system

(1) Organizational Structure

Tabulation date: April 20, 2023



(2) Business operations of major departments

Department designations	Business operations
Audit Office	Responsible for the Company's internal audit operations and audit matters assigned by the Board of Directors or by supervisors.
Industrial Safety Office	Responsible for labor safety and environmental protection business and management.
Remuneration Committee	Responsible for developing and reviewing the policies, systems, standards, and structures of performance appraisal of and salary remuneration for directors and managers, and regularly evaluating the remuneration of directors, supervisors, and managers.
Audit Committee	Responsible for supervising the fair presentation of financial statements, the effective implementation of internal control and the effective execution of the Company's functions and powers in compliance with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.
Investment Management Committee	Responsible for foreign investment and establishment of factories and operation and management of subsidiaries.
Personnel Review Committee	Responsible for Company matters related to personnel evaluation management.
TPS Promotion Committee	Responsible for Company matters related to TPS promotion.
Advisory Committee	Responsible for providing consultation on the planning and implementation of Company policies and the coordination of each department.
Group General Management Office	Responsible for Group strategic planning, Group resource integration, Group management.
Global Project Management Center	Responsible for the management of the Group's new product development projects, cross-departmental communication and coordination, and integration of relevant resources of each unit in order to facilitate each project to meet customer needs.
Sales Department	Responsible for product planning, sales, and promotion.
Human Resources Department	Responsible for formulating the Group's human resources development strategy, cultivating and integrating key talent of the Group.
Tooling Department	Responsible for the Group's mold design, mold manufacturing and mold management, and other related businesses
Manufacture Engineering Department	Responsible for the Group's production technology improvement.
Manufacture Department	Responsible for the Group's production and manufacturing.
Research and Development Center	Responsible for advanced product strategy and research and development. Responsible for the Group's product R&D design, mold design, and manufacturing management.
Quality Assurance Department	Responsible for the quality inspection of purchasing, production, shipment, and customer complaints as well as the continuous promotion of the TS 16949 and VDA systems.
Logistics Management Department	Responsible for production and sales logistics management.
Information Technology Department	Responsible for network, system development and design, hardware maintenance, and other operations.
Purchasing Department	Responsible for materials procurement management.
Financial Department	Responsible for collections and payments, fund scheduling, accounting and account processing, cost settlement, investment planning control, budget preparation and execution, and stock affairs.

B. (1) Information of Directors, General Manager, Vice Presidents, Assistant General Managers, and Directors of Departments and Branches

Date: April 18, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure	Date of first Appointment	Shareholding at the time of appointment		Shareholding at current		Spouse and minor children currently holding shares		Holding shares under the name of others		Education and working experience	Current concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouse or within second-degree kinship relationship			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	R.O.C	Lycom Investment Co., Ltd.	—	2021.08.26	3 years	2012.06.06	896,400	1.2	963,400	1.29	0	0	0	0	None	None	None	None	None	NA
Chairman	R.O.C	Representative: Lin Chou, Yu-Shan	Female 70~80 years old	2021.08.26	3 years	1983.06.18	3,396,920 (Note 3)	4.54	3,037,920 (Note 3)	4.06	5,635,350 (Note 3)	7.52	2,297,000	3.07	Department of Oriental Languages and Literatures, Tamkang University TA YIH INDUSTRIAL CO., LTD.	Chairman and CEO of the company Chairman of Kunshan Macauto Automobile Parts Industry Co., Ltd. Chairman of Lycom Investment Co., Ltd. Director of Teonn Investment Co., Ltd. Chairman of MACAUTO USA, INC. Chairman of MACAUTO GROUP GmbH Chairman of MACAUTO MEXICO S.A. DE C.V.	Group President and Chief R&D Officer; Vice President	Lin, Yung-Ching Lin, Meng-Yu	Spouse Son/Daughter	(Note2)

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure	Date of first Appointment	Shareholding at the time of appointment		Shareholding at current		Spouse and minor children currently holding shares		Holding shares under the name of others		Education and working experience	Current concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouse or within second-degree kinship relationship			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Lycom Investment Co., Ltd.	—	2021.08.26	3 years	2012.06.06	896,400	1.2	963,400	1.29	0	0	0	0	None	None	None	None	None	NA
	R.O.C.	Representative: Lin, Yung-Ching	Male 60~70 years old	2021.08.26	3 years	1983.06.18	6,135,350 (Note 3)	8.19	5,635,350 (Note 3)	7.52	3,037,920 (Note 3)	4.06	2,297,000	3.07	Department of Mechanical Engineering, South Asia Institute of Technology and Medicine  TA YIH INDUSTRIAL CO., LTD.	Group President and Chief R&D Officer  Chairman of Tconn Investment Co., Ltd.  Director of Macauto International Development Co., Ltd.  Director of Kunshan Macauto Automobile Parts Industry Co., Ltd.	Chairman and CEO; Vice President	Lin Chou, Yu-Shan Lin, MengYu	Spouse Son/Daughter	NA
Director	R.O.C.	Liu, Tien-Chang	Male 60~70 years old	2021.08.26	3 years	1983.06.18	799,379	1.07	687,379	0.92	0	0	0	0	Shin Rong Business and Industrial School Machinery Department	Group Vice President and Chief Administrative Officer  Chairman of Ziru Investment Co., Ltd.  Director of Zizai Investment Co., Ltd.	None	None	None	NA

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure	Date of first Appointment	Shareholding at the time of appointment		Shareholding at current		Spouse and minor children currently holding shares		Holding shares under the name of others		Education and working experience	Current concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouse or within second-degree kinship relationship			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	TAYIH KENMOS AUTO PARTS CO., LTD.	—	2021.08.26	3 years	2009.06.19	9,450,000	12.62	9,450,000	12.62	0	0	0	0	None	None	None	None	None	NA
	R.O.C.	Representative: Wu. Chun-I	Male 80~90 years old	—	3 years	—	0	0	28,000	0.04	47,000	0.06	0	0	National Peimen Senior Agricultural and Industrial Vocational School	Chairman of Tayih Kenmos Auto Parts Co., Ltd. Director of Tayih Industrial Co., Ltd. Director of T.Y.C. Brother Industrial Co., Ltd. Vice Chairman of Fuzhou Koito Tayih Automotive Lamp Co., Ltd.	None	None	None	NA
Director	R.O.C.	Li, Yin-Te	Male 60~70 years old	2021.08.26	3 years	2021.08.26	0	0	0	0	30,000	0.04	0	0	National Taipei University of Business, Department of Business Administration; Toyota Tsusho (Taiwan) Co., Ltd., Assistant General Manager.	Vice President of Toyota Tsusho (Taiwan) Co., Ltd.	None	None	None	NA

T i t l e	Natio nality or Place of Regis tratio n	Name	Gender Age	Date of Appoint ment	Tenur e	Date of first Appointment	Shareholding at the time of appointment		Shareholding at current		Spouse and minor children currently holding shares		Holding shares under the name of others		Education and working experienc e	Current positions in this company and other companies	Other executives, directors, or supervisors with a spouse or within second-degree kinship relationship			N o t e ( N o t e 1 )
							Shares	%	Shares	%	Shares	%	Shares	%			Titl e	N a m e	R e l a t i o n s h i p	
Independent Director	R.O. C.	Wu, Ya- Chuan	Female 60~70 years old	2021.08. 26	3 years	2006.06.09	0	0	0	0	0	0	0	0	National Cheng Kung University, Master's degree in Business Administra tion; Certified Public Accountan t (CPA); Branches, Brokerage Dept of Master Link Securities Corp.	Chief of the Accounting Firm at Wu Ya-Chuan Accounting Firm Supervisor of Advanced Flexible Circuits Co., Ltd. Independent Director of T-Flex Techvest PCB CO., LTD.	None	None	None	NA



T i t l e	Natio nality or Place of Regis tratio n	Name	Gender Age	Date of Appoint ment	Tenur e	Date of first Appointment	Shareholding at the time of appointment		Shareholding at current		Spouse and minor children currently holding shares		Holding shares under the name of others		Education and working experie nce	Current positions in this company and other companies	Other executives, directors, or supervisors with a spouse or within second-degree kinship relationship			N o t e ( N o t e 1 )
							Shares	%	Shares	%	Shares	%	Shares	%			Titl e	N a m e	R e l a t i o n s h i p	
Independent Director	R.O. C.	Chiu, Fang- Tsai	Male 50~60 years old	2021.08. 26	3 years	2021.08.26	0	0	0	0	0	0	0	0	Master's degree in Finance and Financial Managem ent from National Cheng Kung University  Certified Public Accountan t (CPA)  Chief of the Audit Departmen t at AMIT Wireless Inc	Chief of the Accounting Firm of Qingxin CPA Firm  Independent Director of Ying Han Technology Co., Ltd.  Independent Director of GeneFerm Biotechnology Co., Ltd.  Supervisor of Yung Fu Co., Ltd.	None	None	None	NA

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure	Date of first Appointment	Shareholding at the time of appointment		Shareholding at current		Spouse and minor children currently holding shares		Holding shares under the name of others		Education and working experience	Current concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouse or within second-degree kinship relationship			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	Lai, Wei-Hsiang	Male 60~70 years old	2021.08.26	3 years	2021.08.26	0	0	0	0	0	0	0	0	Ph.D. in Aerospace Engineering from National Cheng Kung University Director and Chairman of the Aerospace Engineering Department/Civil Aviation Research Institute/Energy International Degree Program at National Cheng Kung University.	Professor of Aerospace Engineering Department, National Cheng Kung University Director (concurrently) of Green Industry Technology Research and Verification Center, National Cheng Kung University Director (concurrently) of Unmanned Vehicle Development Center, National Cheng Kung University Committee Member and Vice Director (concurrently) of Building Performance Evaluation Center, National Cheng Kung University Research and Development Foundation	None	None	None	NA
Independent Director	R.O.C.	Chen, Fa-Chiang	Male 60~70 years old	2021.08.26	3 years	2021.08.26	0	0	0	0	0	0	0	0	Industrial Management Department at R.O.C. Institute of Industrial Technology Manager at KGI Securities Co., Ltd.	Director of LI-XIANG ELECTRONICS CO., LTD.	None	None	None	NA

Note 1: When the Chairman of the Board also holds the position of General Manager or an equivalent role (the highest executive position) or when they are spouses or first-degree relatives, the reasons, rationale, necessity, and corresponding measures should be explained.

Note 2: The current situation of the Chairman also serving as the General Manager is necessary for the company's operations. The company has increased the number of independent directors, and more than half of the directors do not hold executive positions, in order to strengthen the independence and transparency of corporate governance.

Note 3: This includes the number of shares held in trust accounts for the purpose of exercising decision-making rights.

1. The Major Shareholders Among The Corporate Shareholders

Shareholders	The major shareholders among the corporate shareholders	
	Name	Shareholding percentage
LYCOM INVESTMENT CO., LTD.	LIN CHOU, YU-SHAN	75.00
	LIN, SHIN-YU	25.00
TAYIH KENMOS AUTO PARTS CO., LTD.	TA WEI INVESTMENT CO., LTD	22.48
	DING WAN INVESTMENT CO., LTD.	9.85
	YUN HSIEN ENTERPRISE CO., LTD.	3.00
	CHEN WANG INDUSTRIAL CO., LTD.	2.94
	KUO CHI MIN INVESTMENT CO.,LTD	2.92
	TAYIH INTERNATIONAL HOTEL CO., LTD.	2.35
	YIH JIAN INVESTMENT CO., LTD.	2.09
	YUAN HUNG INVESTMENT CO., LTD	1.47
	YANG ZHENGYANG	1.13
	WU MAI, HUI-O	1.01
Other Shareholders	50.77	

2. The Major Shareholders Of Corporate Shareholders

Shareholders	The major shareholders among the corporate shareholders	
	Name	Shareholding percentage
TA WEI INVESTMENT CO., LTD.	WU, CHUN-I	42.50
	WU MAI, HUI-O	30.11
	DING WAN INVESTMENT CO.,LTD	21.89
	WU, CHEN-YI	3.18
	WU, YU-HSIEN	2.32
DING WAN INVESTMENT CO., LTD.	WU, YU-HSIEN	47.95
	WU, CHEN-YI	28.38
	WU MAI, HUI-O	17.97
	WU, CHUN-I	5.70

Shareholders	The major shareholders among the corporate shareholders	
	Name	Shareholding percentage
YUN HSIEN ENTERPRISE CO., LTD.	WU, YU-HSIEN	99.94
	WU MAI, HUI-O	0.02
	WU, CHUN-I	0.02
	WU, CHEN-YI	0.02
CHEN WANG INDUSTRIAL CO., LTD.	WU, CHEN-YI	80.00
	WU MAI, HUI-O	10.00
	WU, CHUN-I	10.00
KUO CHI MIN INVESTMENT CO.,LTD.	WU, CHUN-CHI	53.76
	WANG, LI-HSIA	31.53
	WU, KUO-CHEN	6.91
	WU, YIN-CHEN	3.08
	WU, CHI-CHEN	2.36
	WU, MIN-CHEN	2.36
TAYIH INTERNATIONAL HOTEL CO., LTD.	TA WEI INVESTMENT CO., LTD.	96.40
	WU, CHUN-I	3.20
	WU, CHEN-YI	0.40
YIH JIAN INVESTMENT CO., LTD.	WU, YU-HSIEN	59.50
	WU, CHUN-I	30.00
	WU MAI, HUI-O	10.00
	WU, CHEN-YI	0.50
YUAN HUNG INVESTMENT CO., LTD	WU, CHENG-YUAN	40.00
	WU, CHENG-HUNG	40.00
	WU, TIEN-LING	20.00

### 3. Director's Professional Qualifications and Disclosure of Independent Director's Independence

Condition Name	Professional Qualifications and Experience (Note 1)	Independence Status	The number of independent directors concurrently serving in other publicly listed companies.
Representative of Lycom Investment Co., Ltd.: LIN CHOU, YU-SHAN	Please refer to the annual report "Section B, (1) Director Information" on pages 9-14 for the directors' professional qualifications and experiences.	Not applicable for non-independent directors.	0
Representative of Lycom Investment Co., Ltd.: LIN, YUNG-CHING			0
LIU, TIEN-CHANG			0
Representative of TAYIH KENMOS AUTO PARTS CO., LTD.: Wu, Chun-I			0
LI, YIN-TE			0
WU, YA-CHUAN		All independent directors comply with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" Please refer to Note 2 for details.	1
CHIU, FANG-TSAI		2	
LAI, WEI-HSIANG		0	
CHEN, FA-CHIANG		0	

Note 1: No director exhibits any of the circumstances specified under Article 30 of the Company Act.

Note 2: Provisions of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

- (1) Self, spouse, and relatives within the second degree of kinship do not serve as directors, supervisors, or employees of the Company or affiliated companies.
- (2) Not holding an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings as a natural person shareholder under one's own name or that of one's spouse, minor children, or shares held in the name of others.
- (3) Not having a spousal relationship, a second-degree kinship or closer, or an immediate lineal relative within three degrees of kinship of natural person shareholders holding more than 1% of the total issued shares of the Company or in the top 10 shareholders.
- (4) Not serving as a director, supervisor, or employee of a company that has a specified relationship with the Company.
- (5) In the past two years, the director himself/herself or a company of which he or she is a director has not provided exclusive or professional services to the Company.

4. Diversity and Independence of the Board of Directors:

(1) Board of Directors diversity:

Please refer to page 34-35: “C. Corporate Governance Status,” “(3). Status of corporate governance, and difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons,” “III. Composition and Duties of the Board of Directors”

(2) Independence of the Board of Directors:

In accordance with the provisions of the Securities and Exchange Act, the number of independent directors shall not be less than two and not less than one-fifth of the number of directors, and the Audit Committee is to be composed of all independent directors. There are nine members of the Company’s Board of Directors, four of whom are independent directors and accounting for 44.4% of all directors, thus complying with the requirements for the number of independent directors and the proportion of all directors.

The Board of Directors of the Company directs the Company’s operating strategy, supervises and evaluates the performance of the management team, and is accountable to the Company and its shareholders. In all operations of the corporate governance system, the Board of Directors exercises its functions and powers in accordance with laws and regulations, the Company’s Articles of Incorporation, or resolutions of the shareholders’ meeting. The Board of Directors of the Company emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their functions and powers independently. For the statement of directors’ independence, please refer to page 17 and the Disclosure of Information on the Professional Qualifications of Directors and the Independence of Independent Directors.

## (2) Information of General Manager, Vice Presidents, Assistant General Managers, and Directors of Departments and Branches

Date: April 8, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure		Date of first Appointment		Shareholding at the time of appointment		Shareholding at current	Spouse and minor children currently holding shares	Other managers with a spouse or within second-degree kinship relationship			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman and CEO	R.O.C.	LIN CHOU, YU-SHAN	Female	2015.06.10	3,037,920 (Note 3)	4.06	5,635,350 (Note 3)	7.52	2,297,000	3.07	Department of Oriental Languages and Literatures, Tamkang University  TA YIH INDUSTRIAL CO., LTD.	Chairman and CEO of the company  Chairman of Kunshan Macauto Automobile Parts Industry Co., Ltd.  Chairman of Lycom Investment Co., Ltd.  Director of Tconn Investment Co., Ltd.  Chairman of MACAUTO USA, INC.  Chairman of MACAUTO GROUP GmbH  Chairman of MACAUTO MEXICO S.A. DE C.V.	Group President and Chief R&D Officer, Vice President	LIN, YUNG-CHING  LIN, MENG-YU	Spouse, Mother and Daughter	(Note2)
Group President And Chief R&D Officer	R.O.C.	LIN, YUNG-CHING	Male	2011.10.01	5,635,350 (Note 3)	7.52	3,037,920 (Note 3)	4.06	2,297,000	3.07	Department of Mechanical Engineering, South Asia Institute of Technology and Medicine  TA YIH INDUSTRIAL CO., LTD.	Group President and Chief R&D Officer  Chairman of Tconn Investment Co., Ltd.  Director of Macauto International Development Co., Ltd.  Director of Kunshan Macauto Automobile Parts Industry Co., Ltd.	Chairman and CEO; Vice President	LIN CHOU, YU-SHAN  LIN, MENG-YU	Spouse, Father and Daughter	NA
Group Vice President and Chief Administrative Officer	R.O.C.	LIU, TIEN-CHANG	Male	2011.10.01	687,379	0.92	0	0	0	0	Shin Rong Business and Industrial School Machinery Department	Vice President and Chief Administrative Officer  Chairman of Ziru Investment Co., Ltd.  Director of Zizai Investment Co., Ltd.	None	None	None	NA

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure		Date of first Appointment		Shareholding at the time of appointment		Shareholding at current	Spouse and minor children currently holding shares	Other managers with a spouse or within second-degree kinship relationship			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Senior Vice President	R.O.C.	YANG, KENG-MIN	Male	2015.05.01	0	0	0	0	0	0	National Hsinying Industrial Vocational School, Mechanical Engineering Department  General Manager of Kunshan Macauto Automobile Parts Industry Co., Ltd.	None	None	None	None	NA
Vice President	R.O.C.	YANG, KUO-CHENG	Male	2017.01.01	4,062	0.01	0	0	0	0	Department of Mechany of Kun Shan University,  Research and Development Department Manager of Macauto Industrial Co., Ltd.	Director and General Manager of Kunshan Macauto Automobile Parts Industry Co., Ltd.	None	None	None	NA



Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure		Date of first Appointment		Shareholding at the time of appointment		Shareholding at current	Spouse and minor children currently holding shares	Other managers with a spouse or within second-degree kinship relationship			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice President	R.O.C.	LIN, MENG-YU	Female	2017.01.01	777,802	1.04	84,000	0.11	2,297,000	3.07	Master of Marketing at Queensland University of Technology Special Assistant to the General Manager of Macauto Industrial Co., Ltd.	Supervisor of Tconn Investment Co., Ltd. Director of Sunder Investment Co., Ltd. Supervisor of Kaihia INVESTMENT CO., LTD.	Chairman and CEO Group President and Chief R&D Officer	LIN CHOU, YU-SHAN LIN, YUNG-CHING	Mother-daughter / Father-daughter	NA
Assistant General Manager of Research and Development Center	R.O.C.	YEN, HUNG-MING	Male	2008.02.01	25,722	0.03	0	0	0	0	Department of Mechanical Engineering, Kun Shan University Manager of Research Department of Macauto Industrial Co., Ltd.	None	None	None	None	NA
Assistant General Manager of Global Project Management Center	Japan	KENICHIRO KAKINUMA	Male	2016.09.01	7,802	0.01	806,876	1.08	2,297,000	3.07	Graduated from the Master's program in Engineering Management at Royal Melbourne Institute of Technology (RMIT) Sales Department Manager at Macauto Industrial Co., Ltd.	Director of Sunder Investment Co., Ltd.	None	None	None	NA

Title	Nationality or Place of Registration	Name	Gender Age	Date of Appointment	Tenure		Date of first Appointment		Shareholding at the time of appointment		Shareholding at current	Spouse and minor children currently holding shares	Other managers with a spouse or within second-degree kinship relationship			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Assistant General Manager of Sales Department	R.O.C.	CHEN, CHIA-PIN	Male	2019.03.01	1,857	0	5,250	0.01	0	0	Master's degree in Information and Knowledge Management from the University of Loughborough, UK. Product Manager at SAPIDO TECHNOLOGY INC.	None	None	None	None	NA
Manager of Financial Department	R.O.C.	HSU, CHU-JU	Female	2020.05.30	0	0	0	0	0	0	Bachelor's degree in Accounting from Donghua University. Assistant Manager at KPMG.	None	None	None	None	NA

Note 1: If the Chairman of the company also holds the position of General Manager or an equivalent executive role, is married to, or is a close relative of the highest-ranking executive, the reasons, rationale, necessity, and corresponding measures should be explained.

Note 2: The Chairman of the company also serves as the General Manager to meet the operational needs of the company. The company has increased the number of independent directors and more than half of the directors do not hold executive positions to strengthen the independence and information transparency of corporate governance.

Note 3: Includes shares held in trust accounts with retained decision-making rights.

(3) Recent Annual Remuneration for Directors, Supervisors, General Manager, and Deputy General Manager.

1-1. "Remuneration for Directors and Independent Directors (individual disclosure of names and remuneration methods)."

Unit: NT\$ Thousand

Title	Name	Remuneration for Directors								The total amounts and the ratios to net profit after tax for items A, B, C, and D		Remuneration received for holding multiple positions as an employee						The total amount and the ratio to net profit after tax for A, B, C, D, E, F, and G		Compensation received from subsidiaries other than equity method investees or the parent company		
		Remuneration (A)		Retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				The total amount and ratio of salaries, bonuses, and special allowances (E)		Retirement pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements			The Company	All companies in the financial statements
Chairman	LIN CHOU, YU-SHAN	4,800	4,800	0	0	0	0	180	180	1.21%	1.21%	11,393	11,393	419	419	2,048	0	2,048	0	4.57%	4.57%	0

1-2. Remuneration of General Directors and Independent Directors (Aggregate disclosure with respect to salary ranges and name disclosure method)

Unit: NT\$ Thousand

Title	Name	Remuneration for Directors								The total amounts and the ratios to net profit after tax for items A, B, C, and D		Remuneration received for holding multiple positions as an employee								The total amount and the ratio to net profit after tax for A, B, C, D, E, F, and G		Compensation received from subsidiaries other than equity investees or the parent company
		Remuneration (A)		Retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				The total amount and ratio of salaries, bonuses, and special allowances (E)		Retirement pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Stock amounts	Cash amount	All companies in the financial statements	The Company	All companies in the financial statements	
Directors	Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN	4,800	4,800	0	0	7,904	7,904	900	900	3.3%	3.3%	20,731	20,731	776	776	3,669	0	3,669	0	9.41%	9.41%	0
	LIN CHOU, YU-SHAN																					
	Lycom Investment Co., Ltd. Representative: LIN, YUNG-CHING																					
	LIN, YUNG-CHING																					
	LIU, TIEN-CHANG																					
TAYIH KENMOS AUTO PARTS CO., LTD. Representative: WU, CHUN-I	4,800	4,800	0	0	7,904	7,904	900	900	3.3%	3.3%	20,731	20,731	776	776	3,669	0	3,669	0	9.41%	9.41%	0	
LI, YIN-TE																						

Title	Name	Remuneration for Directors								The total amounts and the ratios to net profit after tax for items A, B, C, and D		Remuneration received for holding multiple positions as an employee								The total amount and the ratio to net profit after tax for A, B, C, D, E, F, and G		Compensation received from subsidiaries other than equity investees or the parent company
		Remuneration (A)		Retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				Retirement pension (B)		Director remuneration (C)		Operating expenses (D)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements			
															Cash amount	Stock amounts	Cash amount	Stock amounts				
Independent Directors	WU, YA-CHUAN																					
	LAI, WEI-HSIANG	0	0	0	0	800	800	720	720	0.37%	0.37%	0	0	0	0	0	0	0	0	0.37%	0.37%	0
	CHIU, FANG-TSAI																					
	CHEN, FA-CHIAN																					
<p>1. The remuneration policy, system, standards, and structure for independent directors are as follows: The remuneration for independent directors in our company is determined by the board of directors as a fixed amount and is not tied to the company's profitability or distribution of profits. The remuneration is based on factors such as the responsibilities undertaken, risks involved, and time commitment invested by the independent directors.</p> <p>2. In addition to the disclosed information in the financial report, there were no remunerations received by the company's directors in the latest fiscal year for providing services to other companies listed in the financial report (e.g., serving as consultants or in similar non-employee roles).</p>																						

Remuneration scale table

Range of remuneration paid to directors of the company	Names of Directors			
	Total Amount of the First Four Items (A+B+C+D)		Total Amount of the First Seven Items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements H	The Company	All companies in the financial statements I
Below NT\$ 1,000,000	TAYIH KENMOS AUTO PARTS CO., LTD. Representative: WU, CHUN-I WU, YA-CHUAN LIN, YUNG-CHING LI, YIN-TE LAI, WEI-HSIANG CHEN, FA-CHIANG CHIU, FANG-TSAI	TAYIH KENMOS AUTO PARTS CO., LTD. Representative: WU, CHUN-I WU, YA-CHUAN LIN, YUNG-CHING LI, YIN-TE LAI, WEI-HSIANG CHEN, FA-CHIANG CHIU, FANG-TSAI	TAYIH KENMOS AUTO PARTS CO., LTD. Representative: WU, CHUN-I WU, YA-CHUAN LI, YIN-TE LAI, WEI-HSIANG CHEN, FA-CHIANG CHIU, FANG-TSAI	TAYIH KENMOS AUTO PARTS CO., LTD. Representative: WU, CHUN-I WU, YA-CHUAN LI, YIN-TE LAI, WEI-HSIANG CHEN, FA-CHIANG CHIU, FANG-TSAI
NT\$ 1,000,000(included) to NT\$ 2,000,000 (excluded)	LIU, TIEN-CHANG	LIU, TIEN-CHANG		
NT\$ 2,000,000(included) to NT\$ 3,500,000 (excluded)	Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN Lycom Investment Co., Ltd. Representative: LIN, YUNG-CHING	Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN Lycom Investment Co., Ltd. Representative: LIN, YUNG-CHING	Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN Lycom Investment Co., Ltd. Representative: LIN, YUNG-CHING	Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN Lycom Investment Co., Ltd. Representative: LIN, YUNG-CHING
NT\$ 3,500,000(included) to NT\$ 5,000,000 (excluded)	LIN CHOU, YU-SHAN	LIN CHOU, YU-SHAN		
NT\$ 5,000,000(included) to NT\$ 10,000,000 (excluded)			LIN, YUNG-CHING LIU, TIEN-CHANG	LIN, YUNG-CHING LIU, TIEN-CHANG
NT\$ 10,000,000(included) to NT\$ 15,000,000 (excluded)				
NT\$ 15,000,000(included) to NT\$ 30,000,000 (excluded)			LIN CHOU, YU-SHAN	LIN CHOU, YU-SHAN
NT\$ 30,000,000(included) to NT\$ 50,000,000 (excluded)				
NT\$ 50,000,000(included) to NT\$ 100,000,000 (excluded)				
Over NT\$ 100,000,000				
Total	11 individuals	11 individuals	11 individuals	11 individuals

\* The disclosed contents of the remuneration in this table may differ from the concept of income under tax laws. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.

2. Remuneration of Management Team

Unit: NT\$ Thousand

Title	Name	Salary(A)		Retirement pensions (B)		Bonuses and special allowances (C)		Employee remuneration (D)				The total amounts and the proportion to the post-tax net income of A, B, C, and D (%)		Receipt of remuneration from subsidiary companies or non-subsidiary investments outside the group
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amounts	Cash amount	Stock amounts			
Chairman and CEO	LIN CHOU, YU-SHAN	17,411	17,411	1,156	1,156	13,674	13,674	4,563	0	4,563	0	8.93%	8.93%	0
Group President and Chief R&D Officer	LIN, YUNG-CHING													
Group Vice President and Chief Administrative Officer	LIU, TIEN-CHANG													
Senior Vice President	YANG, KENG-MIN													
Vice President	YANG, KUO-CHENG													
Vice President	LIN, MENG-YU													

### Remuneration scale table

Range of remuneration paid to management team	Names of Management Team	
	The Company	All companie in the financial statements E
Less than NT\$ 1,000,000		
NT\$ 1,000,000(included) to NT\$ 2,000,000 (excluded)		
NT\$ 2,000,000(included) to NT\$ 3,500,000 (excluded)	YANG, KUO-CHENG	YANG, KUO-CHENG
NT\$ 3,500,000(included) to NT\$ 5,000,000 (excluded)	LIU, TIEN-CHANG, YANG, KENG-MIN, LIN, MENG-YU	LIU, TIEN-CHANG, YANG, KENG-MIN, LIN, MENG-YU
NT\$ 5,000,000(included) to NT\$ 10,000,000 (excluded)	LIN, YUNG-CHING	LIN, YUNG-CHING
NT\$ 10,000,000(included) to NT\$ 15,000,000 (excluded)	LIN CHOU, YU-SHAN	LIN CHOU, YU-SHAN
NT\$ 15,000,000(included) to NT\$ 30,000,000 (excluded)		
NT\$ 30,000,000(included) to NT\$ 50,000,000 (excluded)		
NT\$ 50,000,000(included) to NT\$ 100,000,000 (excluded)		
Over NT\$ 100,000,000		
Total	6 individuals	6 individuals

\* The disclosed contents of the remuneration in this table may differ from the concept of income under tax laws. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.



### 3. Employee Profit Sharing Granted to the Management Team

Unit: NT\$ Thousand

	Title	Name	Stock Dividends	Cash Dividends	Total	The proportion of the total amount to the after-tax net profit (%)
Management Team	Chairman and CEO	LIN CHOU, YU-SHAN	0	5,328	5,328	1.29%
	Group President and Chief R&D Officer	LIN, YUNG-CHING				
	Group Vice President and Chief Administrative Officer	LIU, TIEN-CHANG				
	Senior Vice President	YANG, KENG-MIN				
	Vice President	YANG, KUO-CHENG				
	Vice President	LIN, MENG-YU				
	Assistant General Manager of Global Project Management	KENICHIRO KAKINUMA				
	Assistant General Manager of Research and Development	YEN, HUNG-MING				
	Assistant General Manager of Sales Department	CHEN, CHIA-PIN				
	Finance and Accounting Manager	HSU, CHU-JU				

4. The analysis of the proportion of the total remuneration paid to the directors, supervisors, general manager, and deputy general manager of the Company and its consolidated subsidiaries in the past two fiscal years to the after-tax net profit, along with an explanation of the remuneration policy, standards, composition, procedures for setting remuneration, and the correlation with business performance and future risks.

Unit: NT\$ Thousand

Year/Item		2021	2022
The Company	Total remuneration amount	46,928	51,928
	Ratio of remuneration to post-tax net income	11.75%	12.60%
All companies within the consolidated financial statements	Total remuneration amount	46,928	51,928
	Ratio of remuneration to post-tax net income	11.75%	12.60%

- (a). The remuneration paid to directors and supervisors of the company is determined in accordance with the company's articles of incorporation, and it should not exceed 3.5% of the annual profit for the distribution of director and supervisor remuneration.
- (b). The policy for remunerating executives of the company is based on their authority, contributions, and the company's business performance, taking into consideration industry standards to achieve motivational effects. The remuneration is reviewed by the

Compensation Committee and approved by the Board of Directors.

- (c). The ratio of remuneration to post-tax net income for the payment of directors, supervisors, general manager, and deputy general managers has increased by 0.85% in the past two years. This is due to considerations of their contributions and business performance. The total amount of remuneration in 2022 has increased compared to 2021, resulting in an increase in the proportion to net profit after tax.

C. Corporate Governance Status

(1) Operation of the Board of Directors

In the most recent year 2022, the Board of Directors held a total of 6 meetings (A), and the attendance of the directors is as follows:

Title	Name	Actual Attendance Count (B)	Delegate Attendance Count	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN	6	0	100.00	Serving another term
Director	Lycom Investment Co., Ltd. Representative: LIN, YUNG- CHING	6	0	100.00	Serving another term
Director	LIU, TIEN-CHANG	6	0	100.00	Serving another term
Director	TAYIH KENMOS AUTO PARTS CO., LTD.	5	0	83.33	Serving another term
Director	LI, YIN-TE	6	0	100.00	Serving another term
Independent Director	WU, YA-CHUAN	5	1	83.33	Serving another term
Independent Director	LAI, WEI-HSIANG	5	0	83.33	Serving another term
Independent Director	CHIU, FANG-TSAI	6	0	100.00	Serving another term
Independent Director	CHEN, FA-CHIANG	5	1	83.33	Serving another term

Other matters to be disclosed:

- If the Board of Directors operates under any of the following circumstances, the disclosure should include the dates, sessions, agenda items, opinions of independent directors, and the company's response to the opinions of independent directors:
  - (1) Matters listed in Article 14-3 of the Securities and Exchange Act: In the 2022 fiscal year and up to the date of printing the annual report, a total of 9 board meetings were held. Details of the resolutions can be found on pages 53 to 57 of the annual report. All independent directors had no objections to the matters listed in Article 14-3 of the Securities and Exchange Act, and the resolutions were passed accordingly.
  - (2) In addition to the above matters, any board resolutions where independent directors expressed opposition or reservations and have records or written statements: None.
- The implementation of directors' recusal from interested party transactions should be disclosed, including the names of directors, the agenda items, reasons for recusal, and

their participation in voting:

- (1) On August 5, 2022, the board meeting discussed the payment of remuneration to directors and supervisors. The individual remuneration was voted on separately, and the respective directors recused themselves from the discussion and voting on their own remuneration.
- (2) On August 5, 2022, the board meeting discussed the payment of remuneration to managerial personnel. Due to the conflicts of interest involving Chairman LIN CHOU, YU-SHAN, Director LIU, TIEN-CHANG, Vice President LIN, MENG-YU, and Finance and Accounting Manager HSU, CHU-JU, they recused themselves from the discussion and voting in accordance with the law.
- (3) On January 13, 2023, the board meeting discussed the year-end bonuses for managerial personnel. Chairman LIN CHOU, YU-SHAN, Director LIU, TIEN-CHANG, Vice President LIN, MENG-YU, and Finance and Accounting Manager HSU, CHU-JU recused themselves from the discussion and voting due to conflicts of interest.

3. Listed and OTC companies are required to disclose information about the evaluation cycle, period, scope, method, and content of the self-assessment or peer assessment of the board of directors. They should also provide details regarding the implementation status of the evaluation by the board of directors.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annually	From January 1, 2022, to December 31, 2022	Board of directors individual members	Internal evaluation of the board of directors  Self-evaluation by board members	<p>Evaluation of Board Performance:</p> <ol style="list-style-type: none"> <li>(1) Involvement in the company's operations</li> <li>(2) Enhancement of decision-making quality by the Board</li> <li>(3) Composition and structure of the Board of Directors</li> <li>(4) Selection and ongoing education of directors</li> <li>(5) Internal control</li> </ol> <p>Evaluation of Individual Board Members:</p> <ol style="list-style-type: none"> <li>(1) Understanding of company goals and mission</li> <li>(2) Awareness of director responsibilities</li> <li>(3) Involvement in the company's operations</li> <li>(4) Management of internal relationships and communication</li> <li>(5) Professionalism and continuous education of directors</li> <li>(6) Internal control</li> </ol>

4. Evaluation of goals and execution for strengthening the functions of the board of directors in the current and recent years:  
The Board of Directors of our company has conducted meetings in accordance with the provisions of the "Board Meeting Rules" of the company. It has executed the functions assigned by the company's articles of incorporation, the Company Act, the Securities and Exchange Act, and other relevant laws. Important decisions have been disclosed on the Market Observation Post System (MOPS) to safeguard the rights and interests of shareholders.

(2) Audit Committee Operation:

In the current year 2022, the Audit Committee held 4 meetings (A), and the attendance of independent directors is as follows:

Title	Name	Actual Attendance Count (B)	Delegate Attendance Count	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	WU, YA-CHUAN	3	1	75.00	None
Independent Director	LAI, WEI-HSIANG	2	1	50.00	None
Independent Director	CHIU, FANG-TSAI	4	0	100.00	None
Independent Director	CHEN, FA-CHIANG	4	0	100.00	None

Other matters to be disclosed:

1. If any of the following circumstances occur in the operation of the Audit Committee, the date, session, agenda, opposing opinions of independent directors, reserved opinions, significant recommendations, decisions of the Audit Committee, and the company's handling of the opinions of the Audit Committee should be disclosed:

(a) Matters listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Date	Significant Resolutions	Resolution Outcome
2022 3rd Audit Committee Meeting	August 5, 2022	1. Proposal for deliberation: Change of financial report signing certified public accountant. 2. Proposal for deliberation: Consolidated financial report for the second quarter of the year 2022. 3. Proposal for discussion: Whether significant accounts receivable from subsidiaries that have exceeded the normal credit period by 3 months should be classified as loans.	Approved as proposed Approved as proposed Approved as proposed
2022 4th Audit Committee Meeting	November 4, 2022	1. Proposal for deliberation: Consolidated financial report for the third quarter of year 2022. 2. Proposal for discussion: Drafting the internal control system - other management control system " Procedures for Handling Material Inside Information".	Approved as proposed Approved as proposed
2023 1th Audit Committee Meeting	February 9, 2023	1. Proposal to pre-approve the engagement of the auditors, their firms, and affiliated entities to provide non-audit services to the Company and its subsidiaries, for discussion.	Approved as proposed
2023 2th Audit Committee Meeting	May 5, 2023	1. Proposal to review the consolidated financial statements for the first quarter of the Company in 2023 for deliberation.	Approved as proposed

- (b) Apart from the aforementioned matters, there were no other decisions made by the Board of Directors with the consent of more than two-thirds of the directors, without being passed by the Audit Committee.
2. Execution of recusal by independent directors in matters involving conflicts of interest: None.
3. Communication between independent directors and the internal audit manager and the engagement CPAs (including significant matters, methods, and results of communication regarding the company's finances and business conditions):
- (a) The internal audit manager of the company regularly communicates the audit report results with the members of the Audit Committee and provides an internal audit report during each quarterly Audit Committee meeting. In case of any special circumstances, immediate reporting is made to the members of the Audit Committee. There were no such special circumstances during 2022. The communication between the Audit Committee and the internal audit manager of the company is in good condition.
- (b) The engagement CPAs of the company reports the results of the audit or review of the financial statements for each quarter during the Audit Committee meetings and discusses other communication matters required by relevant laws and regulations. In case of any special circumstances, immediate reporting is also made to the members of the Audit Committee. There were no such special circumstances during 2022. The communication between the Audit Committee and the engagement CPAs is in good condition.

(3) Status of corporate governance, and difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation item	Status (Note)			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
I. Has the Company set and disclosed governance code of practice in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?		V	The Company has not established Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, but each department is responsible for covering the relevant requirements of the Principles.	No differences
II. The equity structure and shareholders' right of the Company (I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures? (II) Does the Company have a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders? (III) Has the Company established and implemented the risk management mechanism and firewalls involving related enterprises? (IV) Has the Company established internal regulations that prohibit insiders from using undisclosed information on the market to trade securities?	V V V V		(I) A spokesperson has been established who handles shareholder proposals and who transmits shareholder recommendations to management. (II) The Company files and tracks the top ten shareholders and their ultimate controllers and Capital Securities Corporation assists in handling related stock affairs. (III) The finance, business, and manufacturing of the Company and its related enterprises operate independently. All transactions are handled in accordance with the internal control system. (IV) The Company established Management for Prevention of Insider Trading that prohibits insiders from using undisclosed information on the market to buy and sell securities.	No differences
III. Composition and Duties of the Board of Directors (I) Has the Board of Directors formulated a diversity policy and specific management objectives, and implemented them?	V		(I) In adherence with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has approved the Rules of Procedure for Shareholders' Meetings and the Director and Supervisor Election Process to comply with corporate governance	No differences

Evaluation item	Status (Note)			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
<p>(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?</p> <p>(III) Does the Company formulate the Board's performance assessment and evaluation method, conduct performance evaluation annually and regularly, report the results of the performance evaluation to the board of directors, and apply it to individual directors' remuneration and nomination renewal?</p> <p>(IV) Has the Company assessed the independence status of CPAs regularly?</p>		V	<p>requirements.</p> <p>(II) The Company's Remuneration Committee has three members who are all independent directors. The Company's Audit Committee has four members who are all independent directors. In the future, improvement of all functional committees is also planned.</p> <p>(III) The Company established the Board Performance Assessment and Evaluation Measures on August 7, 2020. In accordance with its provisions, the Company conducts an annual internal evaluation of the Board's performance and completes it before the end of the first quarter of the following year. Their evaluation methods are detailed under "C. Corporate Governance Status" / "(1)3. Implementation Status of the evaluation by the Board of Directors." The Company performed an internal evaluation in 2022 and reported the evaluation results at the first Board meeting of 2023.</p> <p>(IV) The Financial Department of the Company conducted an inspection in accordance with the Company's Assessment and Performance Evaluation Measures for CPAs. It was confirmed that the CPAs do not have any shareholdings in the Company and do not concurrently hold any positions in the Company. After the evaluation, it was confirmed that the independence and suitability of the CPAs were in compliance with the provisions of Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the final evaluation results in 2022 were approved by the second Board meeting of 2023.</p>	
IV. Is the Company equipped with qualified and	V		The Company's corporate governance related business is	No differences

Evaluation item	Status (Note)			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and recording minutes of board meetings and shareholders' meetings)?			completed by a division of labor among each department. The Finance Department provides the information required by the directors to perform their business and handles matters related to the meetings of the Board of Directors, committees, and shareholders' meetings, and prepares minutes of the meetings. The Company puts the Finance Department in charge of corporate registration and change registration, and all relevant registration documents must be reviewed and approved by the highest management authority.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a special section for stakeholders on the Company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	V		The communication channels between the Company and its stakeholders are divided as follows according to respective authority: Communication with suppliers is handled by the Purchasing Department. Communication with customers by the Sales Department. Communication with the competent authorities, banks, and taxation authorities is handled by the Financial Department. Communication with environmental protection agency is handled by the General Affairs Section of the Human Resources Department. Communication with communities, social and political agencies, and public security agencies is handled by the General Affairs Section of the Human Resources Department. Communication with shareholders is handled by the spokesperson. Communication with external companies and institutions is handled by each department.	No differences



Evaluation item	Status (Note)			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
VI. Has the Company appointed a professional stock affairs agency for shareholders affairs ?	V		Registrar Agency Department of Capital Securities Corporation is engaged to handle the affairs of the shareholders' meeting.	No differences
VII. Disclosure of Information (I) Has the Company set up a website for the disclosure of information on financial position and operation, as well as corporate governance?  (II) Has the Company adopted other means for disclosure (such as English website, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and the legal entities announcements uploaded to website, etc. )?  (III) Does the Company announce and declare its annual financial statements within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?	V  V		(I) Company website: <a href="https://www.macauto-group.com/">https://www.macauto-group.com/</a> The Company discloses the latest financial and business information and corporate governance information on the website for investors to review.  (II) The Company has implemented a spokesperson mechanism to facilitate the establishment of optimal communication channels between investors and the Company.  V (III) The Company does not report and announce its annual financial statements within two months after the end of the fiscal year. However, financial reports and monthly sales are reported and announced in accordance with the regulations.	No differences
VIII. Is there any other material information that would facilitate an understanding the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability	V		(I) Employee rights and interests: Labor-management meetings are held regularly to protect the rights and interests of employees. For relevant employee benefits, please refer to pages 80-82 of the Annual Report, under "Labor Relations."  (II) Employee care: Take care of employees and their dependents and providing various employee benefits.  (III) Investor Relations: Establish a spokesperson and deputy spokesperson system to communicate with shareholders	No differences

Evaluation item	Status (Note)		Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
insurance coverage for the directors and supervisors)?			<p>and answer shareholders' questions.</p> <p>(IV) Supplier relations: Establish a long-term cooperative relationship with suppliers to grow together.</p> <p>(V) Stakeholder rights: Responsible departments communicate with stakeholders and resolve stakeholder issues to maintain favorable relationships.</p> <p>(VI) Training of directors and supervisors: the Company's directors and supervisors all have professional backgrounds and complete advanced courses in accordance with relevant laws and regulations. Their learning situation has been disclosed in the Market Observation Post System's corporate governance area <a href="https://mops.twse.com.tw/mops/web/t93sc03_1">https://mops.twse.com.tw/mops/web/t93sc03_1</a>.</p> <p>(VII) Risk management policies and risk measurement standards: see "Risk Management" in this Annual Report, pp.99-100.</p> <p>(VIII) Implementation of customer policies: the Company establishes long-term cooperative relationships with customers, with special specifications and policies for customers are transferred from business summaries to each unit for implementation.</p> <p>(IX) The Company's purchase of liability insurance for directors: The Company has purchased liability insurance for directors and with an amount of US\$3 million.</p>
IX. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be	V		<p>(I) Regarding the corporate governance evaluation published in the most recent year, items that have been improved include:</p> <p>1. The Company uploads the shareholders' meeting agenda and supplementary materials of the meeting 30</p>

Evaluation item	Status (Note)			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
improved.			<p>days before the general meeting of shareholders.</p> <p>2. The Company uploads the annual report 16 days before the general meeting of shareholders.</p> <p>3. The Company fully re-elected directors at the 2021 annual General Meeting of Shareholders and increased the number of independent directors from two to four.</p> <p>4. The quarterly financial reports of our company have been adjusted from being presented as a report by the Board of Directors to being discussed as an agenda item.</p> <p>(II) Items to be improved and strengthened in the Company are as follows: The Company has established a Corporate Governance Officer who is responsible for corporate governance-related matters. The authority and continuing education of the Corporate Governance Officer will be described on our company's website and annual report.</p>	

Note: Regardless of whether “Yes” or “No” is checked, the operation status should be described in the summary description field.

(4) If the Company has set up a Remuneration Committee, it shall disclose the composition, responsibilities and operation thereof.

1. Information of Remuneration Committee Members

ID classification	Conditions Name	Professional qualifications and experience	Status of independence (Note)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Independent Director (Convener)	Wu, Ya-Chuan	The Company's Remuneration Committee consists of three independent directors. Please refer to "B(1) Information of Directors" in this Annual Report for the professional qualifications and experience of the committee members (pages 9-14)	All Remuneration Committee members meet the following conditions: 1. In line with relevant provisions of Article 14-6 of the Securities and Exchange Act and of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, as promulgated by the Financial Supervisory Commission (Note). 2. Company shares not held by self (or in the names of others) or by spouse or minor children. 3. No remuneration for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.	0
Independent Director	Chiu, Fang-Tsai			2
Independent Director	Chen, Fa-Chiang			0

Note: None of the following circumstances were present in the two years before the election and during the terms of office:

- (1) An employee of the Company or its affiliates.
- (2) A director or supervisor of the Company or its affiliates.
- (3) Holding an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings as a natural person shareholder under one's own name or that of one's spouse, minor children, or shares held in the name of others.
- (4) A manager of those listed in (1), or someone having a relationship with those listed in (2) or (3) including a spousal relationship, a second-degree kinship or closer, or an immediate lineal relative within three degrees of kinship.
- (5) Directors and supervisors who are indirect shareholders who hold more than 5% of the company's total issued shares, the top five shareholders, or juristic person shareholders who appoint representatives to act as company directors or supervisors in accordance with Article 27 of the Company Act, or an employee thereof.

- (6) A director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors.
- (7) A director, supervisor or employee of another company or institution whose chairman, president, or equivalent position is the same person as that of the Company, or the spouse thereof.
- (8) A director, supervisor, manager, or shareholder holding more than 5% of shares of the specific company or institution that has financial or business dealings with the Company.
- (9) A partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, accounting services or consultation to the company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, this restriction shall not apply to those serving as members of the Company's Remuneration Committee.

2. Information on the operation of the Remuneration Committee

- (a). There are three members of the Remuneration Committee of the Company.
- (b). Term of office of current committee members: August 26, 2021 to August 25, 2024; the Remuneration Committee met four times (A) in 2022 and member qualifications and attendance were as follows:

Job Title	Name	Actual number of attendances (B)	By proxy	Actual attendance rate (%) (B/A)	Note
Convener	Wu, Ya-Chuan	4	0	100.00	Serving another term
Member	Chiu, Fang-Tsai	4	0	100.00	Serving another term
Member	Chen, Fa-Chiang	3	1	75.00	Serving another term

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): No such situation.
2. On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: No such situation.

(5) Implementation of sustainable development promotions and the difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Promotion item	Implementation (Note 1)			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a designated full-time (or part-time) unit to promote Sustainable Development, and the Board of Directors authorizes senior management to handle this and the Board of Directors supervises the situation?		V	(I) The Company has personnel responsible for sustainable development. (II) The Company regularly promotes a code of conduct for employees and establishes an effective reward and disciplinary system.	Still no major differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies? (Note 2)	V		(I) The Company has not yet formulated a sustainable development policy. However, each department is responsible for covering sustainable development functions. To implement corporate governance, the Company will follow the laws and regulations and consider the safeguarding of shareholders' rights and interests, ensure the timely setup of a dedicated unit to promote sustainable development, and formulate policies or systems related to sustainable development.	Still no major differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on its industry characteristics?		V	(I) The Company has not yet formulated a social responsibility development policy. However, each department is responsible for covering sustainable development functions and organizes social responsibility education training and advocacy.	Still no major differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(II) Has the Company committed itself to improving energy efficiency and to using recycled materials with low impact on the environment?	V		(II) The Company has approved the ISO 14001 environmental management system and establish a dedicated unit and lecturer mechanism for environmental management in each stage of the	

Promotion item	Implementation (Note 1)			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
<p>(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?</p> <p>(IV) Does the company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water management or other waste management?</p>	V		<p>product development life cycle and in the organizational system. It continues to educate and train employees to improve the efficiency of recycling and utilization of various production resources and products to meet the requirements of energy saving and carbon reduction. For the Company's environmental protection measures, please see the Environmental Protection Expenditure Information on pp. 77-80 of this Annual Report.</p> <p>(III) The Company has established Emergency Response Management Procedures to respond to force majeure factors such as natural disasters to minimize the damage to the Company.</p> <p>(IV) The Company specifically lists energy conservation, carbon reduction and water conservation as key management projects and has set up a solar power generation system and installed water-saving devices. In addition, waste window screen material is also reused as fuel rods. In 2022, 587 tons of CO2 emissions were saved due to the installation of solar power generation systems and 280.13 tons of waste window screen material was transferred to the recycling company.</p>	
<p>IV. Social Issues</p> <p>(I) Has the Company established related policies and procedures in accordance with applicable</p>	V		<p>(I) The Company upholds the principles of mutual respect between labor and management and</p>	<p>Still no major differences with the Sustainable Development Best Practice Principles for</p>

Promotion item	Implementation (Note 1)			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
legal rules and the International Convention on Human Rights?			internationally recognized basic labor human rights, communicating and abiding by relevant labor laws and regulations to protect the rights and interests of employees.	TWSE/TPEX Listed Companies
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflected business performance or results in employee compensation?	V		(II) The Company has formulated relevant measures such as salaries, vacations, and other benefits, and established Performance Management Measures for regular performance evaluation while properly reflecting the business performance or results in employee compensation.	
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	V		(III) The Company regularly provides employee health check measures and provides a safe working environment to protect the health and safety of employees. Regarding the working environment and environmental protection measures, please see the Environmental Protection Expenditure Information on pp. 77-80 of this Annual Report.	
(IV) Has the Company provided effective training in career planning for employees?	V		(IV) The Company holds labor-management meetings regularly to establish an effective communication platform between the two sides; and advocacy meetings are held from time to time for major employee welfare projects.	
(V) Regarding issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant	V		(V) Please see Continuing education and training for employees pp. 80-81 of this Annual Report. (VI) The Company has set up a customer service department for customer market feedback to provide customers with product quality services	



Promotion item	Implementation (Note 1)			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
<p>consumer and customer protection policies and complaint procedures?</p> <p>(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?</p>	V		<p>at any time.</p> <p>(VII) The Company complies with all relevant regulations and international standards for marketing and labeling of products and services.</p> <p>(VIII) The Purchasing Department of the Company has a Development and Purchasing Section to assess whether suppliers have a record of impacting the environment and society in the past.</p> <p>(IX) The Company's Purchasing Center has a Development Procurement Section working with suppliers to enhance sustainable development.</p>	
<p>V. Does the company compile corporate social responsibility reports or reports that disclose the company's non-financial information based on international CSR compiling standard or guidelines? Is the report accredited from accreditation agency or thirdparty verification organization?</p>		V	<p>The Company discloses information on corporate governance and sustainable development on the Company website and the Market Observation Post System; no sustainable development report has been prepared yet.</p>	<p>Still no major differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>VI. If the Company has its own sustainable development principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the Principles: The Company has not yet formulated Sustainable Development Best-Practice Principles. However, each department is responsible for covering sustainable development functions, and there are also related measures in the internal control measures as follows:</p> <ol style="list-style-type: none"> <li>(1) Rules of Procedure for Shareholders' Meetings</li> <li>(2) Rules and Procedures of Board of Directors Meetings</li> <li>(3) Procedures for Election of Directors</li> <li>(4) Procedures for Acquiring or Disposing of Assets</li> <li>(5) Measures for Endorsements/Guarantees</li> </ol>				

Promotion item	Implementation (Note 1)			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
(6) Measures for Loans of Funds to Others (7) Measures for Supervision of Subsidiaries (8) Measures for Transactions with Related Parties, Specified Companies, and Group Enterprises. (9) Code of Ethical Conduct (10) Preventative Measures for Insider Trading (11) Ethical Corporate Management Best-Practice Principles Other inquiry methods are as follows: 1. Preventative Measures for Insider Trading have been formulated to manage important internal information of the Company, and all directors, supervisors, and managers as well as all employees have been informed of it. Furthermore, we have placed this procedural system and precautions in the announcement area of the Company's internal network for all colleagues to follow, so as to avoid violations or insider transactions. 2. The latest version of the Relevant Laws and Matters Requiring Attention for Insider Equity Shareholding of TPEX and Emerging Market Listed Companies prepared by the Taipei Exchange are distributed to the Company's newly appointed directors, supervisors, managers and other insiders upon taking office for them to follow. 3. Market Observation Post System: <a href="http://newmops.tse.com.tw">http://newmops.tse.com.tw</a> 4. The Company's website: <a href="https://www.macauto-group.com/">https://www.macauto-group.com/</a> Investor Area				
VII. Other important information helpful to understand the implementation of the promotion of sustainable development: The Company's disclosure website: <a href="https://www.macauto-group.com/">https://www.macauto-group.com/</a>				

Note 1: Regardless of whether "Yes" or "No" is checked, the operation status should be described in the summary description field.

Note 2: The materiality principle refers to issues related to the environment, society, and corporate governance that have a significant impact on the company's investors and other stakeholders.

(7) Our company actively and continuously engages in donations to schools and social welfare organizations to fulfill our corporate social responsibility. The donation details for the year 2022 are as follows:

Name	Unit: NT\$ Total
Childhood Cancer Foundation of R.O.C..	6,000
Cardiac Children's Foundation Taiwan	6,000
De La Salle Special Education Center	6,000
Taiwan Children and Family Assistance Foundation, Tainan City North District Branch	15,000
Sylin-Lu Social Welfare Foundation	12,000
Heng Chun Christian Hospital	12,000
Genesis Social Welfare Foundation	24,000
Champions Education Association	6,000
Taiwan Fund for Children and Families, Penghu Branch	12,000
Tainan City Sisters of Charity, Renci Nursing Home	24,000
Bai Yong En Foundation, San Francesco Elderly Long-Term Care Center	30,000
Andrew Charity Association	60,000
Zhi-Shan Foundation Taiwan	19,200
United Way of Taiwan	15,600
Childhood Burn Foundation of The Republic of China	6,000
Taiwan Lourdes Association	6,000
Kaohsiung Municipal Yuanfu Junior High School	40,000
<b>Total Amount</b>	<b>299,800</b>

(VIII) Status of Implementation of Integrity Operation and differences to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason:

Evaluation item	Status (Note)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
<p>I. Formulation of ethical management policy and plans</p> <p>(I) Has the Company formulated the ethical management policy approved by the board of directors, and in the regulations and external documents expressed the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement business policies?</p> <p>(II) Has the Company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?”</p> <p>(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has established Ethical Corporate Management Best-Practice Principles as approved by the Board of Directors, and has an employee code of conduct that it actively implements.</p> <p>(II) The Company has Ethical Corporate Management Best-Practice Principles that establish a risk assessment mechanism for dishonest behavior. Furthermore, it is supplemented by the internal audit unit’s checking mechanism to regularly analyze and evaluate business activities with higher risks of dishonesty within the scope of business, strengthening measures to prevent giving or receiving bribes and illegal political donations or improper benefits.</p> <p>(III) The Company has Ethical Corporate Management Best-Practice Principles in order to standardize the operating procedures, behavioral guidelines, education and training and assessment of enterprises and to regularly review the applicability of amendments.</p>	<p>Still no major differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>

Evaluation item	Status (Note)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
<p>II. Implementation of Ethical Corporate Management</p> <p>(I) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?</p> <p>(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?</p> <p>(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?</p> <p>(IV) Has the Company established an effective accounting system and internal control system for the ethical corporate management, assigned internal auditing unit to review such systems, or entrusted CPAs with such review?</p> <p>(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?</p>	V		<p>(I) The Company has an employee code of conduct that clearly stipulates that the use of authority shall not be used to collect improper benefits from downstream suppliers, and to hold an annual supplier declaration.</p> <p>(II) The Company has not set up a full-time unit for corporate ethical management; each department shall fulfill its responsibility for honest operations according to its duties.</p> <p>(III) In addition to formulating the employee code of conduct, the Company has also set up a reporting mailbox whose content is reported directly to the President via the Human Resources Department.</p> <p>(IV) In order to ensure the implementation of ethical behavior, the Company has established an effective internal control system and accounting system and internal auditors regularly check their compliance.</p> <p>(V) The Company regularly promotes a code of conduct for employees and establishes an effective reward and disciplinary system.</p>	Still no major differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>III. Operation of the Company's reporting system</p> <p>(I) Has the Company put in place the specific whistleblowing and reward system, established a</p>	V		<p>(I) In addition to formulating Working Rules, the Company also has an employee opinion mailbox; alternatively, verbal complaints are</p>	Still no major differences with the Ethical Corporate Management Best Practice

Evaluation item	Status (Note)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
<p>convenient reporting channel, and assigned appropriate personnel to deal with whistleblowing?</p> <p>(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p> <p>(III) Has the Company taken measures to protect whistleblowers from retaliation due to reporting?</p>	V		<p>reported to the supervisors of each department and the Human Resources Department will reply to the complainant with the result or handling situation.</p> <p>(II) The Company's Working Rules establish investigation standards, operating procedures and related confidentiality mechanisms for reporting events.</p> <p>(III) The Company shall not apply dismissal, transfer, or other adverse sanctions due to complaints filed by employees.</p>	Principles for TWSE/TPEX GTSM Listed Companies
<p>IV. Strengthening information disclosure</p> <p>Has the company, on its website and on the Market Observation Post System, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best-Practice Principles?</p>	V		<p>Company website: <a href="https://www.macauto-group.com/">https://www.macauto-group.com/</a></p> <p>The Company discloses the latest financial and business information and corporate governance conditions on the website for investors to review.</p> <p>The Company has implemented a spokesperson mechanism to facilitate the establishment of optimal communication channels between investors and the Company.</p>	Still no major differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX GTSM Listed Companies
<p>V. If the Company has enacted the Ethical Corporate Management Best-Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles:</p> <p>Still no major differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>				
<p>VI. Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company's review and revision the Ethical Corporate Management Best-Practice Principles):</p> <p>1. The Company abides by the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, TWSE/GTSM listing rules, or laws relevant to its own business conduct as the basis for implementing ethical management.</p>				

Evaluation item	Status (Note)			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
2. The Company's Rules of Procedure for Board of Directors Meetings has a system for recusal of directors. Regarding the proposals listed by the Board of Directors, if a director or another juristic person has a stake therein that may cause harm to the interests of the Company, he or she may state opinions and answer questions, but shall not participate in discussions and votes. Furthermore, recusal shall be made from discussion or voting, and another director may not exercise voting rights as proxy on their behalf.				
3. The Company has Preventative Measures for Insider Trading that clearly stipulate that directors, supervisors, managers, and employees must not disclose material internal information that they know to others. They shall not inquire about or collect undisclosed material inside information that is not related to their personal duties from those who know the material inside information. It is not allowed to disclose to others the undisclosed material inside information of the Company not connected to business execution.				
4. The Company has established an employee code of conduct to regulate the behavior of all subordinates in the Group; for related content, please refer to the Company's website.				

Note: Regardless of whether "Yes" or "No" is checked, the operation status should be described in the summary description field.

(VIII) If the Company has established the Corporate Governance Best-Practice Principles and the related regulations, it should disclose how to inquire about such principles: None.

(IX) Other important information that is sufficient to improve the understanding of corporate governance operations: None.

(X) Implementation status of internal control system

1. Internal Control System Statement

Macauto Industrial Co., Ltd.

Internal Control System Statement

Date: March 22, 2023

According to the examination on internal control system done by the Company itself in 2022, we hereby state as follows:

- (1) The Company's Board of Directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: (a) The effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets); (b) Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
- (2) Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capability, the Company will make immediate corrections when errors are detected.
- (3) The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process:
  - (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
- (4) The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.
- (5) The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2022 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and company policies
- (6) This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the R.O.C.'s Security and Exchange Act.
- (7) The Company hereby declares that this statement had been approved by the Board of Directors on March 22, 2023. Among the 8 attending Directors, to the contents of this statement.

Macauto Industrial Co., Ltd.

Chairman: Lin Chou, Yu-Shan

President: Lin Chou, Yu-Shan



2. CPAs commissioned to review the internal audit system: No such situation.

(XI) In the most recent year and as of the date of publication of the annual report, whether the company and its internal personnel have been disciplined according to law, or whether the company has disciplined its internal personnel for violating the provisions of the Internal Control System. The content of the disciplinary measures should be listed, as well as the main deficiencies and improvements: No such situation.

(XII) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders' meeting and Board of Directors

1、Significant resolutions of the shareholders' meeting

Shareholders' Meeting	Date	Significant Resolutions	Status
2022 Shareholders' Meeting	June 16, 2022	<ol style="list-style-type: none"> <li>1. Approval of the 2021 annual operating report and financial statements.</li> <li>2. Approval of the distribution of profits for the year 2021.</li> <li>3. Amendment of the company's articles of incorporation.</li> <li>4. Amendment of the procedures for acquisition or disposal of assets.</li> <li>5. Amendment of the shareholders' meeting rules of procedure.</li> </ol>	<p>Relevant operations have been carried out in accordance with the shareholders' meeting resolution.</p> <p>The ex-dividend date has been set for September 14, 2022, and cash dividends will be distributed on October 7, 2022.</p>

2、Important resolutions of the Board of Directors

Board of Directors	Date	Significant Resolutions	Status
2022 1st Board of Directors Meeting	January 20, 2022	<ol style="list-style-type: none"> <li>1. Discussion on the detailed amount of year-end bonuses for the company's executives for the year 2021.</li> <li>2. Discussion on the adjustment of remuneration for the company's executives.</li> <li>3. Discussion on whether significant accounts receivable exceeding the normal credit period of three months in the company's subsidiary should be classified as loans.</li> <li>4. Discussion on the application for financing limit for the company.</li> </ol>	<p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p>

Board of Directors	Date	Significant Resolutions	Status
2022 2nd Board of Directors Meeting	March 22, 2022	<ol style="list-style-type: none"> <li>1. Discussion on the total amount of employee remuneration to be disbursed by the company.</li> <li>2. Discussion on the total amount of remuneration to be disbursed to the directors and supervisors of the company.</li> <li>3. Review of the 2021 business report, individual financial statements, and consolidated financial statements of the company for deliberation.</li> <li>4. Discussion on the distribution of profits for the year 2021.</li> <li>5. Discussion on the assessment of the effectiveness of the company's internal control system for the year 2021 and the internal control system statement.</li> <li>6. Discussion on the amendment of certain provisions of the "Acquisition or Disposal of Assets Processing Procedures" in the company's internal control system and other management control systems.</li> <li>7. Review of the independence and suitability of the engagement auditor through regular evaluation.</li> <li>8. Discussion on the amendment of the company's "Articles of Incorporation."</li> <li>9. Discussion on the amendment of certain provisions of the company's "Rules of Shareholders' Meetings."</li> <li>10. Discussion on matters related to the company's regular shareholders' meeting in 2022.</li> <li>11. Discussion on matters related to proposals submitted by shareholders holding more than one percent of the shares.</li> <li>12. Discussion on the application for financing limit for the company.</li> </ol>	<p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Discussed in the shareholders' meeting.</p> <p>Discussed in the shareholders' meeting.</p> <p>Execution has been completed.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p>

Board of Directors	Date	Significant Resolutions	Status
2022 3rd Board of Directors Meeting	May 6, 2022	<ol style="list-style-type: none"> <li>1. Discussion on the appointment of the new finance manager in the company.</li> <li>2. Review and deliberation of the consolidated financial statements for the first quarter of the year 2022.</li> <li>3. Discussion on providing a short-term funding limit to the subsidiary company MACAUTO MEXICO, S.A. DE C.V.</li> <li>4. Discussion on reclassifying overdue accounts receivable as loans.</li> <li>5. Discussion on the remuneration of the finance manager in the company.</li> <li>6. Discussion on the application for financing limit for the company.</li> </ol>	<p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p>
2022 4th Board of Directors Meeting	August 5, 2022	<ol style="list-style-type: none"> <li>1. Discussion on the detailed amount of remuneration for the directors and supervisors in the company for the year 2021.</li> <li>2. Discussion on the detailed amount of remuneration for the managerial staff in the company for the year 2021.</li> <li>3. Deliberation on changing the auditor of the financial reports in the company.</li> <li>4. Review and deliberation of the consolidated financial statements for the second quarter of the year 2022.</li> <li>5. Discussion on whether the significant accounts receivable exceeding the normal credit period of 3 months in the subsidiary company should be classified as loans.</li> <li>6. Application for financing limit by the company.</li> </ol>	<p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p>
2022 5th Board of Directors Meeting	November 4, 2022	<ol style="list-style-type: none"> <li>1. Deliberation on the consolidated financial statements for the third quarter of the year 2022.</li> <li>2. Proposal for the establishment of the "Internal Major Information Processing Procedures" under the company's internal control system - Other Management Control System, for discussion.</li> <li>3. Discussion on the appointment of a corporate governance supervisor in the company.</li> <li>4. Application for financing limit by the company.</li> </ol>	<p>Implementation has been announced.</p> <p>Execution has been completed.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p>

Board of Directors	Date	Significant Resolutions	Status
2022 6th Board of Directors Meeting	December 23, 2022	<ol style="list-style-type: none"> <li>1. The company's operational plan for the year 2023 has been drafted and is submitted for deliberation.</li> <li>2. The company's audit plan for the year 2023 has been drafted and is submitted for discussion.</li> <li>3. The company has applied for a financing limit, which is submitted for consideration.</li> </ol>	<p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p>
2023 1st Board of Directors Meeting	January 13, 2023	<ol style="list-style-type: none"> <li>1. The detailed amount of year-end bonuses for the company's executives in the year 2022 is submitted for discussion.</li> <li>2. The company's application for a financing limit is submitted for consideration.</li> </ol>	<p>Execution has been completed.</p> <p>Execution has been completed.</p>
2023 2nd Board of Directors Meeting	March 22, 2023	<ol style="list-style-type: none"> <li>1. Proposal to discuss the total amount of employee remuneration payments by the company.</li> <li>2. Proposal to discuss the total amount of director remuneration payments by the company.</li> <li>3. Proposal to discuss the adjustment of managerial compensation in the company.</li> <li>4. Proposal for the review of the company's operational report, individual financial statements, and consolidated financial statements for the year 2022.</li> <li>5. Proposal to discuss the distribution of profits for the year 2022 by the company.</li> <li>6. Proposal to discuss the assessment of the effectiveness of the company's internal control system for the year 2022 and the internal control system statement.</li> <li>7. Proposal to discuss the amendment of certain provisions in the "Board of Directors Meeting Rules" and the "Management of Board of Directors Meeting" section of the internal control system - other management control system.</li> <li>8. Proposal to discuss the amendment of certain provisions in the "Accountant Evaluation and Performance Assessment Measures" of the company.</li> <li>9. Proposal to periodically evaluate the independence and suitability of the company's auditing accountants.</li> <li>10. Proposal to establish matters related to the company's shareholder meeting for the year 2023.</li> <li>11. Proposal to discuss matters related to proposals from shareholders holding more than one percent of the shares.</li> <li>12. Proposal for the company to apply for financing limit.</li> </ol>	<p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Execution has been completed.</p> <p>Implementation has been announced.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p>

Board of Directors	Date	Significant Resolutions	Status
2023 3rd Board of Directors Meeting	May 5, 2023	<ol style="list-style-type: none"> <li>1. Proposal to review the consolidated financial report for the first quarter of the year 2023.</li> <li>2. Proposal to discuss the amendment of certain provisions in the "Shareholders' Meeting Rules" of the company.</li> <li>3. Proposal to adjust the agenda for the company's 2023 Annual General Meeting of Shareholders.</li> <li>4. Proposal for the company to apply for a financing limit.</li> </ol>	<p>Implementation has been announced.</p> <p>Discussed in the shareholders' meeting.</p> <p>Implementation has been announced.</p> <p>Execution has been completed.</p>

(XIII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that have been recorded or declared in writing: None.

(XIV) Summary of resignations and dismissals of relevant persons in the Company (including the Chairman, President, Account Manager, Finance Manager, Chief Internal Auditor, Chief of Corporate Governance, and Chief R&D Officer of the Company) in the most recent year to the day this report was printed:

April 18, 2022

Title	Name	Date assumed office	Date of dismissal	Reasons for resignation or dismissal
Finance Manager	Chen, Chun-Chih	2018.03.16	2022.04.18	Career planning

#### D. Information about CPA professional fees

Currency unit: NTD thousand

CPA firm name	CPA name	Inspection period	Audit fee	Non-audit fee	Total	Note
PricewaterhouseCoopers, R.O.C.	Lin, Yung-Chih	January 2022 – December 2022	2,360	670	3,030	A transfer pricing report constitutes and the non-audit fee service.
	Yeh Fang-Ting					

- (1) If the CPA firm is changed and the audit fees paid in year when the CPA firm is replaced are less than the audit fees of the prior year, the amount and reasons for the audit fee before and after the replacement shall be disclosed: None.
  - (2) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: None.
- E. Change of CPA information: From the second quarter of 2022, the company has made changes to the signing certified public accountants. The previous signing certified public accountants, Lin Yung-Chih and Lin, Tzu-Shu, have been replaced by Lin Yung-Chih and Ye Fang-Ting. This change is part of an internal rotation within the accounting firm..
- F. The Company's Chairman, General Manager, or Any Managerial Officer In Charge of Finance Or Accounting Matters Has in The Most Recent Year Held A Position at the Accounting Firm Of Its Cpa or at An Affiliated Enterprise:: None.

G. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Holders Of 10% or More of Company Shares in the Most Recent Year and Through the Printing Date of the Annual Report:

(1) Changes in share transfers and share pledges of directors, supervisors, managers, and shareholders holding a shareholding percentage exceeding 10%.

Title	Name	2022		Until April 18th, 2023	
		Changes in Shareholding	Changes in Pledged Shares	Changes in Shareholding	Changes in Pledged Shares
Chairman and CEO	LIN CHOU, YU-SHAN	78,000	0	0	0
Director and Group President and Chief R&D Officer	LIN, YUNG-CHING	0	0	0	0
Director and Group Vice President and Chief Administrative Officer	LIU, TIEN-CHANG	-34,000	0	-60,000	0
Director	TAYIH KENMOS AUTO PARTS CO., LTD.	0	0	0	0
Director	Lycom Investment Co., Ltd.	67,000	0	0	0
Director	LI, YIN-TE	0	0	0	0
Independent Director	WU, YA-CHUAN	0	0	0	0
Independent Director	CHIU, FANG-TSAI	0	0	0	0
Independent Director	LAI, WEI-HSIANG	0	0	0	0
Independent Director	CHEN, FA-CHIANG	0	0	0	0
Senior Vice President	YANG, KENG-MIN	0	0	0	0
Vice President	YANG, KUO-CHENG	0	0	0	0
Vice President	LIN, MENG-YU	0	0	0	0
Assistant General Manager	YEN, HUNG-MING	0	0	0	0
Assistant General Manager	KENICHIRO KAKINUMA	0	0	0	0
Assistant General Manager	CHEN, CHIA-PIN	0	0	0	0
Finance and Accounting Manager	HSU, CHU-JU	0	0	0	0

- (1) Information on related parties who are directors, supervisors, managers, or shareholders holding more than 10% of the company's shares involved in the transfer of equity: No such cases.
- (2) Information on related parties who are directors, supervisors, managers, or shareholders holding more than 10% of the company's shares involved in the pledge of equity: No such cases.

#### H. Information About the Relationship of Top 10 Shareholders

Data Cut-off date: April 18, 2022

Name	Individual held shareholding		Spouse and minor children's shareholding		Shareholding held under others' names		The names or identities and relationships of related parties or relatives within the second degree of kinship among the top ten shareholders who have mutual relationships.		Note
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Name	Relationship	
TAYIH KENMOS AUTO PARTS CO., LTD.	9,450,000	12.62	0	0	0	0	-	-	None
Representative: WU, CHUN-I	28,000	0.04	47,000	0.06	0	0	-	-	None
LIN, YUNG-CHING	5,635,350 (Note 1)	7.52	3,037,920 (Note 1)	4.06	2,297,000	3.07	LIN CHOU, YU-SHAN LIN, SHIN-YU	Spouse Son/Daughter	None
LIN CHOU, YU-SHAN	3,037,920 (Note 1)	4.06	5,635,350 (Note 1)	7.52	2,297,000	3.07	LIN, YUNG-CHING LIN, SHIN-YU	Spouse Son/Daughter	None
TransGlobe Life Insurance Inc.	2,640,000	3.52	0	0	0	0	-	-	None
Representative : Peng Teng-Te	0	0	0	0	0	0	-	-	None



Name	Individual held shareholding		Spouse and minor children's shareholding		Shareholding held under others' names		The names or identities and relationships of related parties or relatives within the second degree of kinship among the top ten shareholders who have mutual relationships.		Note
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Name	Relationship	
Kaihia INVESTMENT CO., LTD. representative: LIN, SHIN-YU	2,297,000	3.07	0	0	0	0	-	-	None
	714,876	0.95	99,802	0.13	2,297,000	3.07	LIN, YUNG-CHING LIN CHOU, YU-SHAN	Father Mother	None
Sunder Investment Co., Ltd. Representative: LIN, SHIN-YU	1,905,694	2.54	0	0	0	0	-	-	None
	714,876	0.95	99,802	0.13	2,297,000	3.07	LIN, YUNG-CHING LIN CHOU, YU-SHAN	Father Mother	None
Fubon Life Insurance Co., Ltd. Representative: Tsai, Ming-Hsing	1,550,000	2.07	0	0	0	0	-	-	None
	0	0	0	0	0	0	-	-	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Schroder International Selection Fund Asian Smaller Companies.	1,095,000	1.46	0	0	0	0	-	-	None
Lycom Investment Co., Ltd. Representative: LIN CHOU, YU-SHAN	963,400	1.29	0	0	0	0	-	-	None
	3,037,920 (Note 1)	4.06	5,635,350 (Note 1)	7.52	2,297,000	3.07	LIN, YUNG-CHING LIN, SHIN-YU	Spouse Son/Daughter	None
Huang, Deng-Cheng	902,913	1.21	0	0	0	0	-	-	None

Note 1: Including the shareholding of the trust account with the reserved decision-making authority.

I. The Total Number of Shares Held in Same Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by The Company Shall Be Combined To Calculate Combined Shareholding Percentage

December 31, 2022

Unit: Thousand share%

Investment in Invested Enterprises	Investment by the Company		Investment by directors, supervisors, managers, and businesses directly or indirectly controlled by the Company		Comprehensive Investment	
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)
CRACK MYTHOLOGY INTERNATIONAL LTD.	3,200	100%	0	0	3,200	100%
MACAUTO USA, INC.	4,000	100%	0	0	4,000	100%
MACAUTO HOLDINGS LLC	230	100%	0	0	230	100%
MACAUTO GROUP GmbH	0	100%	0	0	0	100%
Kunshan Macauto Automobile Parts Industry Co., Ltd.	0	100%	0	0	0	100%
MACAUTO MEXICO, S.A.DE C.V.	0	100%	0	0	0	100%
Kunshan Macauto Automobile Parts Sales Co.,Ltd	0	100%	0	0	0	100%

#### IV. Capital and Shares

##### A. Capital and Shares

April 18, 2023

##### (1) Sources of equity

Unit: New R.O.C. shares dollars per share

Year Month	Issuing price	Authorized Share Capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash offset by the number of shares	Others
72.07	10,000	400	4,000,000	400	4,000,000	Cash establishment	-	-
91.07	10	30,000,000	300,000,000	26,070,000	260,700,000	Capitalization of retained earnings	-	Note 1
92.05	10	36,000,000	360,000,000	30,000,000	300,000,000	Capitalization of retained earnings	-	Note 2
93.06	10	60,000,000	600,000,000	36,000,000	360,000,000	Capitalization of retained earnings	-	Note 3
94.08	10	60,000,000	600,000,000	41,400,000	414,000,000	Capitalization of retained earnings	-	Note 4
94.10	10	60,000,000	600,000,000	41,908,000	419,080,000	Employee stock options	-	Note 5
95.06	10	60,000,000	600,000,000	46,098,800	460,988,000	Capitalization of retained earnings	-	Note 6
95.10	10	60,000,000	600,000,000	46,587,800	465,878,000	Employee stock options	-	Note 7
96.10	10	60,000,000	600,000,000	47,101,800	471,018,000	Employee stock options	-	Note 8
97.05	10	60,000,000	600,000,000	54,900,000	549,000,000	Capitalization of retained earnings Capitalization of employee bonuses	-	Note 9
98.05	10	100,000,000	1,000,000,000	74,900,000	749,000,000	Capital increased by cash	-	Note 10

Note 1: This capital increase saw capitalization of retained earnings of NT\$23,700,000 as approved by the Securities and Futures Bureau of the Ministry of Finance on June 28, 2002 under letter Taicaizheng (1) No. 0910135458.

Note 2: This capital increase saw capitalization of retained earnings of NT\$39,300,000 as approved by the Securities and Futures Bureau of the Ministry of Finance on May 15, 2003 under letter Taicaizheng (1) No. 0920121195.

Note 3: This capital increase saw capitalization of retained earnings of NT\$60,000,000 as approved by the Securities and Futures Bureau of the Ministry of Finance on May 15, 2004 under letter Taicaizheng (1) No. 0920121195.

Note 4: This capital increase saw capitalization of retained earnings of NT\$54,000,000 as approved by the Financial Supervisory Commission on June 20, 2005 under letter Jinguanzheng Yizi No. 0940124522.

Note 5: This capital increase saw execution of employee stock option certificates of NT\$5,080,000 as approved by the Ministry of Economic Affairs on October 18, 2005 under letter Jingshouzhongzi No. 09433020510.

Note 6: This capital increase saw capitalization of retained earnings of NT\$41,908,000 as approved by the Financial Supervisory Commission on June 28, 2006 under letter Jinguanzheng Yizi No. 0950126955.

Note 7: This capital increase saw execution of employee stock option certificates of NT\$4,890,000 as approved by the Ministry of Economic Affairs on October 26, 2006 under letter Jingshouzhongzi No. 09533026550.

Note 8: This capital increase saw execution of employee stock option certificates of NT\$5,140,000 as approved by the Ministry of Economic Affairs on October 30, 2007 under letter Jingshouzhongzi No. 09632953150.

Note 9: This capital increase saw capitalization of retained earnings of NT\$69,982,000 and capitalization of employee bonuses of NT\$8,000,000 for a total of NT\$77,982,000 as approved by the Financial Supervisory Commission on May 27, 2008 under letter Jinguanzheng Yizi No. 0970026534.

Note 10: This capital increase saw Cash capital increase via private placement of securities as approved by the Department of Commerce of the Ministry of Economic Affairs on May 22, 2009 under letter Jingshoushangzi No. 09801100050.

April 18, 2023; Units: Shares

Class of shares	Authorized Share Capital					Remarks
	Outstanding shares			Unissued shares	Total	
	TWSE (TPEX) listed	Not TWSE (TPEX) listed	Total			
Common share	74,900,000	0	74,900,000	25,100,000	100,000,000	None

(2) Shareholder Structure

April 18, 2023

Shareholder Structure	Government Institutions	Financial Institutions	Other Legal Entities	Individual	Foreign Institutions Foreign Individuals	Total
Number of Individuals:	0	7	65	8,509	79	8,660
Number of Shares Held	0	4,797,000	21,136,485	43,070,771	5,895,744	74,900,000
Percentage of Ownership	0	6.41%	28.22%	57.50%	7.87%	100.00%

(3) Equity Distribution

April 18, 2023

Shareholding Categories	Number of Shareholders	Number of Shares Held	Percentage of Ownership
1-----999	1,137	187,521	0.25
1,000-----5,000	6,274	12,154,380	16.23
5,001-----10,000	679	5,266,153	7.03
10,001-----15,000	192	2,463,771	3.29
15,001-----20,000	84	1,529,858	2.04
20,001-----30,000	109	2,810,910	3.75

Shareholding Categories	Number of Shareholders	Number of Shares Held	Percentage of Ownership
30,001-----40,000	43	1,524,198	2.03
40,001-----50,000	31	1,427,114	1.91
50,001----100,000	48	3,341,246	4.46
100,001---200,000	26	3,556,372	4.75
200,001---400,000	12	3,479,143	4.65
400,001---600,000	6	2,728,000	3.64
600,001---800,000	6	4,151,057	5.54
800,001-1,000,000	5	4,669,313	6.23
Over 1,000,001	8	25,610,964	34.19
Total	8,660	74,900,000	100

(4) Major Shareholders List

Names of Shareholders with Ownership Percentage of 5% or more, or Top Ten Shareholders by Ownership Percentage, including Number of Shares Held and Percentage

April 18, 2023

Major Shareholders	Shares	Number of Shares Held	Percentage of Ownership
TAYIH KENMOS AUTO PARTS CO., LTD.		9,450,000	12.62%
LIN, YUNG-CHING(Note1)		5,635,350	7.52%
LIN CHOU, YU-SHAN(Note1)		3,037,920	4.06%
TransGlobe Life Insurance Inc.		2,640,000	3.52%
Kaihia INVESTMENT CO., LTD.		2,297,000	3.07%
Sunder Investment Co., Ltd.		1,905,694	2.54%
Fubon Life Insurance Co., Ltd.		1,550,000	2.07%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Schroder International Selection Fund Asian Smaller Companies.		1,095,000	1.46%
Lycom Investment Co., Ltd		963,400	1.29%
Huang, Deng-Cheng		902,913	1.21%

Note 1: Includes the number of shares held by the Trust Account with retained voting rights.

- (5) Recent two-year data on per-share market price, net asset value, earnings, dividends, and related information is not available.

Unit: NT\$

Year \ Item		2021	2022	Year 2023 ended March 31	
Market Price per Share	Highest	108.50	81.50	73.40	
	Minimum	73.70	55.80	64.40	
	Average	94.37	68.38	68.75	
Net Value per Share	Before distribution	41.50	45.05	43.60	
	After distribution	38.20	41.75	-	
Earnings per Share	Weighted average number of shares		74,900,000	74,900,000	74,900,000
	Earnings per Share	Before retroactive adjustment	5.33	5.50	1.35
		After retroactive adjustment	5.31	(Note1)	-
Dividends per Share	Cash Dividends		3.3	3.3(Note2)	-
	Gratuitous allotment of shares	Earnings distribution of share	-	-(Note2)	-
		Capital surplus distribution of share	-	-(Note2)	-
	Accumulated unpaid dividends		-	-	-
Return on Investment Analysis	Price-to-Earing Ratio		17.71	12.43	-
	Price to dividend Ratio		28.60	20.72	-
	Dividend yield		3.50%	4.83%	-

Note 1: The distribution of earnings for the fiscal year 2022 has not been approved by the shareholders' meeting, so it is not listed.

Note 2: The proposal for the distribution of earnings for the fiscal year 2022 was approved by the Board of Directors on March 22, 2023, to distribute a cash dividend of NTD 3.3 per share, but it has not been approved by the shareholders' meeting yet.

(6) Company dividend policy and implementation status

1. Dividend policy

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 27 of the Company's Articles of Incorporation, the amount of dividend 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.

2. Implementation status

The Company authorizes the Board of Directors to pay cash dividends by special resolution in accordance with Article 27 of the Articles of Incorporation. The Company passed a special resolution of the Board of Directors on March 22, 2023 to issue cash dividends of NT\$3.3 per share for 2022. Subsequent issuance will be carried out in accordance with relevant regulations.

(7) The influence of stock dividends planned to be paid in the Shareholders' Meeting of this year on the operation performance and earnings per share of the Company: Not applicable.

(8) Information on Remuneration for Employees, Directors and Supervisors

1. The percentage or scope of remuneration and directors' and supervisors' remuneration as set out in the Articles of Incorporation:

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.

2. Estimated employee remuneration for this period and the basis for the estimation of the remuneration of directors and supervisors:

The Company's 2022 estimated employee remuneration and the estimated basis for the remuneration of directors and supervisors are estimated and recognized as annual expenses for 2022 within the scope stated in the Articles of Incorporation. The estimated amounts of remuneration for employees, directors, and supervisors in 2022 was consistent with the amounts resolved by the Board of Directors.

3. The proposed distribution of employee remuneration as approved by the Board of Directors:
    - (1) Distributions of employee remuneration and the remuneration amounts for directors and supervisors:

As approved by the Board of Directors on March 22, 2023, distributions of NT\$21,759,187 for employees and NT\$8,703,675 for directors and supervisors was consistent with the financial statement estimates and all payments were to be made in cash.
    - (2) The amount of employee bonuses distributed by stocks and its proportion to the total after-tax net profit and total employee bonuses in the parent company only financial report for the current period: Not applicable.
  4. The actual distributions of remuneration for employees, directors, and supervisors in the prior year:
    - (1) The actual distributions of employee remuneration and directors' and supervisors' remuneration in the prior year: In 2021, employee remuneration was NT\$21,670,256 and the remuneration of directors and supervisors was NT\$8,668,103 with all payments to be made in cash.
    - (2) The original proposed distribution approved by the original Board of Directors: the proposal approved by the Board of Directors was to allocate NT\$21,670,256 for employees and NT\$8,668,103 for directors and supervisors with all payments to be made in cash.
    - (3) The differences between the proposed distributions and the actual distributions: None.
- (9) Repurchase of shares by the Company: None.

- B. Corporate Bonds: None.
- C. Preferred shares: None.
- D. Global depositary receipts: None.
- E. Employee stock options: Not applicable.
- F. Subscription of New Shares for Employee Restricted Stocks: None.
- G. Issuance of New Shares due to Acquisition of Shares of Another Company: None.
- H. Implementation status of fund usage plan: Not applicable.



## V. Overview of Operations

### A. Business Content

#### (1) Main business content and operating proportions.

Unit: NT\$ thousand

Business Content:	Revenue in 2022	Revenue Ratio(%)
Automobile Sun Shade	4,827,783	99.54
Others	22,251	0.46
Total	4,850,034	100.00

#### (2) Current Product and Service Offerings of the Company

Product	Product specification
Automobile Sun Shade	Rear Shade-Manual, Rear Shade-Power, Door Shade-Manual, Door Shade-Power, Door Shade-Triangle, Rolly Assy, Luggage Compartment Cover, Wind Deflector, Barrier Net.
Others	Battery-Power Lawnmower, Battery-Powered Trimmer, Electric Wheelbarrow, Door Arm Rest, Map Pocket.

#### (3) Planned Development of New Products and Services.

1. Innovative Research on Manual Side Window Shade with Magnet Attachment.
2. Innovative Research on Manual Sunroof Shade with Multi-position Control.
3. Innovative Research on Horizontal Power Shades with Wire Driving Type.
4. Innovative Research on Fully Concealed Horizontal Power Shade.
5. Innovative Research on Front Manual Shade Visor.
6. Innovative Research on Dual Stepless Curved Sunroof Shade.

### B. Production and Sales Overview

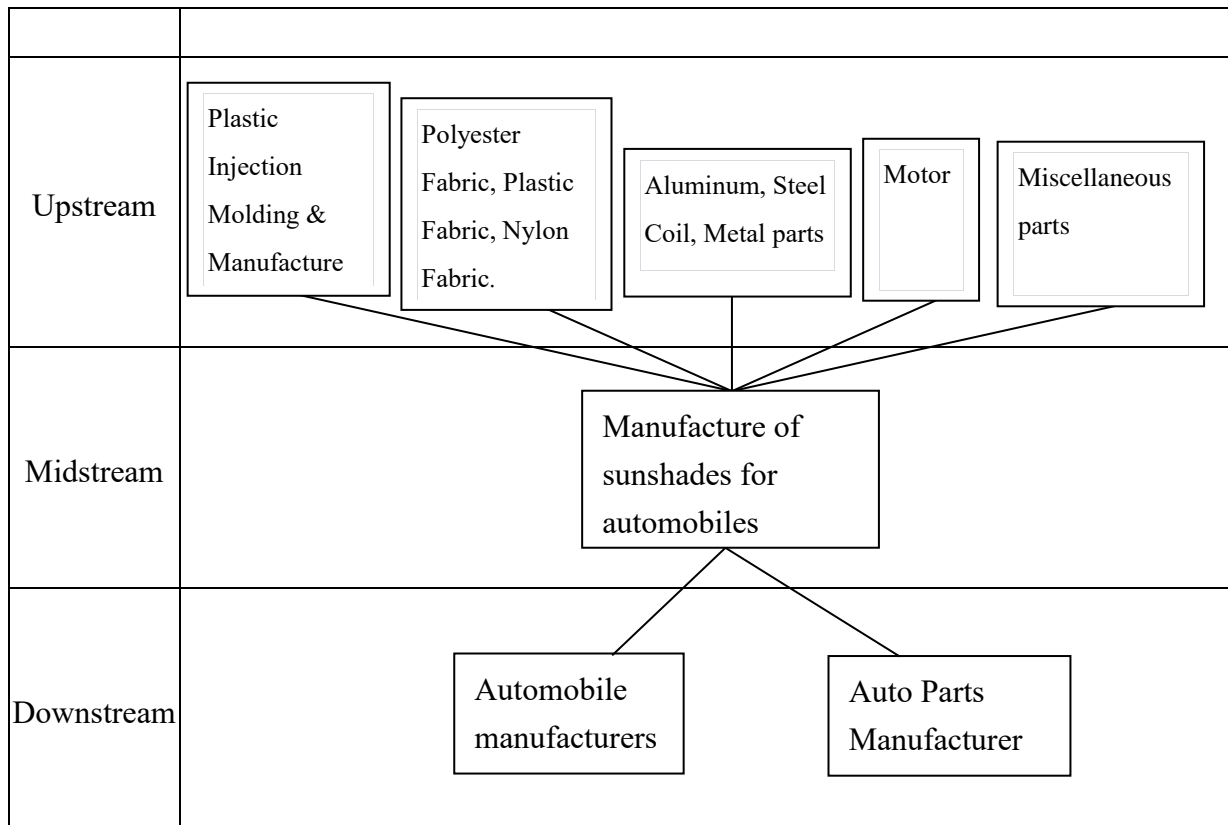
#### (1) Current Status and Development of the Industry

Current Status of the Industry The category of Automobile Sun Shade can be roughly divided into rear shades (manual and power), door shades (manual and power), door shades-triangle, roly assys (manual and power), wind deflectors, luggage compartment covers, and Barrier nets. In recent years, the inclusion rate of Automobile Sun Shade as a choice of interior equipment in automobiles has been increasing, indicating a higher penetration rate of Automobile Sun Shade. Among them, the main products are roly assys, rear shades, door shades, luggage compartment covers, and wind deflectors. In recent years, the design of automotive sunroofs has been trending towards panoramic sunroofs. The traditional hard panel approach is no longer suitable for the shading needs of current and future panoramic

sunroofs. The fabric-based sunshades designed by our company perfectly meet the shading needs of panoramic sunroofs, leading to an increasing demand for roolly assys. The popularity of EVs and SUVs has also contributed to the growing demand for roolly assys, luggage compartment covers, storage nets, and Barrier nets. In the North American market, our company serves major international car manufacturers, expanding beyond the three major US automakers Ford, GM, and Chrysler to include VW Group, BMW, and Honda in the supply chain. Therefore, the North American region is one of our key markets.

(2) Development of the Industry The development of Automobile Sun Shade has progressed from simple suction cup types (commercially available) to exposed roll-up types (commercially available), semi-concealed manual pull types (OEM), concealed manual pull types (OEM, ODM), cable-controlled electric types (OEM, ODM), and wireless remote control types (OEM, ODM). Door shade → door shade-power. Rear shade → rear shade-power → fully enclosed electric rear shade. Rolly assy → panoramic roolly assy. Luggage compartment cover → luggage compartment cover with Barrier net → luggage compartment cover-Power.

## 2. Interrelation of Upstream, Midstream, and Downstream in the Industry.



### 3. Various Development Trends and Competitive Situation of Products

#### (1) Development Trends of Products

The development trend of car window blinds is moving towards higher shading performance, electric-powered operation, and panoramic sunroofs. For rear window blinds, side window blinds, triangle window blinds, panoramic sunroof blinds, and cargo blinds, collaboration with car manufacturers is necessary for the design and development of new vehicle models. Starting from the process of new vehicle development, it requires manpower and joint design and development with car manufacturers or Tier-1 customers. Therefore, the development trend of car window blinds is towards the ODM (Original Design Manufacturer) direction. Under this circumstance, the company's capabilities in design and development, mass production, quality assurance, engineering, after-sales technical support, and cost control have become essential for car window blind manufacturers. As a result, in the future, car window blind manufacturers will experience a situation where the bigger players become even larger.

#### (2) Competitive Situation of Products

In the domestic market, the company is the largest supplier of ODM/OEM car window blinds. In the European, American, and Chinese markets, the main competitor is Germany's BOS.

### C. Overview of Technology and Research & Development

1. Research and development expenses incurred in the most recent fiscal year and up to the printing date of the annual report.

Unit: NT\$ Thousand

Item/Year	2022	Year ended March 31, 2023
Research and development (R&D) expenses	178,064	45,978
Percentage of revenue (%)	3.67%	3.75%

2. Developed Successful Technology or product: research on horizontal sunshade-Power.

#### (IV) Long-term and Short-term Business Development Plans:

##### 1. Long-term Business Development Plans:

- (1) Expand product line and develop new customers to strengthen business expansion.
- (2) Promote and apply new designs and materials to provide customers with superior product designs and usage.

## 2.Short-term Business Development Plans:

- (1) Promote Automobile Sun Shade and interior components, actively pursue collaboration opportunities with car manufacturers worldwide.
- (2) Provide products and services that meet customer needs based on market demands.

## B. Market and production and sales overview

### (I) Market Analysis

#### 1. Main product sales areas

Units: NT\$ thousand; %

Region \ Year		2021		2022	
		Amount	%	Amount	%
Domestic sales		291,603	6.11	321,650	6.63
Exports	China	2,194,990	45.99	1,953,056	40.27
	United States	915,738	19.19	1,105,473	22.79
	Mexico	365,629	7.66	472,524	9.74
	Germany	380,651	7.98	341,777	7.05
	Others	624,432	13.07	655,554	13.52
Export subtotal		4,481,440	93.89	4,528,384	93.37
Total		4,773,043	100.00	4,850,034	100.00

#### 2. Market share

Up to now, there is no professional organization domestically or abroad to conduct statistics on the production and sales of automotive roller shades. Therefore, the market share of the Company is unknown. In regard to the Company's competitive situation in the international market, BOS of Germany is currently the world's largest ODM/OEM automotive roller shade supplier. In addition, similar products are supplied by Asimori of Japan as well as manufacturers in mainland China and South Korea.

#### 3. Market supply and demand in the future

##### (1) Future supply conditions

Rear shades and door shades are currently supplied domestically by the Company and by Denso. Internationally, suppliers include the Company, BOS of Germany, Asimori of Japan, and several manufacturers in mainland China and South Korea. Rollo assy are currently supplied domestically by the Company. Internationally, suppliers encompass several manufacturers including the Company as well as BOS of Germany.

(2) Future demand conditions

At present, the proportion of rollo assy, door shades, rear shades and luggage compartment covers installed on luxury cars and recreational vehicles is increasing. In the future, moreover, there will be a trend of popularization among low- and medium-priced cars in order to achieve advanced interior decoration and driving comfort. This will greatly increase the demand for automotive sunshades (rear, door and rollo assy), as well as for luggage compartment covers, barrier nets, and so on. Coupled with the popularity of panoramic sunroofs, this will greatly increase the demand for rollo assy.

4. Future market growth

(1) Today's trends in automotive manufacturing are to increase window areas or increase sunroofs; that is, the amount of glass used in each car has increased significantly. Under these circumstances, the occupants or accessories in the car are exposed to a wider range of sunlight. Therefore, installing sunshades in the glassed areas of the whole car will be the best way to protect from the sun and ride comfortably. This will benefit manufacturers that have the ability to manufacture various types of roller blinds for complete vehicles. The Company is one such manufacturer capable of designing and manufacturing comprehensive vehicle sunshades and meeting the needs of future automotive design and manufacturing trends.

(2) In the past, automotive roller shades were optional vehicle accessories and up to now many car manufacturers or models have not installed automotive roller shades. In recent years, major international automakers have gradually listed automotive roller shades as optional equipment. This includes rear shades (power and manual), door shades, door shades - triangle, rollo assy, and sunshades with other properties. Moreover, major automakers have recently invested and set up factories in mainland China, and they have also listed automotive roller shades as optional equipment. It can thus be confirmed that automotive roller shades will grow year by year in the future.

5. Competitive niche

(1) We have accumulated 30 years of independent development and design capabilities for automotive roller shade as well as mass production experience.

(2) We have abundant experience in product design and development with international car manufacturers, enabling us to meet the design and development needs of various customers.

(3) Our product has a cost competitive advantage.

- (4) We have quick response speed to the problems faced by ODM and OEM customers and we have good engineering ability.
- (5) Our core technologies enjoy patent protection.
- 6. Favorable and unfavorable factors in future development, and response measures
  - (1) Favorable factors for development prospects
    - A. The penetration rate and application of automotive roller shades in automotive interiors is increasing and the demand for automotive roller shades has greatly increased.
    - B. From past installations as rear shades, automotive roller shades have currently move into applications for door shades, door shades - triangle, rollo assy, wind deflectors, luggage compartment covers, and barrier nets. Vehicles equipped with automotive roller shades thus have greatly increased.
  - (2) Unfavorable factors for development prospects, and countermeasures
    - A. Labor costs are increasing annually in every region  
Countermeasures:  
The Company will work towards automated manufacturing in order to reduce the impact of annually rising labor costs in every region.
    - B. Competitive threats from mainland Chinese or South Korean manufacturers  
Manufacturers from mainland China or South Korea compete in regional markets with low-priced, low-quality products, thereby increasing product price pressures.  
Countermeasures:  
Develop products that are affordable and meet customer and market needs, and manufacture them in mainland China to reduce product costs and improve product price competitiveness.

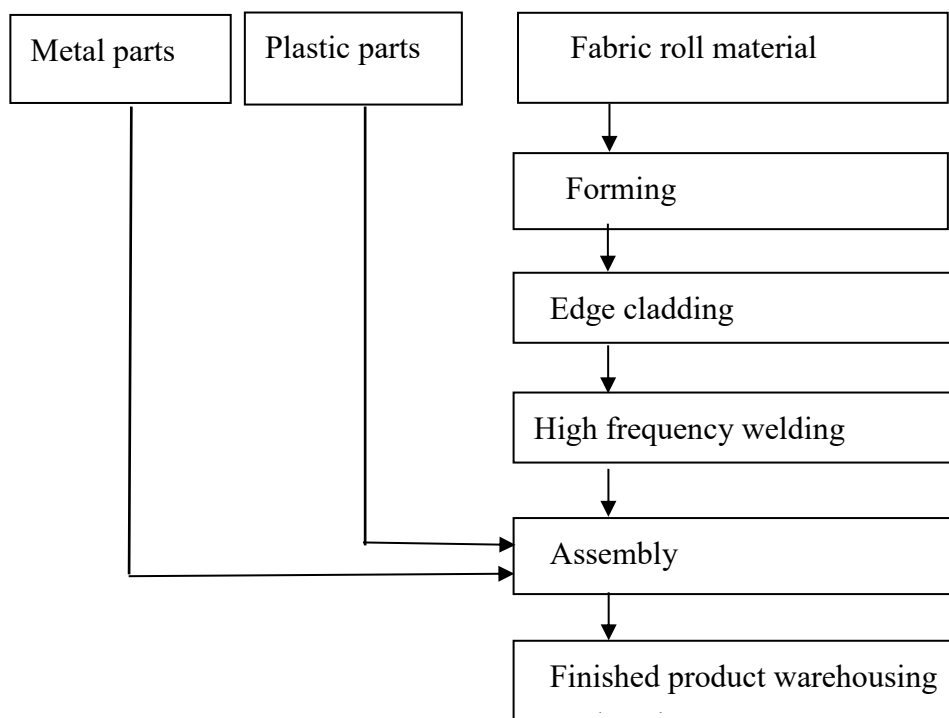
(2) Important uses and production processes of main products

1. Important uses of main products

Product (commodity) or service item	Important purpose or function
Automobile Sun Shade	Car interior sunshade and heat protection

2. Production process of main products

Production process of Automobile Sun Shade



(3) Supply status of main raw materials

Main Raw Materials	Supply Sources	Supply Situation
Fabric	Taiwan, Germany, China	Good
Plastic injection parts	Taiwan, China	Good
Motor	Taiwan, China	Good
Metal machining parts(aluminum & steel)	Taiwan	Good

(4) Information on major suppliers/clients who have accounted for at least 10% of sales/procurement in either of the past two years:

1. List of suppliers that have accounted for at least 10% of procurement over the past two years:NA.
2. List of clients that have accounted for at least 10% of sales over the past two years:NA.

(5) Production volume and value in the last two years

Unit: Quantity thousand pieces; NT\$ thousand

Year Production volume and value Major Products	2021			2022		
	Capacity	Volume	Value	Capacity	Volume	Value
Automobile Sun Shade	12,926	12,585	3,568,323	12,059	11,740	3,434,940
other	11	1	65,638	11	2	88,795
Total	12,937	12,586	3,633,961	12,070	11,742	3,523,735

(6) Sales volume and value in the last two years

Unit: Quantity thousand pieces; NT\$ thousand

Year Sales volume and value Major Products	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Automobile Sun Shade	6,724	284,021	11,152	4,413,975	7,099	313,227	11,046	4,374,916
other	56	7,582	280	67,465	9	8,423	631	153,468
Total	6,780	291,603	11,432	4,481,440	7,108	321,650	11,677	4,528,384

C、The number of employees, the average length of service, average age and educational background analysis ratio in the last two years and as of the publication date of the annual report

Unit: Person

Item \	Year	2021	2022	2023 Q1
Number of employees	Manufacturing staff	636	699	714
	Salesperson	28	34	36



Item \ Year		2021	2022	2023 Q1
	Administration staff	360	332	315
	Researchers	82	80	78
	Total	1,106	1,145	1,143
Average age		38.90	38.82	37.75
Average years of service		5.32	6.10	5.94
Educational Distribution Ratio	Doctor	0.09	0.09	0.09
	Master	5.97	5.41	5.51
	College	39.06	37.55	36.13
	Senior (vocational) high school	42.67	45.68	47.25
	Under senior (vocational) high school	12.21	11.27	11.02

Note: The table shows the number of regular employees, excluding the number of temporary workers.

D. Environmental protection expenditure information

(1) In the most recent year and as of the and as of the date of publication of the annual report, the Company's losses due to environmental pollution (specifying compensation and environmental protection audit results that violate environmental protection regulations, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible measures. When estimation cannot be provided, explanation for such cases should be offered: None.

(2) Relevant information in response to the EU Directive on the Restriction of Hazardous Substances (RoHS):

The EU Directive on Restriction of Hazardous Substances (RoHS) came into effect on July 1, 2006. In March 2006, the Company convened suppliers to explain the content of the restricted use directive and the changes in materials to meet the requirements of the European Union. ODM/OEM products and sales in Europe have been using materials free of harmful substances since May 2006.

(3) Work environment, employee personal safety, and environmental protection measures

The main work objectives of the Company's Work Safety Office in 2023 were as follows:

1. Formulate the Occupational Safety and Health Management Plan, assisting each unit in the improvement of safety and health hazards, developing an emergency response mechanism and notification system in order to implement safety and health management, and protecting the safety and health of employees.
2. The Company is certified by the ISO 14001 Environmental Management System and is continuously certified by DNV verification company every year. Actively promote cleaner production, pollution prevention, energy and resource conservation, waste reduction and reuse through continuous improvement of the management system to reduce the impact on the environment.
3. Annual statutory inspection of dangerous machinery and equipment, include: lifts (four in total) and stationary cranes (four in total). All inspections were passed to ensure that the dangerous machinery and equipment in the factory comply with laws and regulations and operate safely.
4. Carry out operating environment monitoring every six months and monitor physical hazards and chemical hazards in the working environment. The monitoring results are used as the basis for future improvement of the operating environment in the hope of achieving the purpose of protecting the safety and health of colleagues.
5. We have established Measures for Automated Inspection with relevant machinery, equipment, and operating environments implemented through automatic inspection. Furthermore, we have established a system of inspection management to ensure labor safety and maintain the normal operation of machinery and equipment.
6. We have established a Hazard Communication Plan for the control and labeling of the hazardous chemicals used, and pre-examination work before the introduction of new chemicals to reduce the hazards of employees operating and using chemicals.
7. We undertake comprehensive reviews of machinery, equipment safety design, and environments to avoid new hazards caused by changes in the environment and conditions of machinery and equipment to provide a safe workplace environment for colleagues in the factory.
8. We have established a Contractor Construction Management Program to define the safety, health and environmental protection regulations for contractors entering the Company to carry out construction operations, thereby ensuring the safety of construction between company personnel and contractors as a basis for contract management.
9. We conduct self-defense fire drills every six months so that colleagues in the factory can take effective self-defense firefighting actions according to the fire situation, thus effectively exerting the initial response capabilities of early warning and timely firefighting.

10. We have established a health management system to effectively integrate the health status of factory personnel over the years, and monitor the blood pressure changes of high-risk workers through a cloud-based system to provide timely health guidance for the purpose of health management.
  11. We have brought in a total of three automated external defibrillators (AEDs) and conducted large-scale CPR+AED first aid training courses in the factory areas to extend the emergency rescue to the scene of the accident and improve the survival rates of cerebrovascular disease rescue, thus creating a healthy and safe working environment for employees.
  12. We promote sports in the workplace by setting up and strengthening the sports space through sports clubs and conducting various sports competitions to improve the sports atmosphere in the factory.
  13. We continue to strengthen the advocacy of car safety and translate it into action, actively inspecting the vehicle safety-related facilities in the factory (such as brakes, mirrors, tire pressure, tread patterns, turn signals) in order to prevent problems before they happen.
- In terms of environmental protection, the current year's implementation of the energy saving plan is as follows:

Objective	Proposal	Status description	Implementation
Waste recycling	Selling or recycling waste window screen material from the manufacturing process	<p>(1) For those expired leftovers of the manufacturing process and of research and development and those having a poor appearance and so on, whole pieces of waste window screen material that meets demand are sold to reuse manufacturers for commercial or other legitimate purposes.</p> <p>(2) The waste window screen material that was originally considered waste is sorted out by the production line, and then transported to the reuse manufacturer to make fuel rods to reduce the Company's waste window screen material removal volume and cleaning costs.</p>	The sales volume of waste window screen material in 2022 was 27.665 metric tons and the recovered quantity was 280.13 metric tons.

Objective	Proposal	Status description	Implementation
Reducing CO2 emissions	Solar power system setup	We adopt the rooftop leasing method to provide spaces for professional and legitimate manufacturers to install solar power generation modules and carry out commercial operations	In 2022, the total power generation of solar photovoltaic systems were 941,284 kWh, thereby reducing CO2 emissions by about 587 tons.

#### E. Labor Relations

- (1) Various employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreements between labor and management

1. Employee benefits measures:

- (1) Employee benefits measures provided by the Company:

- a. Employee bonuses
- b. Wedding stipends
- c. Childbirth allowances
- d. Gift stipend for new home completion
- e. Bereavement grants
- f. Employee group insurance.

- (2) Employee benefit measures handled by the Company's Employee Welfare Committee:

- a. Wedding stipends
- b. Bereavement grants
- c. Childbirth allowances
- d. Gift stipend for new home completion
- e. Labor Day gift certificates
- f. Dragon Boat Festival gift certificates
- g. Mid-Autumn Festival gift certificates
- h. Birthday gift money

2. Continuing education and training for employees

Training and education for the Company's employees is divided into internal training and external training. Internal training is conducted by the Company's directors or hired external lecturers to provide education and training for Company employees. For external training employees sign up to participate in educational training organized by external organizations. The Company encourages employees to participate in education and training and includes employee education and training as one of the annual performance evaluation items.

Courses expected to be implemented by the Company in 2023 are as follows

Item	Total echelons	Total hours	Total number of individuals	Total budget
Company training (General education for newcomers, project classes, engineering classes, management classes)	29	291	619	1,001,710
Environmental Safety and Health Training	25	184	277	104,370
Departmental Professional Training	69	288	644	341,255
Total	123	763	1540	1,447,335

### 3. Retirement system and its implementation

#### (1) Old pension system

- ① Six percent of total salaries is withdrawn and deposited into a special bank account in R.O.C. every month.
- ② Compulsory retirement
  - A. For those reaching the age of 65, all shall retire except for top executives
  - B. Mental loss or physical disability making one unfit to work
- ③ Voluntary retirement
  - A. Having served in the Company for more than 15 years, and having reached the age of 55.
  - B. Having served in the Company for more than 25 years.
  - C. Having served for more than 10 years and over 60 years old.
- ④ Pension calculation standard
  - A. A base of two months is given for each full year of the first 15 years of service; for more than 15 years, a base of one month is given for each full year, with a maximum amount of 45 months.
  - B. If the seniority calculation is less than half a year, the seniority shall be calculated as half a year. Half a year but less than one year shall be counted as one year.
  - C. The base figure is the average monthly salary at the time of retirement, and the average salary is calculated in accordance with the relevant provisions of the Labor Standards Act.

#### (2) New pension system

To be handled in accordance with government regulations.

- (3) Provision (distribution) of expense-based retirement pension in 2022
- ① Applicable to the Labor Pension Act (new pension system), the pension system and overseas subsidiaries are based on a certain percentage of local employee salaries to allocate pension reserves and endowment insurance funds. Total allocated amount for 2022: NT\$28,473 thousand.
  - ② Applicable to the Labor Standards Act (old pension system) and the Administrative Measures for the Retirement of Directors and Appointed Managers, the pension system distribution amount: NT\$3,017 thousand.

4. Labor-management agreements

The Company handles holidays, leave, and special leave for employees in accordance with the regulations. Both labor and management have gotten along well since the establishment of the Company. Management pays attention to employees' opinions and take care of employees' lives, providing a good and comfortable working environment. In the future, management will continue to take care of employees and establish a rationalized management system, and labor relations will become more harmonious.

- (II) In the most recent year and up to the date of publication of the annual report, any losses or its Company due to labor disputes (including labor inspection results that violate the Labor Standards Act, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclose current and future estimated amounts and possible measures. If it cannot be estimated, the fact that it cannot be estimated shall be stated: None.

F. Information Security Management:

- (1) Describe the information security risk management framework, the information security policy, the specific management plan, resources invested in the security management of information, etc.

In order to ensure the information security of the Company, and to protect the Company from any interference, destruction, intrusion, or operational risks caused by any unfavorable actions and attempts, we have formulated Information Security Policy Measures and related management points as the implementation regulations.

These include the establishment of an information security promotion organization and coordination, planning, auditing, and promotion of matters such as unified information security management, allocation of appropriate personnel powers and responsibilities to

continuously strengthen the Company's information security protection, and the arrangement of information security education and training to improve the information security management and control capabilities of dedicated personnel and general colleagues' information security awareness. We define computer system security, network security, system access control, system development and maintenance security management, information asset security management, physical and environmental security management, business continuity operation plans and information security threat prevention, and so on. Furthermore, we continue to review the effectiveness of information security risk control and make timely corrections and improvements.

We use various information security protection tools, firewalls, anti-virus software, and regular internal and external agency information security checks in monitoring abnormalities to protect important information on business operations, individuals, companies and customers and to avoid leakage of confidentiality. This is to ensure the uninterrupted operation of the Company and the effectiveness of the sustainable operation of the business.

- (2) Losses suffered due to major information security incidents in the most recent year and as of the publication date of the annual report, possible impact, and response measures. If this cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

G. Significant Contracts: None.

## VI. Financial Overview

### A Concise balance sheets and statements of comprehensive income for the most recent five years

#### (1) Concise balance sheets of the Company and its subsidiaries, 2018 to 1Q 2023:

Unit: NT\$ thousand

Item	Year	2018	2019	2020	2021	2022	Current year through
							March 31, 2023
							Financial information (Note 1)
Current assets		3,734,154	3,452,786	3,541,431	3,621,313	3,935,919	3,654,076
Property, plant and equipment		1,785,565	1,689,850	1,562,986	1,379,072	1,342,931	1,350,647
Intangible assets		47,944	35,115	25,672	18,832	14,208	12,791
Other assets		197,197	249,312	213,736	334,100	368,319	465,817
Total assets		5,764,860	5,427,063	5,343,825	5,353,317	5,661,377	5,483,331
Current liabilities	Before distribution	2,498,661	1,978,779	1,824,085	1,880,326	1,999,810	1,953,084
	After distribution	2,813,241	2,240,929	2,176,115	2,127,496	2,246,980	(Note2)
Non-current liabilities		605,313	576,308	419,382	364,282	287,232	264,471
Total liabilities	Before distribution	3,103,974	2,555,087	2,243,467	2,244,608	2,287,042	2,217,555
	After distribution	3,418,554	2,817,237	2,595,497	2,491,778	2,534,212	(Note 2)
Equity attributable to owners of parent							
Share capital		749,000	749,000	749,000	749,000	749,000	749,000
Capital surplus		3,082	3,082	3,082	3,082	3,082	3,082
Retained earnings	Before distribution	1,990,970	2,237,138	2,487,410	2,540,840	2,701,897	2,555,720
	After distribution	1,676,390	1,974,988	2,135,380	2,293,670	2,454,727	(Note 2)
Other equity		-82,166	-117,244	-139,134	-184,213	-79,644	-42,026
Total equity	Before distribution	2,660,886	2,871,976	3,100,358	3,108,709	3,374,335	3,265,776
	After distribution	2,346,306	2,609,826	2,748,328	2,861,539	3,127,165	(Note 2)

Note 1: The financial information has been reviewed by CPAs.

Note 2: Distribution has not yet been decided.



## (2) Concise balance sheets of the Company, 2018 to 2022:

Unit: NT\$ thousand

Item	Year	2018	2019	2020	2021	2022
	Current assets		2,519,735	2,141,000	2,033,710	2,017,804
Long-term investments		1,534,132	1,625,812	1,726,489	1,737,674	1,904,615
Property, plant and equipment		1,118,560	1,063,293	992,659	853,391	801,324
Intangible assets		39,678	29,555	22,336	17,033	13,158
Other assets		82,496	90,045	90,551	176,347	184,266
Total assets		5,294,601	4,949,705	4,865,745	4,802,249	5,067,673
Current liabilities	Before distribution	2,061,315	1,613,020	1,423,606	1,437,688	1,506,807
	After distribution	2,375,895	1,875,170	1,775,636	1,684,858	1,753,977
Non-current liabilities		572,400	464,709	341,781	255,852	186,531
Total liabilities	Before distribution	2,633,715	2,077,729	1,765,387	1,693,540	1,693,338
	After distribution	2,948,295	2,339,879	2,117,417	1,940,710	1,940,508 (Note 1)
Equity attributable to owners of parent						
Share capital		749,000	749,000	749,000	749,000	749,000
Capital surplus		3,082	3,082	3,082	3,082	3,082
Retained earnings	Before distribution	1,990,970	2,237,138	2,487,410	2,540,840	2,701,897
	After distribution	1,676,390	1,974,988	2,135,380	2,293,670	2,454,727
Other equity		-82,166	-117,244	-139,134	-184,213	-79,644
Total equity	Before distribution	2,660,886	2,871,976	3,100,358	3,108,709	3,374,335
	After distribution	2,346,306	2,609,826	2,748,328	2,861,539	3,127,165

Note 1: To be finalized after the resolution of the shareholders' meeting.

(3) Concise statements of comprehensive income of the Company and its subsidiaries, 2018 to 1Q 2023:

Unit: NT\$ thousand

Item	Year					Financial information for the three months period ended March 31, 2023 (Note)
	2018	2019	2020	2021	2022	
Operating revenue	6,119,718	5,825,190	4,635,333	4,773,043	4,850,034	1,225,813
Operating margin	1,792,218	1,694,964	1,333,262	1,359,820	1,243,389	323,449
Operating profit	695,313	681,600	544,290	507,249	412,552	112,383
Non-operating income and expenses	28,546	9,945	64,734	-13,704	82,544	17,783
Net profit before tax	723,859	691,545	609,024	493,545	495,096	130,166
Net profit for the period	576,631	563,844	501,105	399,434	411,972	100,993
Other comprehensive income (loss), net for the period after tax	-27,228	-38,174	-10,573	-39,053	100,824	37,618
Total comprehensive income for the period	549,403	525,670	490,532	360,381	512,796	138,611
Net profit attributable to owner of parent	576,631	563,844	501,105	399,434	411,972	100,993
Total comprehensive income attributable to owners of parent	549,403	525,670	490,532	360,381	512,796	138,611
Earnings per share	7.70	7.53	6.69	5.33	5.50	1.35

Note: The financial information has been reviewed by CPAs.

(4) Concise statements of comprehensive income of the Company, 2018 to 2022:

Unit: NT\$ thousand

Item	Year				
	2018	2019	2020	2021	2022
Operating revenue	4,412,745	4,244,622	3,364,368	3,404,633	3,093,637
Operating margin	1,380,337	1,300,270	1,008,798	1,012,424	901,429
Operating profit	605,695	529,443	450,361	444,689	336,328
Non-operating income and expenses	98,517	137,523	145,845	41,001	153,180
Net profit before tax	704,212	666,966	596,206	485,690	489,508
Net profit for the period	576,631	563,844	501,105	399,434	411,972
Other comprehensive income (loss), net for the period after tax	-27,228	-38,174	-10,573	-39,053	100,824
Total comprehensive income for the period	549,403	525,670	490,532	360,381	512,796
Earnings per share	7.70	7.53	6.69	5.33	5.50

(5) CPA name and audit opinion for the most recent five years

Year	CPA name		Audit opinion
2022	PricewaterhouseCoopers, Taiwan	Lin, Yung-Chih; Yeh Fang-Ting	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan	Lin, Yung-Chih; Lin, Tzu-Shu	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan	Lin, Yung-Chih; Lin, Tzu-Shu	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan	Lin, Yung-Chih; Lin, Tzu-Shu	Unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Lin, Yung-Chih; Lin, Tzu-Shu	Unqualified opinion

B. Financial analysis for the last five years

(1) Financial analysis of the Company and its subsidiaries, 2018 to 1Q 2023:

Analysis item (Note 2)		Year					For the three months ended March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio	53.84	47.08	41.98	41.93	40.40	40.44
	Long-term capital to PP&E	182.92	204.06	225.19	251.84	272.65	261.37
Solvency (%)	Current ratio	149.45	174.49	194.15	192.59	196.81	187.09
	Quick ratio	93.35	112.03	132.38	122.75	137.09	126.17
	Times interest Earned	6,640.14	13,108.20	12,590.11	14,154.77	11,433.64	7,883.70
Operating ability	Accounts receivable turnover (times)	4.23	4.25	4.11	4.86	4.81	4.49
	Accounts receivable turnover days	86.28	85.88	88.80	75.10	75.88	81.29
	Inventory turnover (times)	3.84	3.58	3.14	3.11	3.19	3.42
	Account payable turnover (times)	4.73	4.94	4.61	4.83	4.88	5.34
	Average days of sales	95.05	101.95	116.24	117.36	114.42	106.72
	Turnover of PP&E (times)	3.47	3.35	2.85	3.24	3.56	3.64
	Total assets turnover (times)	1.08	1.04	0.86	0.89	0.88	0.88
Profitability	Return on assets (%)	10.35	10.15	9.38	7.52	7.57	1.84
	Return on equity (%)	22.31	20.38	16.78	12.87	12.71	3.04
	Net profit before tax to paid-in capital ratio (%)	96.64	92.33	81.31	65.89	66.10	17.38

Analysis item (Note 2)		Year					For the three months ended March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
	Net profit (%)	9.42	9.68	10.81	8.37	8.49	8.24
	Earnings per share (NTD)	7.70	7.53	6.69	5.33	5.50	1.35
Cash flows	Cash flow ratio (%)	19.04	47.50	50.05	32.75	27.39	-3.83
	Cash flow adequacy ratio (%)	75.64	100.90	121.76	118.06	153.65	194.06
	Cash reinvestment ratio (%)	2.02	14.98	14.97	5.98	6.51	-1.66
Leverage	Operating leverage	3.20	3.06	3.32	3.53	3.19	3.14
	Financial leverage	1.02	1.01	1.01	1.01	1.01	1.02
If financial ratios have increased or decreased by more than 20% in the last two years, the explanations are as follows:							
The cash flow adequacy ratio increased by 30% mainly due to better control for inventory, decrease in capital expenditure and decrease in cash dividends.							

Note 1: Financial statements for 1Q 2023 have been reviewed by CPAs.

Note 2: The calculation formulas for the above analysis items are as follows:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) The ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest Earned = net profit before income tax and interest expense / interest expense in the current period.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable from operation) turnover rate = net sales / average receivables in each period (including accounts receivable and notes receivable from operation) balance.

- (2) Accounts receivable turnover day =  $365 / \text{receivable turnover rate}$ .
  - (3) Inventory turnover =  $\text{cost of goods sold} / \text{average of inventory}$ .
  - (4) Account payable (including accounts payable and notes payable from operation) turnover rate =  $\text{cost of goods sold} / \text{average payables in each period (including accounts payable and notes payable from operation) balance}$ .
  - (5) Inventory turnover day =  $365 / \text{inventory turnover rate}$ .
  - (6) Turnover of PP&E =  $\text{net sales} / \text{average net property, plant, and equipment}$ .
  - (7) Total assets turnover =  $\text{net sales} / \text{average total assets}$ .
4. Profitability
- (1) Return on assets =  $(\text{after-tax profit and loss} + \text{interest expense} \times (1 - \text{tax rate})) / \text{average total assets}$ .
  - (2) Return on equity =  $\text{profit and loss after tax} / \text{average total equity}$ .
  - (3) Net profit =  $\text{after-tax profit and loss} / \text{net sales}$ .
  - (4) Earnings per share =  $(\text{profit and loss attributable to owners of the parent company} - \text{preferred share dividends}) / \text{weighted average outstanding shares}$ .
5. Cash flow
- (1) Cash flow ratio =  $\text{net cash flow from operating activities} / \text{current liabilities}$ .
  - (2) Cash flow adequacy ratio =  $\text{net cash flow from operating activities in the last five years} / \text{the last five years (capital expenditure} + \text{inventory increase} + \text{cash dividend)}$
  - (3) Cash reinvestment ratio =  $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{gross property, plant, and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$
6. Leverage:
- (1) Operating leverage =  $(\text{net operating income} - \text{variable operating costs and expenses}) / \text{operating income}$ .
  - (2) Financial leverage =  $\text{operating income} / (\text{operating income} - \text{interest expense})$

(2) Financial analysis of the Company, 2018 to 2022:

Analysis item (Note 2)		Year				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	49.74	41.98	36.28	35.27	33.41
	Long-term capital to PP&E	289.06	313.81	346.76	394.26	444.37
Solvency (%)	Current ratio	122.24	132.73	142.86	140.35	143.64
	Quick ratio	82.06	88.80	100.41	96.41	108.56
	Times interest Earned	19,075.42	14,308.52	26,479.47	43,008.39	25,375.06
Operating ability	Accounts receivable turnover (times)	3.94	4.15	4.10	5.12	4.28
	Accounts receivable turnover days	92.63	87.95	89.02	71.28	85.28
	Inventory turnover (times)	4.60	4.43	4.04	4.25	4.05
	Account payable turnover (times)	4.44	4.68	4.49	4.72	4.11
	Average days of sales	79.34	82.39	90.34	85.88	90.12
	Turnover of PP&E	3.89	3.89	3.27	3.69	3.74
	Total assets turnover (times)	0.87	0.83	0.69	0.70	0.63
Profitability	Return on assets (%)	11.43	11.08	10.25	8.28	8.38
	Return on equity (%)	22.31	20.38	16.78	12.87	12.71
	Net profit before tax to paid-in capital ratio (%)	94.02	89.05	79.60	64.85	65.35

Analysis item (Note 2)		Year				
		2018	2019	2020	2021	2022
	Net profit (%)	13.07	13.28	14.89	11.73	13.32
	Earnings per share (NTD)	7.70	7.53	6.69	5.33	5.50
Cash flows	Cash flow ratio (%)	25.31	38.31	53.97	39.18	21.90
	Cash flow adequacy ratio (%)	93.87	116.93	147.75	144.95	160.08
	Cash reinvestment ratio (%)	3.39	7.83	12.47	5.21	1.97
Leverage	Operating leverage	2.45	2.63	2.63	2.12	2.36
	Financial leverage	1.01	1.01	1.00	1.00	1.01
If financial ratios have increased or decreased by more than 20% in the last two years, the explanations are as follows:						
<p>Times interest earned decreased by 41% mainly due to the increased interest expenses resulting from the interest rate hike in the current year.</p> <p>The cash flow ratio decreased by 44% mainly due to operating revenue increased in 4Q 2022 and accounts receivable have not been collected, leading to a decrease in net cash inflow from operating activities.</p> <p>The cash reinvestment ratio decreased by 62%, mainly due to the decrease in net cash inflow from operating activities in the current period.</p>						

Note: The calculation formulas for the above analysis items are as follows:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) The ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest Earned = net profit before income tax and interest expense / interest expense in the current period.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable from operation) turnover rate = net sales / average receivables in each period (including accounts receivable and notes receivable from operation) balance.



- (2) Accounts receivable turnover day =  $365 / \text{receivable turnover rate}$ .
- (3) Inventory turnover rate =  $\text{cost of goods sold} / \text{average of inventory}$ .
- (4) Account payable (including accounts payable and notes payable from operation) turnover rate =  $\text{cost of goods sold} / \text{average payables in each period (including accounts payable and notes payable from operation) balance}$ .
- (5) Inventory turnover day =  $365 / \text{inventory turnover rate}$ .
- (6) Turnover of PP&E =  $\text{net sales} / \text{average net property, plant, and equipment}$ .
- (7) Total assets turnover =  $\text{net sales} / \text{average total assets}$ .

#### 4. Profitability

- (1) Return on assets =  $(\text{after-tax profit and loss} + \text{interest expense} \times (1 - \text{tax rate})) / \text{average total assets}$ .
- (2) Return on equity =  $\text{profit and loss after tax} / \text{average total equity}$ .
- (3) Net profit =  $\text{after-tax profit and loss} / \text{net sales}$ .
- (4) Earnings per share =  $(\text{profit and loss attributable to owners of the parent company} - \text{preferred share dividends}) / \text{weighted average outstanding shares}$ .

#### 5. Cash flow

- (1) Cash flow ratio =  $\text{net cash flow from operating activities} / \text{current liabilities}$ .
- (2) Cash flow adequacy ratio =  $\text{net cash flow from operating activities in the last five years} / \text{the last five years (capital expenditure} + \text{inventory increase} + \text{cash dividend)}$
- (3) Cash reinvestment ratio =  $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{gross property, plant, and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$

#### 6. Leverage:

- (1) Operating leverage =  $(\text{net operating income} - \text{variable operating costs and expenses}) / \text{operating income}$ .
- (2) Financial leverage =  $\text{operating income} / (\text{operating income} - \text{interest expense})$

## C. Audit Committee's Review Report

### **Macauto Industrial Co., Ltd. Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 annual business report, financial statements, and earnings distribution proposal. Among the above, the financial statements have been audited and completed by PricewaterhouseCoopers and an audit report has been issued. The above-mentioned business report, financial statements and profit distribution proposal has been audited by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

Macauto Industrial Co., Ltd.

Chairman of Audit Committee: Chiu Fang-Tsai

March 22, 2023

- D. For the most recent year financial statements, please refer to pages 110–174.
- E. For the most recent year’s parent company only financial statements that have been audited and certified by CPAs, please refer to pages 175–269.
- F. In the most recent year and up to the publication date of the annual report, any financial difficulties occur among the Company and its affiliated companies and their effect on the Company’s financial status that should be listed: None.

VII · Review and analysis of financial status and financial performance and risk issues

A. Financial status

(1) Comparative analysis of financial status

Unit: NT\$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	3,935,919	3,621,313	314,606	8.69
Property, Plant And Equipment	1,342,931	1,379,072	-36,141	-2.62
Intangible Assets	14,208	18,832	-4,624	-24.55
Other Assets	368,319	334,100	34,219	10.24
Total Assets	5,661,377	5,353,317	308,060	5.75
Current Liabilities	1,999,810	1,880,326	119,484	6.35
Long-term Liabilities	114,139	195,385	-81,246	-41.58
Other Liabilities	173,093	168,897	4,196	2.48
Total Liabilities	2,287,042	2,244,608	42,434	1.89
Share Capital	749,000	749,000	-	-
Capital Surplus	3,082	3,082	-	-
Retained Earnings	2,701,897	2,540,840	161,057	6.34
Other Equity	-79,644	-184,213	104,569	-56.77
Total Equity	3,374,335	3,108,709	265,626	8.54
<p>I. The main reasons for major changes in assets, liabilities and shareholders' equity in the last two years and the main reasons for the impact of changes of more than 20%:</p> <ol style="list-style-type: none"> <li>1. Decrease in intangible assets: mainly due to the amortization of computer software.</li> <li>2. Decrease in long-term liabilities: mainly due to the repayment of long-term loans.</li> <li>3. Increase in other equity: mainly due to exchange rate changes, resulting in exchange differences in the translation of financial statements of foreign operating institutions.</li> </ol> <p>II. Impact: No significant impact.</p> <p>III. Future response plan: Not applicable.</p>				

## B. Financial performance

### (1) Financial performance comparative analysis table

Unit: NT\$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Operating Revenues	4,850,034	4,773,043	76,991	1.61
Operating Margin	1,243,389	1,359,820	-116,431	-8.56
Operating Income	412,552	507,249	-94,697	-18.67
Non-operating Income And Expenses	82,544	-13,704	96,248	-702.34
Profit Before Income Tax	495,096	493,545	1,551	0.31
Net Profit For The Period	411,972	399,434	12,538	3.14
Other Comprehensive Income and Loss For The Year (Net Of Tax)	100,824	-39,053	139,877	-358.17
Net Profit Attributable to owners of the Parent Company	512,796	360,381	152,415	42.29
<p>Explanation of difference analysis:</p> <ol style="list-style-type: none"> <li>1. Increase in non-operating income and expenses: mainly due to the increase in foreign currency exchange benefits in 2022.</li> <li>2. Increase in other comprehensive income and loss for the year: mainly due to exchange rate changes, resulting in exchange differences in the translation of financial statements of foreign operating institutions in 2022.</li> <li>3. The increase in net profit attributable to owners of the parent company: mainly due to the increase in the net profit in the current period and the exchange rate changes, resulting in the exchange difference in the translation of the financial statements of foreign operating institutions in 2022.</li> </ol>				

### (2) The Group's expected sales volume and basis for this year

The company's expected sales volume this year is based on the customer's predicted volume. The estimated sales volume as follows.

Unit: thousand pieces

Product category	Expected sales quantity (finished goods) of Macauto Group
Automobile Sun Shade	9,457

(3) Impact on the company's future financial business: no significant impact.

(4) Future coping plan: Not applicable.

#### C. Cash flow

(1) Analysis of cash flow changes in the most recent year

Unit: NT\$ thousand

Item	Year
Opening cash balance	2022
Opening cash balance	1,237,691
Net cash inflows from operating activities	547,731
Net cash outflows from investing activities	-55,155
Net cash outflows from financing activities	-366,815
exchange rate impact	67,079
Closing cash balance	1,430,531

Analysis of the cash flow situation in the most recent year:

1. Cash inflows from operating activities: mainly due to continuous profit in the current period and commitment to inventory digestion.
2. Outflows of investment activities: mainly due to the purchase of equipment.
3. Outflows of financing activities: mainly due to the distribution of cash dividends and the repayment of short-term and long-term loans.

(2) Remedial measures and liquidity analysis of estimated cash insufficiency: no cash insufficiency.

(3) Cash liquidity analysis for the coming year:

The cash balance of the company and its subsidiaries at the end of the first quarter of 2023 was NT\$1,289,099 thousand. It is expected that the company's business activities will continue to have net cash inflows in the future and the reasonable use of bank long-term and short-term loan financing lines will be sufficient to cover NT\$247,170 thousand in dividend payments and cash expenditures for other investment activities in the future.

D. The impact of major capital expenditures on financial business in the most recent year: None.

E. Reinvestment policy for the most recent year, main reasons for its profit or loss, improvement plan, and investment plan for the next year:

(1) Reinvestment policy for the most recent year

The company's reinvestment policy is to focus on auto parts products related to the industry.

(2) Analysis of profit from reinvestment

The company's share of profit of subsidiaries, associates and joint ventures accounted for under equity method in 2022 was NT\$85,491 thousand (already incorporated into the consolidated financial statements), which mainly came from the profit of Kunshan Macauto.

(3) Investment plan for the next year

The company's reinvestment plan mainly considers the group's business development strategy, and focuses on business development related to the industry, focus on global layout and long-term strategic investment.

The reinvestment plan is carefully evaluated by the management team, taking into account both growth and profit goals.

F. Risk matters should be analyzed and evaluated regarding the following matters in the most recent year and up to the publication date of the annual report:

(1) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures

1. The risk of interest rate changes

- a. Funds borrowed by the Group 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.
- b. In conducting a sensitivity analysis on interest rate risk, if the borrowing rate increases or decreases by 1% and with all other factors held constant, the Group's net profit after tax in 2022 would decrease or increase by NT\$3,457 thousand mainly due to the increase or decrease in interest expenses due to floating rate borrowings.

2. The risk of changes in exchange rates

- a. The Group 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.
- b. The Group's management has established a policy that requires each company within the Group 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 exchange contracts to reduce the

impact of exchange rate fluctuations on the expected collection of receivables, and raising foreign currency liabilities to use assets and liabilities to offset each other as much as possible to reduce the net position exposed to the risk of exchange rate fluctuations.

3. Inflation risk

Changes in inflation in the most recent year were primarily reflected in increasing costs of raw materials, which in turn reduced profits. We take raw material price increases into consideration when making quotations to customers in order to maintain appropriate profits.

(2) Policies, main reasons for profit or loss, and future countermeasures for engaging in high risk and high leverage investments, loans of funds to others, endorsements/guarantees, and derivatives transactions:

1. Involvement in high-risk, high-leverage investments: the Company is mainly engaged in the research and development, manufacturing and sales of auto parts, so does not engage in high-risk and high-leverage investments.
2. The Group engages in loans of funds to others, endorsements/guarantees, and derivative transactions. These are handled in accordance with the Group's operating procedures for lending funds to others, the procedures for handling endorsements/guarantees, the procedures for handling derivative transactions, and the relevant regulations of the competent authorities. Furthermore, we regularly undertake audits and announcements in accordance with the regulations. Implementation units also conduct internal audits and monitoring in accordance with relevant management measures, and there is no risk to operations.

(3) Future R&D plans and estimated R&D expenses:

The Group is committed to the research and development of Automobile Sun Shade in order to provide high-performance products to meet customer needs. In 2022, it invested NT\$178,064 thousand accounting for 3.67% of revenue. To enhance the competitiveness of product research and development, the company's main research and development plans in the future are as follows:



Research and Development Project Name	Project Content	Current Progress	Expected Production Time	Key Factors Influencing the Successful Future Development	Research and Development Budget
Innovative Research on Manual Side Window Shade with Magnet Attachment	Developing an innovative magnetic attachment system for car door frames to replace traditional exposed hook designs.	Market Research, Patent Search and Analysis, Module Design of Shade bar and Magnetic Hook.	December 2025	Accumulated years of relevant technical experience.	Projected investment of NT\$100,000 thousand.
Innovative Research on Manual Sunroof Shade with Multi-position Control	Development of lightweight module for multi-position manual sunroof shade.	Market Research, Patent Search and Analysis, Pulling bar, Slider and Rail Structure Design.	December 2025	Accumulated years of relevant technical experience.	
Innovative Research on Horizontal Power Shades with Wire Driving Type	Development of horizontally power shade with various opening modes (one-sided or both sides moving towards the center, etc.).	Samples of different designs have been completed, and relevant reliability testing and verification have commenced.	December 2023	Accumulated years of relevant technical experience.	
Innovative Research on Fully Concealed Horizontal Power Shade	Development of a horizontally power shade is underway. The sunshade is fully concealed beneath the B-pillar of the car door when it is not deployed. The operating mechanism initially moves from bottom to top, and then the sunshade extends from the B-pillar to the C-pillar.	Design of sunshade ascension mechanism, rail and slider mechanism, and investigation of motor assembly.	December 2024	Accumulated years of relevant technical experience.	

Research and Development Project Name	Project Content	Current Progress	Expected Production Time	Key Factors Influencing the Successful Future Development	Research and Development Budget
Innovative Research on Front Manual Shade Visor.	Developed a front shade that extends from the front windshield to the roof, integrating the existing manual shade with sun visor. The design allows manual operation of the shade to provide shade for passengers from overhead light at any desired position.	Completed the design of pulling bar mechanism and conducted prototype confirmation for functionality. Explored methods of integrating the pulling bar with sun visor.	December 2024	Accumulated years of relevant technical experience.	
Innovative Research on Dual Stepless Curved Sunroof Shade	Utilizing a curved inner tube design to increase passenger space while achieving the functionality of manual stepless operation.	Assembly of the samples has been completed and functional requirements have been verified. Additionally, relevant reliability tests have been conducted and validated.	December 2023	Accumulated years of relevant technical experience.	

- (4) The impact of important domestic and foreign policies and legal changes on the Company's financial business and corresponding measures:  
Important policy and legal changes have not had a major impact on the Company's financial business in the most recent year.
- (5) The impact of technological changes (including information security risks) and industrial changes on the Company's financial business and corresponding measures:  
Technological changes and industry changes have not yet had a major impact on the Company's financial business in the most recent year.
- (6) The impact of corporate image change on corporate crisis management and countermeasures:  
No such situation.
- (7) Expected benefits and possible risks of mergers and acquisitions and future countermeasures:  
No such situation.
- (8) Expected benefits and possible risks of plant expansion and future countermeasures: The Company has no plans to expand its plants in the most recent year.
- (9) Risks and future countermeasures faced by purchase or sales concentration: No such situation.
- (10) The influence and risk of the massive transfer of shares or the replacement of the directors, supervisors, or major shareholders holding more than 10% of the shares issued by the Company, and the future response: No such situation.
- (11) The impact, risks and future countermeasures of a change of management rights on the Company: No such situation.
- (12) Litigation or non-litigation events: No such situation.
- (13) Other important risks and countermeasures: None.

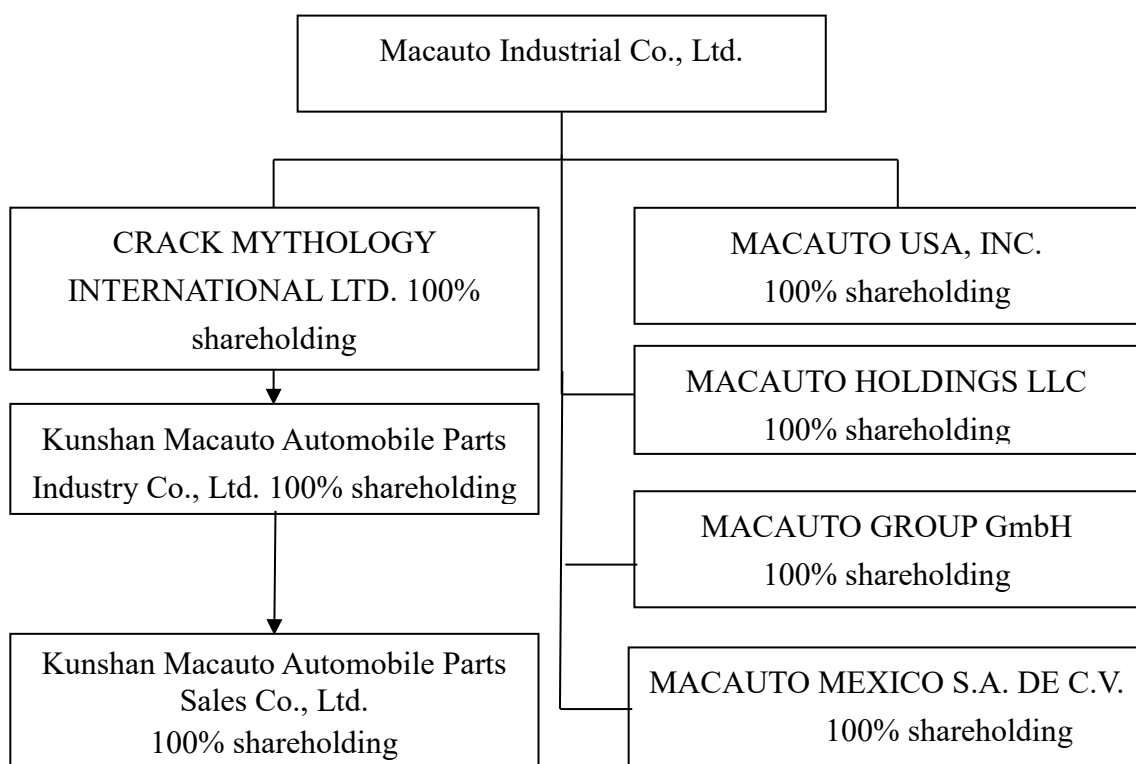
G. Other important matters: None.

VIII. Special Disclosures

A. Related information of affiliated companies (as of December 31, 2022)

(1) Affiliated business merger report

1. Organization chart of affiliated companies



2. Basic information of each affiliated company

As of December 31, 2022

Unit: NT\$ thousand

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
CRACK MYTHOLOGY INTERNATIONAL LTD.	2000.10.19	4 <sup>th</sup> Floor,LiWan Po House,12 Remy Ollier Street, Port Louis,Mauritius	USD 3,200	General investment
MACAUTO USA, INC.	2001.02.02	80, Excel Drive, Rochester, New York 14621, USA	USD 1,200	Automobile Sun Shade
MACAUTO HOLDINGS LLC	2003.04.25	5301 Limestone Road Suit 214 Wilmington Delaware USA	USD 230	General investment
Kunshan Macauto Automobile Parts Industry Co., Ltd.	2000.11.13	No. 9, Jinyang Middle Rd., Lujia, Kunshan, Jiangsu, China	USD 3,900	Automobile Sun Shade
Kunshan Macauto Automobile Parts Sales Co., Ltd.	2015.02.06	No. 9, Jinyang Middle Rd., Lujia, Kunshan, Jiangsu, China	RMB 10,000	Automobile Sun Shade and associated parts sales, etc.
MACAUTO GROUP GmbH	2007.02.27	Hauptstrasse 47, 42579 Heiligenhaus, Germany	EUR 2,350	Automobile Sun Shade
MACAUTO MEXICO S.A. DE C.V.	2015.03.02	Av. Industria en Telecomunicaciones # 103 B, Parque Industrial Stiva San José de Cementos, 37555 León, Gto., México	USD 20,050	Automobile Sun Shade

3. Information of the same shareholders who are presumed to have holdings and affiliation: None.

4. The industries covered by the business of the overall related company

Businesses operated by the Company and the Company's affiliates include: auto parts manufacturing, sales, trade and investment holding, etc. Job divisions between affiliated companies are mainly in the manufacture and sale of Automobile Sun Shade. Through the production and sales of production bases in various regions, we can serve these markets and nearby customers to reduce costs and create an optimal performance for the Company.

5. Names and shareholding information of directors, supervisors, and presidents of affiliated companies  
As of December 31, 2022

Enterprise Name	Job Title	Name or representative	Shares held	
			Investment amount (NT\$ thousand)	Shareholding ratio/investment ratio
CRACK MYTHOLOGY INTERNATIONAL LTD.	Chairman	Macauto Industrial Co., Ltd. Representative: Lin, Yung-Ching	USD 3,200	100%
MACAUTO USA, INC.	Chairman	Macauto Industrial Co., Ltd. Representative: Lin Chou, Yu-Shan	USD 1,200	100%
MACAUTO HOLDINGS LLC	Chairman	Macauto Industrial Co., Ltd. Representative: Lin, Yung-Ching	USD 230	100%
Kunshan Macauto Automobile Parts Industry Co., Ltd.	Chairman	CRACK MYTHOLOGY INTERNATIONAL LTD. Representative: Lin Chou, Yu-Shan	USD 3,900	100%
Kunshan Macauto Automobile Parts Sales Co., Ltd.	Chairman	Kunshan Macauto Automobile Parts Industry Co., Ltd. Representative: Lin Chou, Yu-Shan	RMB 10,000	100%
MACAUTO GROUP GmbH	Chairman	Macauto Industrial Co., Ltd. Representative: Lin Chou, Yu-Shan	EUR 2,350	100%
MACAUTO MEXICO S.A. DE C.V.	Chairman	Macauto Industrial Co., Ltd. Representative: Lin Chou, Yu-Shan	USD 20,050	100%

## 6. Summarized Operation Results Of Affiliated Enterprises

As of December 31, 2022

Unit: NT\$ Thousand

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income (After Tax)	Earnings Per Share (EPS) (After Tax)
CRACK MYTHOLOGY INTERNATIONAL LTD	98,272	1,285,337	-	1,285,337	-	-	67,920	21.23
MACAUTO USA, INC.	36,852	218,732	93,494	125,238	356,153	8,802	7,395	1.85
MACAUTO HOLDING LLC	7,078	-	-	-	-	-	-	-
Kunshan Macauto Automobile Parts Industry Co., Ltd.	119,769	1,746,753	461,438	1,285,315	1,468,626	47,507	67,920	NA
Kunshan Macauto Automobile Parts Sales Co., Ltd	44,080	119,036	43,701	75,335	138,339	4,453	9,960	NA
MACAUTO GROUP GmbH	76,892	81,715	4,049	77,666	-	-33,476	1,027	NA
MACAUTO MEXICO S.A. DE C.V.	615,736	1,018,987	532,274	486,713	927,067	14,532	9,149	NA

Note: For amounts in foreign currencies, they have been converted into New Taiwan Dollars based on the exchange rates on the financial reporting date.

(2) Consolidated financial statements of related companies:

Macauto Industrial Co., Ltd.

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Macauto Industrial Co., Ltd. as of and for the year ended December 31, 2022, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Macauto Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Company name: Macauto Industrial Co., Ltd.

Responsible person: Lin Chou, Yu-Shan

March 22, 2023



(3) Affiliated Report: None.

B. Handling of privately placed securities in the most recent year and up to the date of publication of the annual report: No such situation.

C. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and up to the date of publication of the annual report: No such situation.

D. Other necessary supplementary explanations: None.

IX. In the most recent year and up to the printing date of the annual report, if there is any occurrence of matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36 Paragraph 3, Item 2 of the Securities and Exchange Act: No such situation.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***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 consolidated Financial Statements* section of our report. We are independent of the Group 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 Group's 2022 parent company only financial statements. These matters have been addressed in the context of our audit of the consolidated 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 Group's 2022 consolidated financial statements are stated as follows:

### **Valuation of inventories**

#### Description

Refer to Note 4(9) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) 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\$1,134,864 thousand and NT\$61,131 thousand, respectively.

The Group'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 Group measures its inventories at the lower of cost and net realizable value. The net realizable value of the Group'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 Group'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 realisable 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(19) for accounting items on revenue.

The Group'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

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter paragraph on the consolidated financial statements of Macauto Industrial Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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.

Independent Accountants  
Lin Yung-Chih  
Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan  
Republic of China  
March 22, 2023

-----  
The accompanying consolidated 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 consolidated 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. and Subsidiaries  
Consolidated Balance Sheet  
As of December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand

Assets	Note	December 31 2022		December 31 2021		
		Amount	%	Amount	%	
<b>Current Assets:</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,430,531	25	\$ 1,237,691	23
1136	Financial assets measured at amortized cost - current	6(1)(2)	154,280	3	152,040	3
1150	Notes receivable, net	6(3) and 8	76,665	1	73,250	2
1170	Accounts receivable, net	6(3) and 12	1,044,534	19	815,524	15
1200	Other receivables		35,530	1	29,638	1
130X	Inventory	5(2) and 6(4)	1,073,733	19	1,190,198	22
1410	Prepayments	6(5)	120,646	2	122,972	2
11XX	<b>Total current assets</b>		<u>3,935,919</u>	<u>70</u>	<u>3,621,313</u>	<u>68</u>
<b>Non-current assets:</b>						
1535	Financial assets measured at amortized cost - non-current	6(1)(2)	44,080	1	43,440	1
1600	Property, plant and equipment	6(7) and 8	1,342,931	24	1,379,072	26
1755	Right-of-use assets	6(8)	67,386	1	71,359	1
1760	Net investment properties	6(9)	81,482	1	81,482	2
1780	Intangible assets	6(10)	14,208	-	18,832	-
1840	Deferred income tax assets	6(26)	109,410	2	97,922	2
1915	Prepayments for equipment	6(7)	41,695	1	16,967	-
1920	Guarantee deposits paid	6(1) and 8	8,857	-	9,286	-
1990	Other non-current assets - other		15,409	-	13,644	-
15XX	<b>Total non-current assets</b>		<u>1,725,458</u>	<u>30</u>	<u>1,732,004</u>	<u>32</u>
1XXX	<b>Total assets</b>		<u>\$ 5,661,377</u>	<u>100</u>	<u>\$ 5,353,317</u>	<u>100</u>

(Continued)



Macauto Industrial Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
As of December 31, 2022 and December 31, 2021

Unit: NT\$ Thousand

Liabilities and Equity	Note	December 31 2022		December 31 2021		
		Amount	%	Amount	%	
<b>Current Liabilities</b>						
2100	Short-term borrowings	6(11)	\$ 200,000	3	\$ 219,376	4
2130	Current contract liabilities	6(19)	45,061	1	27,089	1
2150	Notes payable		19,262	-	54,084	1
2170	Accounts payable		767,777	14	636,355	12
2200	Other payables	6(12)	442,775	8	469,283	9
2230	Current income tax liabilities		120,812	2	121,175	2
2250	Provisions-current	6(13)	155,255	3	129,172	2
2280	Lease liabilities-current	6(8)	16,378	-	16,614	-
2320	Long-term liabilities, current portion	6(14) and 8	87,341	1	85,776	2
2365	Refund liabilities-current		145,149	3	121,402	2
21XX	<b>Total current liabilities</b>		<u>1,999,810</u>	<u>35</u>	<u>1,880,326</u>	<u>35</u>
<b>Non-current Liabilities</b>						
2540	Long-term borrowings	6(14) and 8	114,139	2	195,385	4
2570	Deferred income tax liabilities	6(26)	7,969	-	7,383	-
2580	Lease liabilities-non-current	6(8)	47,999	1	45,068	1
2640	Net defined benefit liabilities-non-current	6(15)	114,250	2	116,446	2
2645	Guarantee deposits received		2,875	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>287,232</u>	<u>5</u>	<u>364,282</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>2,287,042</u>	<u>40</u>	<u>2,244,608</u>	<u>42</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(16)	749,000	13	749,000	14
3200	Capital surplus	6(17)	3,082	-	3,082	-
Retained earnings						
3310	Legal reserve		607,420	11	566,874	11
3320	Special reserve		184,213	3	139,134	3
3350	Unappropriated retained earnings		1,910,264	34	1,834,832	34
3400	Other equity		( 79,644)	( 1)	( 184,213)	( 4)
3XXX	<b>Total equity</b>		<u>3,374,335</u>	<u>60</u>	<u>3,108,709</u>	<u>58</u>
Significant liabilities and commitments not recognized						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 5,661,377</u>	<u>100</u>	<u>\$ 5,353,317</u>	<u>100</u>

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

Macauto Industrial Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income

Unit: NT\$ Thousand

Item	Note	(except for earnings per share in New Taiwan Dollars)			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,850,034	100	\$ 4,773,043	100
5000	Operating costs	( 3,606,645)	( 74)	( 3,413,223)	( 71)
5900	Net operating margin	1,243,389	26	1,359,820	29
	Operating Expenses				
	6(10)(15)(24) and 7				
6100	Selling Expenses	( 405,021)	( 8)	( 445,787)	( 9)
6200	Administrative Expenses	( 247,455)	( 5)	( 230,379)	( 5)
6300	Research and Development Expenses	( 178,064)	( 4)	( 175,179)	( 4)
6450	Expected Credit Losses	( 297)	-	( 1,226)	-
6000	Total Operating Expenses	( 830,837)	( 17)	( 852,571)	( 18)
6900	Operating Income	412,552	9	507,249	11
	Non-Operating Income and Expenses				
7100	Interest Income	12,755	-	8,157	-
7010	Other Income	9,259	-	10,939	-
7020	Other Gains and Losses	66,456	1	( 29,328)	-
7050	Financial Costs	( 5,926)	-	( 3,429)	-
7060	Share of Profit or Loss of Associates and Joint Ventures Accounted for Using the Equity Method	-	-	( 43)	-
7000	Total Non-Operating Income and Expenses	82,544	1	( 13,704)	-
7900	<b>Profit before income tax</b>	495,096	10	493,545	11
7950	Income Tax Expense	( 83,124)	( 1)	( 94,111)	( 2)
8200	<b>Net Profit for the Period</b>	\$ 411,972	9	\$ 399,434	9
	<b>Other comprehensive income (loss)</b>				
8311	Remeasurement of Defined Benefit Plans	(\$ 4,681)	-	\$ 7,533	-

(Continued)

Macauto Industrial Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income

Unit: NT\$ Thousand

Item	Note	(except for earnings per share in New Taiwan Dollars)			
		2022		2021	
		Amount	%	Amount	%
8349	Income Tax Related to Items That Will Not Be Re-Classified to Profit or Loss	\$ 936	-	\$ 1,507	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange Differences on Translation of Foreign Operations	104,569	2	( 45,079 )	( 1 )
8300	<b>Other comprehensive income (loss) for the year</b>	\$ 100,824	2	( \$ 39,053 )	( 1 )
8500	<b>Total Comprehensive Income for the Period</b>	\$ 512,796	11	\$ 360,381	8
	Net Profit Attributable to:				
8610	Owners of the Parent Company	\$ 411,972	9	\$ 399,434	9
	Total Comprehensive Income Attributable to:				
8710	Owners of the Parent Company	\$ 512,796	11	\$ 360,381	8
	Earnings per share (in dollars)				
9750	Basic	\$	5.50	\$	5.33
9850	Diluted	\$	5.47	\$	5.31

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

Macauto Industrial Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity

Unit: NT\$ Thousand

	Equity attributable to owners of the parent							
	Note	Capital surplus		Retained Earnings			Other equity	Total
		Share capital - common stock	Treasury Stock Transaction	Legal reserve	Special reserve	Unappropriated Retained Earnings	Financial statements translation differences of foreign operations	
<u>2021</u>								
Balance as of January 1, 2021		\$ 749,000	\$ 3,082	\$ 515,632	\$ 117,244	\$ 1,854,534	(\$ 139,134 )	\$ 3,100,358
Net profit for the year 2021		-	-	-	-	399,434	-	399,434
Other comprehensive income (loss) for the year 2021		-	-	-	-	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(18)	-	-	-	-	( 352,030 )	-	( 352,030 )
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. and Subsidiaries  
Consolidated Statement of Changes in Equity

Unit: NT\$ Thousand

	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>								
Balance as of January 1, 2022		\$ 749,000	\$ 3,082	\$ 566,874	\$ 139,134	\$ 1,834,832	(\$ 184,213 )	\$ 3,108,709
Net profit for the year 2022		-	-	-	-	411,972	-	411,972
Other comprehensive income (loss) for the year 2022		-	-	-	-	( 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(18)	-	-	-	-	( 247,170 )	-	( 247,170 )
Balance as of December 31, 2022		<u>\$ 749,000</u>	<u>\$ 3,082</u>	<u>\$ 607,420</u>	<u>\$ 184,213</u>	<u>\$ 1,910,264</u>	<u>(\$ 79,644 )</u>	<u>\$ 3,374,335</u>

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

Macauto Industrial Co., Ltd. and Subsidiaries  
Consolidated Statement of Cash Flows

Unit: NT\$ Thousand

	Note	2022	2021
<u>Cash flows from operating activities:</u>			
Profit before tax for the period		\$ 495,096	\$ 493,545
Adjustments:			
Items of income and expense:			
Expected credit losses	12(2)	297	1,226
Provision (reversal of allowance) for inventory market price decline	6(4)	( 112 )	13,467
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	-	43
Gain on disposal of investment accounted for using equity method	6(6)(22)	-	( 1 )
Depreciation expenses	6(7)(8)(24)	131,939	137,049
Net gain on disposal of property, plant and equipment	6(22)	( 179 )	( 271 )
Gain on lease modifications	6(8)(22)	( 32 )	( 72 )
Property, plant and equipment transferred to expenses	6(7)	10	-
Amortization expenses	6(10)(24)	4,267	7,553
Loss on disposal of intangible assets (included in "Research and development expenses")	6(10)	1,697	858
Provision for liabilities	6(13)	47,080	54,167
Interest income	6(20)	( 12,755 )	( 8,157 )
Interest expenses	6(23)	5,926	3,429
Changes in assets/liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Notes receivable		( 3,415 )	( 9,924 )
Accounts receivable		( 229,337 )	186,969
Other receivables		( 5,358 )	8,324
Inventory		114,307	( 198,882 )
Prepayments		1,544	( 5,359 )
Net changes in liabilities related to operating activities:			
Current contract liabilities		17,972	8,709
Notes payable		( 34,822 )	43,660
Accounts payable		131,422	( 75,872 )
Other payables		( 26,541 )	52,182
Current provision for liabilities	6(13)	( 22,531 )	( 25,606 )
Refundable deposits - current		23,747	39,952
Non-current net defined benefit liabilities		( 6,877 )	( 6,584 )
Cash inflows from operating activities:		633,345	720,405
Interest received		12,221	8,169
Interest paid		( 4,382 )	( 3,511 )
Income tax paid		( 93,453 )	( 109,179 )
Net cash inflow from operating activities:		547,731	615,884

(Continued)

Macauto Industrial Co., Ltd. and Subsidiaries  
Consolidated Statement of Cash Flows

Unit: NT\$ Thousand

	<u>Note</u>	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Investing Activities</u>			
Increase in financial assets measured at amortized cost - current		(\$ 2,240)	(\$ 85,173)
Increase in financial assets measured at amortized cost - non-current		( 640)	( 43,440)
Proceeds from disposal of investments accounted for using the equity method - non-subsiary	6(6)	-	3,489
Cash paid for the purchase of property, plant and equipment	6(28)	( 18,669)	( 30,237)
Proceeds from disposal of property, plant and equipment		179	851
Acquisition of intangible assets	6(10)	( 129)	( 406)
Increase in prepayments for property, plant and equipment		( 32,320)	( 20,508)
Decrease (increase) in guarantee deposits paid		429	( 1,624)
Increase in other non-current assets - other		( 1,765)	( 62)
Net cash outflows from investing activities		( 55,155)	( 177,110)
<u>Cash Flows from Financing Activities</u>			
Decrease in short-term borrowings	6(29)	( 19,376)	( 560)
Principal payments under lease liabilities	6(29)	( 20,441)	( 17,688)
Proceeds from long-term borrowings	6(29)	-	70,274
Repayment of long-term borrowings	6(29)	( 82,703)	( 120,076)
Increase in guarantee deposits received	6(29)	2,875	-
Cash dividends paid	6(18)	( 247,170)	( 352,030)
Net cash outflows from financing activities		( 366,815)	( 420,080)
Effect of exchange rate changes on cash and cash equivalents		67,079	( 23,869)
Net increase (decrease) in cash and cash equivalents for the period		\$ 192,840	(\$ 5,175)
Cash and cash equivalents at the beginning of the period	6(1)	1,237,691	1,242,866
Cash and cash equivalents at the end of the period	6(1)	\$ 1,430,531	\$ 1,237,691

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

MACAUTO INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED 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 of the Company and its subsidiaries (“the Group”) 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 CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

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 Group’s financial condition and financial performance based on the Group’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 Group’s financial condition and financial performance based on the Group’s assessment.

#### IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. The consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of Subsidiaries	Business activities	Percentage owned by the Group		Note
			December 31, 2022	December 31, 2021	
MACAUTO INDUSTRIAL CO., LTD.	CRACK MYTHOLOGY INTERNATIONAL LTD.	Professional investment	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO USA, INC.	Automobile Sun Shade	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO HOLDINGS LLC	Professional investment	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO GROUP GmbH	Automobile Sun Shade	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO MEXICO, S.A. DE C.V.	Automobile Sun Shade	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MARTINGALE TRANS-NATIONAL CO.,LTD.	Automobile Sun Shade	-	100	(Note 1)
CRACK MYTHOLOGY INTERNATIONAL LTD.	KUNSHAN MACAUTO AUTOMOBILE PARTS INDUSTRY CO., LTD.	Automobile Sun Shade	100	100	—
MACAUTO HOLDINGS LLC	HEDGE TRADING LTD.	Automobile Sun Shade	-	100	(Note 2)
KUNSHAN MACAUTO AUTOMOBILE PARTS INDUSTRY CO., LTD.	KUNSHAN MACAUTO AUTOMOBILE PARTS SALES CO., LTD.	Automobile Sun Shade and associated parts sales, etc.	100	100	—

(Note 1) Liquidated in March 2022.

(Note 2) Liquidated in October 2022.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

- A. Foreign currency transactions and balances
- (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 re-measured. 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) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in 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 re-translated 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 statement of comprehensive income within “Other gains and losses”.
- B. Translation of foreign operations
- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
    - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
    - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
    - iii. All resulting exchange differences are recognized in other comprehensive income.
  - (b) Foreign exchange gains and losses resulting from net investments in foreign operations, long-term loans for investments and other monetary instruments designated as investment hedges are recognized in other comprehensive income.
  - (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (5) Classification criteria for distinguishing assets and liabilities into current and non-current
- 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 Group 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 Group classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash equivalents

- A. Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.
- B. Time deposits and short-term financial instruments that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets measured at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group holds time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial. In addition, the Group's cash and cash equivalents pledged to others are consistent with the definition of financial assets at amortized cost, and expressed in "Guarantee deposits paid".

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitled the Group 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.

(9) 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.

(10) Investments accounted for using equity method – associates

- A. Associates are all entities over which the Group 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.
- B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. 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 Group's ownership percentage of the associate, the Group recognizes all changes in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.
- E. When the Group 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.

(11) Impairment of financial assets

For financial assets at amortized cost, at each balance sheet date, the Group 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 Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) 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 Group 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 lives
Buildings	3 – 46 years
Machinery and equipment	2 – 11 years
Utilities equipment	7 – 11 years
Transportation equipment	4 – 6 years
Office equipment	3 – 6 years
Other equipment	2 – 10 years

(14) Investment property

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

(15) 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 Group. 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 Group 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.
- (16) 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.
- (17) Impairment of non-financial assets
- The Group 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.
- (18) 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.
- (19) 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.
- (20) Derecognition of financial liabilities
- Financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.
- (21) Provisions
- Provisions for product warranties are recognized when the Group 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.



(22) Employee welfare

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized as expenses when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in 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 Group 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 Group calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(23) 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 charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. 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 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 income 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 consolidated financial statements. However, the deferred income 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 income 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income 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 income tax asset is realized or the deferred income 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.
- (24) 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.
- (25) Dividend distribution  
Cash Dividend are recorded as liabilities in the Company's financial statements in the period in which they are approved by the Company's board of directors. Stock dividends are recorded as stock dividends to be distributed by shareholder's meeting and are reclassified to ordinary shares on the effective date of new shares issuance.
- (26) Revenue recognition
- A. Sales of goods
    - (a) The Group 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 Group 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 Group 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 Group 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 Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group 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 Group 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 \$1,073,733.

VI. Explanation of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash on hand	\$ 1,918	\$ 1,901
Checking deposits and demand deposits	990,753	1,005,470
	<u>992,671</u>	<u>1,007,371</u>
Cash equivalents:		
Time deposits	437,860	230,320
	<u>\$ 1,430,531</u>	<u>\$ 1,237,691</u>

- A. The Group 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. For the Group’s time deposits with original deposit maturity of more than three months and less than one year and term deposits with maturity over one year are classified as of December 31, 2022 and 2021 (listed under financial assets measured at amortized cost – current) financial assets measured at amortized cost – noncurrent).
- C. Details of the Group’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) Financial assets measured at amortized cost

Item	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits of over 3 months	\$ 154,280	\$ 152,040
Non-current items:		
Fixed deposits of over one year	\$ 44,080	\$ 43,440

- A. In 2022 and 2021, the Group’s interest income recognized in current profit and loss due to financial assets measured at amortized cost was \$3,663 and \$2,319 (listed under interest income).
- B. Financial assets measured at amortized cost that can best represent the Group, irrespective of the collateral or other credit enhancement held, is the book value of financial assets with the greatest credit risk as of December 31, 2022 and 2021.
- C. As of December 31, 2022 and 2021, the Group did not provide financial assets measured at amortized cost as pledge guarantees.
- D. For information about the credit risk of financial assets measured at amortized cost, please see Note 12(2), “Description of financial instruments.” The trading objects of the Group’s investment certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(3) Notes receivable and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 76,665	\$ 73,250
Accounts receivable	\$ 1,048,680	\$ 819,343
Less: Allowance for uncollectible accounts	( 4,146)	( 3,819)
	<u>\$ 1,044,534</u>	<u>\$ 815,524</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Under 30 days	\$ 14,465	\$ 480,447	\$ 2,686	\$ 415,843
31–90 days	54,160	492,786	18,810	370,572
91–180 days	8,040	42,393	51,754	27,074
181 days or more	-	33,054	-	5,854
	<u>\$ 76,665</u>	<u>\$ 1,048,680</u>	<u>\$ 73,250</u>	<u>\$ 819,343</u>

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

- B. Notes receivable as of December 31, 2022 and 2021 were all generated by customer contracts. In addition, the receivable balance of customer contracts as of January 1, 2021 was \$1,070,654.
- C. The Group held 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 Group's notes receivable 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 notes receivable and accounts receivable, please see Note 12(2), "Description of financial instruments."
- F. For the circumstances in which the Group pledged notes collateral as of December 31, 2022 and 2021, please refer to Note 8 for details and description of pledged assets.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for impairment	Carrying value
Merchandise	\$ 112,253	(\$ 4,323)	\$ 107,930
Raw materials	193,066	( 12,970)	180,096
Supplies	118,131	( 7,648)	110,483
Work in progress	324,281	( 20,988)	303,293
Finished goods	387,133	( 15,202)	371,931
	<u>\$ 1,134,864</u>	<u>(\$ 61,131)</u>	<u>\$ 1,073,733</u>
	December 31, 2021		
	Cost	Allowance for impairment	Carrying value
Merchandise	\$ 155,987	(\$ 3,880)	\$ 152,107
Raw materials	242,153	( 15,389)	226,764
Supplies	92,647	( 4,402)	88,245
Work in progress	339,879	( 18,694)	321,185
Finished goods	419,085	( 17,188)	401,897
	<u>\$ 1,249,751</u>	<u>(\$ 59,553)</u>	<u>\$ 1,190,198</u>

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

	2022	2021
Cost of inventory sold	\$ 3,591,774	\$ 3,378,336
Inventory impairment (profit) loss (Note)	( 112)	13,467
Inventory obsolescence loss	15,925	21,926
Inventory loss (profit)	( 283)	219
Revenue from the sale scraps	( 659)	( 725)
Total cost of goods sold	<u>\$ 3,606,645</u>	<u>\$ 3,413,223</u>

(Note) In 2022, the reversal of net realizable value and the decrease of operating costs were recognized due to disposal of certain inventories which were previously provided with allowance for price decline.

(5) Prepayments

	December 31, 2022	December 31, 2021
Prepaid expenses	\$ 52,991	\$ 69,639
Prepaid purchases	33,653	24,382
Prepaid patent rights	3,261	4,152
Other prepayments	30,741	24,799
	<u>\$ 120,646</u>	<u>\$ 122,972</u>

(6) Investments accounted for under the equity method

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

	<u>2021</u>
January 1	\$ 3,531
Proceeds from investments accounted for using equity method	( 3,488)
Share of investment profit and loss accounted for using the equity method	( 43)
December 31	<u>\$ -</u>

There was no such thing in the 2022.

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

There was no such thing in the 2022.

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

There was no such thing in the 2022.

C. After considering the planning of the overall use of funds and focusing on business operation strategies for the Group, 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.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under inspection	Total
<u>January 1, 2022</u>									
Cost	\$ 522,590	\$ 863,578	\$ 404,859	\$ 161,394	\$ 33,842	\$ 74,495	\$ 255,186	\$ 10	\$ 2,315,954
Accumulated depreciation	-	( 258,663 )	( 256,539 )	( 120,343 )	( 32,201 )	( 68,896 )	( 200,240 )	-	( 936,882 )
	<u>\$ 522,590</u>	<u>\$ 604,915</u>	<u>\$ 148,320</u>	<u>\$ 41,051</u>	<u>\$ 1,641</u>	<u>\$ 5,599</u>	<u>\$ 54,946</u>	<u>\$ 10</u>	<u>\$ 1,379,072</u>
2022									
January 1	\$ 522,590	\$ 604,915	\$ 148,320	\$ 41,051	\$ 1,641	\$ 5,599	\$ 54,946	\$ 10	\$ 1,379,072
Increase	-	1,256	6,465	609	2,111	1,325	7,547	-	19,313
Transfer (Note)	-	4,228	2,777	60	-	-	1,894	( 10 )	8,949
Depreciation expense	-	( 31,432 )	( 37,424 )	( 16,157 )	( 1,739 )	( 2,380 )	( 25,368 )	-	( 114,500 )
Disposal – cost	-	-	( 414 )	-	( 100 )	( - )	( 1,290 )	-	( 1,804 )
– Accumulated depreciation	-	-	414	-	100	-	1,290	-	1,804
Effects of Foreign Currency Exchange Differences	35,733	6,013	6,515	396	5	153	1,282	-	50,097
December 31	<u>\$ 558,323</u>	<u>\$ 584,980</u>	<u>\$ 126,653</u>	<u>\$ 25,959</u>	<u>\$ 2,018</u>	<u>\$ 4,697</u>	<u>\$ 40,301</u>	<u>\$ -</u>	<u>\$ 1,342,931</u>
<u>December 31, 2022</u>									
Cost	\$ 558,323	\$ 877,626	\$ 426,592	\$ 162,843	\$ 36,242	\$ 76,327	\$ 267,268	\$ -	\$ 2,405,221
Accumulated depreciation	-	( 292,646 )	( 299,939 )	( 136,884 )	( 34,224 )	( 71,630 )	( 226,967 )	-	( 1,062,290 )
	<u>\$ 558,323</u>	<u>\$ 584,980</u>	<u>\$ 126,653</u>	<u>\$ 25,959</u>	<u>\$ 2,018</u>	<u>\$ 4,697</u>	<u>\$ 40,301</u>	<u>\$ -</u>	<u>\$ 1,342,931</u>

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows, and the amount of real estate, plant and equipment transfer expenses in the current period is \$10



	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	\$ 599,321	\$ 870,975	\$ 399,292	\$ 161,107	\$ 35,355	\$ 74,920	\$ 236,681	\$ 13,640	\$ 2,391,291
Accumulated depreciation	-	( 229,692 )	( 221,577 )	( 104,371 )	( 30,782 )	( 65,305 )	( 176,578 )	-	( 828,305 )
	<u>\$ 599,321</u>	<u>\$ 641,283</u>	<u>\$ 177,715</u>	<u>\$ 56,736</u>	<u>\$ 4,573</u>	<u>\$ 9,615</u>	<u>\$ 60,103</u>	<u>\$ 13,640</u>	<u>\$ 1,562,986</u>
2021									
January 1	\$ 599,321	\$ 641,283	\$ 177,715	\$ 56,736	\$ 4,573	\$ 9,615	\$ 60,103	\$ 13,640	\$ 1,562,986
Increase	-	818	1,734	441	-	752	17,298	215	21,258
Transfer (Note)	( 63,751 )	1,155	9,566	85	-	-	6,627	( 13,835 )	( 60,153 )
Depreciation expense	-	( 30,423 )	( 38,302 )	( 16,070 )	( 2,893 )	( 4,591 )	( 28,077 )	-	( 120,356 )
Disposal – cost	-	-	( 1,528 )	-	( 1,195 )	( 529 )	( 4,150 )	-	( 7,402 )
– Accumulated depreciation	-	-	1,527	-	1,195	529	3,571	-	6,822
Effects of Foreign Currency Exchange Differences	( 12,980 )	( 7,918 )	( 2,392 )	( 141 )	( 39 )	( 177 )	( 426 )	( 10 )	( 24,083 )
December 31	<u>\$ 522,590</u>	<u>\$ 604,915</u>	<u>\$ 148,320</u>	<u>\$ 41,051</u>	<u>\$ 1,641</u>	<u>\$ 5,599</u>	<u>\$ 54,946</u>	<u>\$ 10</u>	<u>\$ 1,379,072</u>
<u>December 31, 2021</u>									
Cost	\$ 522,590	\$ 863,578	\$ 404,859	\$ 161,394	\$ 33,842	\$ 74,495	\$ 255,186	\$ 10	\$ 2,315,954
Accumulated depreciation	-	( 258,663 )	( 256,539 )	( 120,343 )	( 32,201 )	( 68,896 )	( 200,240 )	-	( 936,882 )
	<u>\$ 522,590</u>	<u>\$ 604,915</u>	<u>\$ 148,320</u>	<u>\$ 41,051</u>	<u>\$ 1,641</u>	<u>\$ 5,599</u>	<u>\$ 54,946</u>	<u>\$ 10</u>	<u>\$ 1,379,072</u>

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows.

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

(8) Leasing Arrangements– Lessee

- A. The Group leases various assets including land, buildings and other equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The book values of right-of-use assets and the recognized depreciation expenses are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying value</u>	<u>Carrying value</u>
Land	\$ 7,182	\$ 8,734
Buildings	53,710	57,305
Transportation equipment	6,494	5,320
	<u>\$ 67,386</u>	<u>\$ 71,359</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 1,666	\$ 1,657
Buildings	12,698	11,673
Transportation equipment	3,075	3,363
	<u>\$ 17,439</u>	<u>\$ 16,693</u>

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

	<u>2022</u>	<u>2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 1,505	\$ 1,749
Expenses for short-term rental contracts	2,003	1,255
Gain from lease modification	32	72

- D. Additions to the Group's right-of-use assets in 2022 and 2021 were \$4,275 and \$4,243, respectively.
- E. The Group's total lease cash outflows in 2022 and 2021 were \$22,444 and \$18,943, respectively.

(9) 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(28) for an explanation of supplementary information of cash flows.

A. The fair value of the investment real estate held by the Group on December 31, 2022 and 2021 was \$144,710 and \$181,384 respectively, which were evaluated based on the transaction price information of real estate agent and the announced market price inquiry information and the real estate The evaluation results of the valuation report belong to the third level of fair value.

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

(10) 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	\$ 31,903	\$ 107,808	\$ 141,796
Accumulated amortization	( 1,683)	( 16,956)	( 104,325)	( 122,964)
	<u>\$ 402</u>	<u>\$ 14,947</u>	<u>\$ 3,483</u>	<u>\$ 18,832</u>
<u>2022</u>				
January 1	\$ 402	\$ 14,947	\$ 3,483	\$ 18,832
Increase	-	83	46	129
Current transfer (Note)	-	782	320	1,102
Amortization expense	( 116)	( 1,501)	( 2,650)	( 4,267)
Disposal – cost	-	( 2,262)	-	( 2,262)
– Accumulated amortization	-	565	-	565
Effects of Foreign Currency Exchange Differences	-	3	106	109
December 31	<u>\$ 286</u>	<u>\$ 12,617</u>	<u>\$ 1,305</u>	<u>\$ 14,208</u>
<u>December 31, 2022</u>				
Cost	\$ 2,085	\$ 30,551	\$ 109,117	\$ 141,753
Accumulated amortization	( 1,799 )	( 17,934)	( 107,812)	( 127,545)
	<u>\$ 286</u>	<u>\$ 12,617</u>	<u>\$ 1,305</u>	<u>\$ 14,208</u>

	2021			
	Trademarks	Patent rights	Computer software	Total
January 1, 2021				
Cost	\$ 2,085	\$ 31,853	\$ 108,463	\$ 142,401
Accumulated amortization	( 1,567)	( 16,129)	( 99,033)	( 116,729)
	<u>\$ 518</u>	<u>\$ 15,724</u>	<u>\$ 9,430</u>	<u>\$ 25,672</u>
2021				
January 1	\$ 518	\$ 15,724	\$ 9,430	\$ 25,672
Increase	-	406	-	406
Current Transfer(Note)	-	1,238	-	1,238
Amortization expense	( 116)	( 1,562)	( 5,875)	( 7,553)
Disposal – cost	-	( 1,572)	-	( 1,572)
– Accumulated amortization	-	714	-	714
Effects of Foreign Currency Exchange Differences	-	( 1)	( 72)	( 73)
December 31	<u>\$ 402</u>	<u>\$ 14,947</u>	<u>\$ 3,483</u>	<u>\$ 18,832</u>
<u>December 31, 2021</u>				
Cost	\$ 2,085	\$ 31,903	\$ 107,808	\$ 141,796
Accumulated amortization	( 1,683)	( 16,956)	( 104,325)	( 122,964)
	<u>\$ 402</u>	<u>\$ 14,947</u>	<u>\$ 3,483</u>	<u>\$ 18,832</u>

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows.

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

	2022	2021
Operating costs	\$ 800	\$ 1,325
Promotional expenses	425	470
Management expenses	1,179	1,723
R&D expenses	1,863	4,035
	<u>\$ 4,267</u>	<u>\$ 7,553</u>

(11) Short-term borrowings

	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	\$ 200,000	1.0642%~1.4071%	None
	December 31, 2021	Interest rate range	Collateral
Unsecured bank borrowings	\$ 219,376	0.5151%~0.6%	None

For details of interest expenses recognized in profit or loss for the Group in 2022 and 2021, please refer to Note 6(23) for explanation of financial costs.

(12) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued salaries and bonuses	\$ 159,801	\$ 163,781
Employees' compensation and remuneration for directors and supervisors payable	30,654	30,338
Processing expense payable	9,993	21,012
Equipment payable	4,603	3,959
Others	237,724	250,193
	<u>\$ 442,775</u>	<u>\$ 469,283</u>

(13) Provisions – Current

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

	<u>2022</u>	<u>2021</u>
January 1	\$ 129,172	\$ 100,994
Provisions for liabilities in the current period	47,080	54,167
Provisions for liabilities used in the current period	( 22,531)	( 25,606)
Effects of Foreign Currency Exchange Differences	1,534	( 383)
December 31	<u>\$ 155,255</u>	<u>\$ 129,172</u>

B. The Group's warranty liability reserve is mainly related to the sales of Automobile Sun Shade and other products. The provision for warranty liabilities is estimated based on the historical warranty data of the product.

(14) 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 loans				
Secured bank borrowings	November 15, 2024	0.595%	Land, houses, and buildings	\$ 137,931
Unsecured bank borrowings	November 26, 2025 – September 22, 2026	5.5239%~5.5339%	None	<u>63,549</u>
				201,480
Less: Long-term loans due within one year or one business cycle				( <u>87,341</u> )
				<u>\$ 114,139</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 loans				
Secured bank borrowings	November 15, 2024	0%	Land, houses, and buildings	\$ 206,897
Unsecured bank borrowings	June 1, 2022 – September 22, 2026	1% ~ 6.172%	None	<u>74,264</u>
				281,161
Less: Long-term loans due within one year or one business cycle				( <u>85,776</u> )
				<u>\$ 195,385</u>

Note: The Group 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 Group in 2022 and 2021, please refer to Note 6(23) for explanation of financial costs.

(15) Pensions

A. The Group 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 Group 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 Group 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 Group 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 (expense) income	( 860)	141	( 719)
	( \$ 155,501)	\$ 36,038	( 119,463)
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)
	( 7,373)	2,692	( 4,681)
Pension fund contribution	-	9,894	9,894
Paid pension	1,550	( 1,550)	-
Balance on December 31	( \$ 161,324)	\$ 47,074	( \$ 114,250)

	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 (expense) income	( 381)	48	( 333)
	<u>(\$ 164,042)</u>	<u>\$ 30,358</u>	<u>( 133,684)</u>
Remeasurements:			
Return on plan assets			
Balance on January 1	-	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 Group 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	<u>1.20%</u>	<u>0.65%</u>
Future salary increases	<u>2.00%</u>	<u>2.00%</u>

The assumptions for future mortality in 2022 and 2021 are estimated according to the 6th and 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:

	Discount rate		Future salary increases	
	0.25% increase	0.25% reduction	0.25% increase	0.25% reduction
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) Expected contributions to the defined benefit pension plans of the company 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>173,354</u>

- B. Effective July 1, 2005, the company has established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group’s overseas subsidiaries voluntarily withdraw pension reserves and pension insurance systems in accordance with the regulations of the local government of the employee, and allocates pension reserves and pension insurance funds according to 2%–20% of the total salary of local employees every month. The pension of each employee is managed and arranged by the government. In addition to the monthly appropriation and payment of the subsidiary, there are no further obligations. The pension costs recognized by the Group in accordance with the above pension methods in 2022 and 2021 were \$28,473 and \$28,883 respectively.

(16) Share capital

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (unit: thousand shares):

	2022	2021
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, consisting of 74,900 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.



(17) Capital surplus

Pursuant to the R.O.C. Company Law, 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

(18) 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 of the Republic of China 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.

(19) Operating revenue

A. The Group'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	\$ 4,827,783	\$ 4,750,103
Revenue from garden tools	22,251	22,940
	<u>\$ 4,850,034</u>	<u>\$ 4,773,043</u>

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities – Automobile Sun Shade	\$ 44,992	\$ 27,078	\$ 18,377
Contract liabilities – garden tools	69	11	3
	<u>\$ 45,061</u>	<u>\$ 27,089</u>	<u>\$ 18,380</u>

The Group's contractual liabilities as of January 1, 2022 and 2021 were amounts recognized as revenue in 2022 and 2021 of \$11,180 and \$10,401 respectively.

(20) Interest income

	2022	2021
Interest income from bank deposits	\$ 9,092	\$ 5,838
Interest income from financial assets measured at amortized cost	3,663	2,319
	<u>\$ 12,755</u>	<u>\$ 8,157</u>

(21) Other income

	2022	2021
Other income	\$ 9,259	\$ 10,939

(22) Other gains and losses

	2022	2021
Net gain on disposal of property, plant and equipment	\$ 179	\$ 271
Net currency exchange gain(loss)	66,688	( 27,612)
Gain on disposal of investment	-	1
Gain from lease modification	32	72
Other losses	( 443)	( 2,060)
	<u>\$ 66,456</u>	<u>(\$ 29,328)</u>

(23) Finance costs

	2022	2021
Interest expense	\$ 4,421	1,680
Lease liabilities	1,505	1,749
	<u>\$ 5,926</u>	<u>3,429</u>

(24) Expenses by nature

	2022		
	Under operating costs	Under operating expenses	Total
Employee benefit expense	\$ 443,197	\$ 406,376	\$ 849,573
Depreciation expense	106,402	25,537	131,939
Amortization expense	800	3,467	4,267
	<u>\$ 550,399</u>	<u>\$ 435,380</u>	<u>\$ 985,779</u>

	2021		
	Under operating costs	Under operating expenses	Total
Employee benefit expense	\$ 451,593	\$ 393,736	\$ 845,329
Depreciation expense	107,607	29,442	137,049
Amortization expense	1,325	6,228	7,553
	<u>\$ 560,525</u>	<u>\$ 429,406</u>	<u>\$ 989,931</u>

(25) Employee benefit expense

	2022		
	Under operating costs	Under operating expenses	Total
Salary	\$ 360,477	347,889	708,366
Health and labor insurance	32,859	27,883	60,742
Pension	18,043	13,447	31,490
Other employment expenses	31,818	17,157	48,975
	<u>\$ 443,197</u>	<u>406,376</u>	<u>849,573</u>

	2021		
	Under operating costs	Under operating expenses	Total
Salary	\$ 363,488	\$ 337,320	\$ 700,808
Health and labor insurance	41,812	29,755	71,567
Pension	18,402	13,602	32,004
Other employment expenses	27,891	13,059	40,950
	<u>\$ 451,593</u>	<u>\$ 393,736</u>	<u>\$ 845,329</u>

A. 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.

B. 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 \$21,670 and director and supervisor remuneration \$8,668 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.

(26) Income taxes

A. Income tax expense:

(a) Components of income tax expense:

	<u>2022</u>	<u>2021</u>
Current income tax:		
Income tax incurred in current year	\$ 98,092	\$ 105,659
Tax on unappropriated earnings	3,633	4,218
Over provision of prior year's income tax payable	( 8,635)	( 2,202)
	<u>93,090</u>	<u>107,675</u>
Deferred income tax:		
Origin and reversal of temporary differences	( 9,966)	( 13,564)
Total deferred income tax	( 9,966)	( 13,564)
Income tax expense	<u>\$ 83,124</u>	<u>\$ 94,111</u>

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

	<u>2022</u>	<u>2021</u>
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	\$ 109,921	\$ 105,813
Effect of items disallowed by tax regulation	( 21,795)	( 10,663)
Effect from investment tax credits	-	( 3,055)
Tax on undistributed earnings	3,633	4,218
Prior year income tax over estimation	( 8,635)	( 2,202)
Income tax expense	<u>\$ 83,124</u>	<u>\$ 94,111</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	\$ 9,133	\$ 304	\$ -	\$ 9,437
Unrealized after-sales service expenses	21,366	2,924	-	24,290
Unrealized gains among affiliated companies	12,421	5,119	-	17,540
Employee welfare	4,861	114	-	4,975
Pensions	22,023	( 1,375)	936	21,584
Estimation of unrealized sales allowance	24,779	1,448	-	26,227
Unrealized payroll expenses	567	779	-	1,346
Others	2,772	1,239	-	4,011
	<u>\$ 97,922</u>	<u>\$ 10,552</u>	<u>\$ 936</u>	<u>\$ 109,410</u>
Deferred tax assets				
Temporary differences:				
Unrealized conversion benefit	(\$ 1,050)	(\$ 1,440)	\$ -	(\$ 2,490)
Fixed assets financial and tax differences	( 6,333)	854	-	( 5,479)
	<u>( 7,383)</u>	<u>( 586)</u>	<u>-</u>	<u>( 7,969)</u>
	<u>\$ 90,539</u>	<u>\$ 9,966</u>	<u>\$ 936</u>	<u>\$ 101,441</u>

	2021			
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized inventory impairment	\$ 7,352	\$ 1,781	\$ -	\$ 9,133
Unrealized after-sales service expenses	16,510	4,856	-	21,366
Unrealized exchange loss			-	-
Unrealized gains among affiliated companies	13,802	( 1,381)	-	12,421
Employee welfare	4,496	365	-	4,861
Pensions	25,230	( 1,700)	( 1,507)	22,023
Estimation of unrealized sales allowance	14,149	10,630	-	24,779
Unrealized payroll expenses	2,584	( 2,017)	-	567
Others	3,488	( 716)	-	2,772
	<u>\$ 87,611</u>	<u>\$ 11,818</u>	<u>( \$ 1,507)</u>	<u>\$ 97,922</u>
Deferred tax assets				
Temporary differences:				
Unrealized conversion benefit	(\$ 3,043)	\$ 1,993	\$ -	(\$ 1,050)
Fixed assets financial and tax differences	( 6,086)	( 247)	-	( 6,333)
	<u>( 9,129)</u>	<u>1,746</u>	<u>-</u>	<u>( 7,383)</u>
	<u>\$ 78,482</u>	<u>\$ 13,564</u>	<u>( \$ 1,507)</u>	<u>\$ 90,539</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.

(27) Earnings per share

	2022		
	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 411,972	74,900	5.50
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 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		
	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 399,434	74,900	\$ 5.33
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 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

(28) Supplemental cash flow information

A. Investment activities with partial cash payments:

	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 19,313	\$ 21,258
Add: Equipment payable at the beginning of the period (listed under other payables)	3,959	12,938
Less: Equipment payments payable at the end of the period (listed under other payables)	(4,603)	(3,959)
Cash payments for purchasing property, plant and equipment	<u>\$ 18,669</u>	<u>\$ 30,237</u>

B. Operating and investing activities with no cash flow effect:

	<u>2022</u>	<u>2021</u>
(a) Accounts receivable allowance for loss write-offs	<u>\$ -</u>	<u>\$ 1,016</u>
(b) Inventory transfers to property, plant and equipment	<u>\$ 2,001</u>	<u>\$ 6,075</u>
(c) Property, plant and equipment reclassified as investment real estate	<u>\$ -</u>	<u>\$ 77,205</u>
(d) Transfer of prepayments to intangible assets	<u>\$ 782</u>	<u>\$ 1,238</u>
(e) Prepaid equipment payments transferred to intangible assets.	<u>320</u>	<u>-</u>
(f) Property, plant and equipment transfer to inventory	<u>\$ 829</u>	<u>\$ 177</u>
(g) Prepaid equipment transfer to inventory	<u>\$ 593</u>	<u>\$ 2,398</u>
(h) Prepaid equipment transfer to property, plant and equipment	<u>\$ 7,787</u>	<u>\$ 11,154</u>
(i) Prepaid equipment transfer to investment real estate	<u>\$ -</u>	<u>\$ 4,277</u>



(29) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including portions due in less than one year)	Deposit of guarantee	Total liabilities from financing activities
January 1, 2022	\$ 219,376	\$ 61,682	\$ 281,161	\$ -	\$ 562,219
Changes in cash flow from financing activities	( 19,376)	( 20,441)	( 82,703)	2,875	( 119,645)
Changes in other non-cash items	-	23,136	( 3,022)	-	26,158
December 31, 2022	<u>\$ 200,000</u>	<u>\$ 64,377</u>	<u>\$ 201,480</u>	<u>\$ 2,875</u>	<u>\$ 468,732</u>

	Short-term borrowings	Lease liabilities	Long-term borrowings (including portions due in less than one year)	Total liabilities from financing activities
January 1, 2021	\$ 219,936	\$ 77,681	\$ 332,347	\$ 629,964
Changes in cash flow from financing activities	( 560)	( 17,688)	( 49,802)	( 68,050)
Changes in other non-cash items	-	1,689	( 1,384)	305
December 31, 2021	<u>\$ 219,376</u>	<u>\$ 61,682</u>	<u>\$ 281,161</u>	<u>\$ 562,219</u>

VII. Related party transactions

Key management compensation

	2022	2021
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 Group's assets are as follows:

Asset item	Carrying amounts:		Guarantee purpose
	December 31, 2022	December 31, 2021	
Notes receivable	\$ 59,080	\$ 67,958	Purchase material guarantees
Land (Note 1)	303,335	303,335	Long-term borrowings guarantees
Buildings – net (Note 1)	391,493	406,468	Long-term loan guarantees
Pledged time deposits (Note 2)	2,500	2,500	Purchase material guarantees
	<u>\$ 756,408</u>	<u>\$ 780,261</u>	

(Note 1) Recognized as 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 \$5,206 and \$6,627 respectively.

X. Significant Disaster Loss

None.

XI. Significant Events After The Balance Sheet Date

None.

XII. Others

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’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 Group 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 Group are described in Notes 6, ‘Financial assets’.

B. Financial risk management policy

- (a) The Group’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.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group 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 Group 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 Group’s management has established a policy that requires each company within the Group 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 exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of receivables.

- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, EUR, CNY and MXN. 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	\$ 77,364	4.408	341,021
USD:NTD	10,441	30.710	320,643
EUR:NTD	3,395	32.720	111,084
JPY:NTD	63,269	0.232	14,678
USD:MXN	6,244	19.415	191,757
EUR:MXN	548	20.685	11,336
USD:CNY	1,436	6.967	44,100
EUR:CNY	352	7.423	11,518
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,366	30.710	41,950
EUR:NTD	502	32.720	16,425
CNY:NTD	3,502	4.408	15,437
USD:MXN	2,831	19.415	86,942
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	\$ 82,248	4.344	\$ 357,285
USD:NTD	6,369	27.68	176,294
EUR:NTD	1,964	31.32	61,512
JPY:NTD	88,147	0.241	21,243
USD:CNY	1,482	6.372	41,022
USD:MXN	3,277	20.58	90,708
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	2,263	27.68	62,640
EUR:NTD	1,733	31.32	54,278
EUR:CNY	341	7.210	10,680
USD:MXN	3,075	20.58	85,116

- v. Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$66,688 and (\$27,612), respectively.

- vi. For the Group 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 Group for 2022 and 2021 would decrease or increase by \$7,084 and \$4,283 respectively.

#### Price risk

The Group'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 Group 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 Group 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 Group's net profit after tax in 2022 and 2021 would decrease or increase by \$3,457 and \$4,003 respectively mainly due to the increase or decrease in interest expenses due to floating rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group 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 Group 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 Group 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 original recognition.
- iv. The Group 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 Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss. The Group 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 group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2022		2021
January 1	\$ 3,819	\$	3,619
Expected credit impairment loss (gain)	297		1,226
Amount written off due to irrecoverability	-	(	1,016)
Effect of exchange rate fluctuations	30	(	10)
December 31	<u>\$ 4,146</u>	<u>\$</u>	<u>3,819</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group'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 Group does not breach borrowing limits or covenants.
- ii. When surplus cash held by each operating entity exceeds the management needs of working capital, the Group'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 Group's unused loan amounts are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating rate		
Due within one year	\$ 1,345,680	1,107,424
Due in one year or longer	300,000	477,680
	<u>\$ 1,645,680</u>	<u>\$ 1,585,104</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 Group to prepare for operating and capital expenditures.

- iv. The following table is the Group'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:

<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
Non derivative financial liabilities:				
Short-term loans	\$ 200,782	\$ -	\$ -	\$ -
Notes payable	19,262	-	-	-
Accounts payable	767,777	-	-	-
Other payables	442,775	-	-	-
Lease liabilities (including current and non-current)	18,028	16,151	31,828	-
Long-term loans (including portions due in less than one year)	91,112	89,691	28,142	-
Refund liabilities	145,149	-	-	-
Deposit of guarantee	-	2,875	-	-

<u>December 31, 2021</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
Non derivative financial liabilities:				
Short-term loans	\$ 219,975	\$ -	\$ -	\$ -
Notes payable	54,084	-	-	-
Accounts payable	636,355	-	-	-
Other payables	469,283	-	-	-
Lease liabilities (including current and non-current)	16,703	14,497	38,857	1,080
Long-term loans (including portions due in less than one year)	85,900	85,674	109,923	-
Refund liabilities	121,402	-	-	-

The Group 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 Group 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, financial assets at amortized cost (including current and non-current portion), notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The Group 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 Group 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. All companies in the group are operating normally except for the mainland subsidiary which is affected by the epidemic prevention requirements and some production capacity and operations are affected. As the main production is still concentrated in Taiwan, there is no major impact on all aspects of the assessment. The Group will continue to pay close attention to the epidemic situation and market changes to respond in a timely manner.

B. The Group 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 Group 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 Group 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

(1) General information

The Group's management has identified reportable segments based on reported information used by operational decision makers in making decisions. The corporate composition of the Group, the basis for dividing into segments, and the basis for measuring segment information have not changed significantly during the current period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on operating profit. This measure excludes the impact of non-recurring income and expenses in the operating segments. The accounting policies of the operating segments are the same as the summary of the significant accounting policies described in Note 4 to the consolidated financial statements.

(3) Segment information

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	2022				Total
	Macauto Industrial	Kunshan Macauto	Mexico Macauto	Others	
Segment revenue:	\$ 3,093,637	1,468,626	927,067	\$494,492	\$5,983,822
Internal segment revenue:	648,158	222,724	121,667	141,239	1,133,788
Net external revenue	2,445,479	1,245,902	805,400	353,253	4,850,034
Interest income	3,822	8,839	53	41	12,755
Depreciation and amortization	66,814	37,534	26,414	5,444	136,206
Interest expense	2,007	-	3,616	303	5,926
Reportable segment profit or loss	404,017	59,724	9,149	22,206	495,096
Segment information	3,163,058	1,671,418	1,018,987	419,506	6,272,969
Non-current asset capital expenditures	3,854	23,709	23,018	1,181	51,762
Segment liabilities	1,693,338	461,438	532,274	141,244	2,828,294



	2021				Total
	Macauto Industrial	Kunshan Macauto	Mexico Macauto	Others	
Segment revenue:	\$ 3,404,633	\$ 1,435,050	\$ 601,696	\$ 433,080	\$ 5,874,459
Internal segment revenue:	644,748	291,170	43,692	121,806	1,101,416
Net external revenue	2,759,885	1,143,880	558,004	311,274	4,773,043
Interest income	1,215	4,739	-	2,203	8,157
Depreciation and amortization	78,821	36,969	22,765	6,047	144,602
Interest expense	1,165	-	2,088	176	3,429
Reportable segment profit or loss	429,332	53,667	4,947	5,599	493,545
Segment information	3,064,575	1,613,558	742,839	376,817	5,797,789
Non-current asset capital expenditures	3,270	15,978	21,686	1,238	42,172
Segment liabilities	1,693,540	478,086	337,228	121,046	2,629,900

(4) Reconciliation for segment income(loss) and segment assets

- A. Sales between segments are carried out on the basis of the principle of arm's length transactions. External revenue reported to key operating decision makers is measured in a consistent manner as revenue in the consolidated statements of comprehensive income, and segment gains and losses provided to key operating decision makers are measured in a consistent manner with the Group's consolidated financial statements and therefore do not need to be adjusted.
- B. The amount of total assets provided to the chief operating decision-maker adopts the same measurement for assets in the Group's financial statements. The reconciliations between reportable segments' assets and total assets is provided as follows:

	December 31, 2022	December 31, 2021
Assets of reportable segments	\$ 5,853,463	5,420,972
Assets of other operating segments	419,506	376,817
Less: Inter-segment transactions	(611,592)	(444,472)
Total assets	\$ 5,661,377	\$ 5,353,317

- C. The amount of total liabilities provided to the chief operating decision-maker adopts the same measurement for liabilities in the Group's financial statements. The reconciliations between reportable segments' liabilities and total liabilities is provided as follows:

	December 31, 2022	December 31, 2021
Liabilities of reportable segments	\$ 2,687,050	2,508,854
Liabilities of other operating segments	141,244	121,046
Less: Inter-segment transactions	(541,252)	(385,292)
Total liabilities	\$ 2,287,042	\$ 2,244,608

(5) Information on product and service

Product information for the years ended December 31, 2022 and 2021 is as follows

	2022	2021
Automobile Sun Shade	\$ 4,827,783	4,750,103
Garden tools	22,251	22,940
	<u>\$ 4,850,034</u>	<u>\$ 4,773,043</u>

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows

	2022		2021	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
China	\$ 1,953,056	210,323	\$ 2,194,990	\$ 222,399
United States	1,105,473	29,499	915,738	27,437
Mexico	472,524	363,238	365,629	310,828
Germany	341,777	61,630	380,651	62,625
Taiwan	321,650	898,421	291,603	958,067
Other countries	655,554	-	624,432	-
	<u>\$ 4,850,034</u>	<u>1,563,111</u>	<u>\$ 4,773,043</u>	<u>\$ 1,581,356</u>

(Note) Revenue is classified on a customer country basis.

(7) Major customer information

The Group's major customer information for 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Segment	Revenue	Segment
Company A	\$ 207,899	Macauto Industrial	\$ 351,942	Macauto Industrial
Company B	302,755	"	330,061	"
Company C	303,954	"	339,177	"
Company F	206,321	"	281,322	"

Macauto Industrial Co., Ltd. and subsidiaries  
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 (Note 1)	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 and subsidiaries  
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 and subsidiaries

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 Co., Ltd	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 and subsidiaries  
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		Subsequent collections	Allowance for doubtful accounts
					Amount	Action taken for overdue accounts		
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.

Table 4. Page1

Macauto Industrial Co., Ltd and subsidiaries

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 and subsidiaries

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	-	-	-	-	-	Subsidiary (Note 1)
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 and subsidiaries  
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)	Investment 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.

Table 8

Macauto Industrial Co., Ltd and  
subsidiaries  
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.

## 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	%	
<b>Current Assets</b>						
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	<b>Total current assets</b>		<u>2,164,310</u>	<u>43</u>	<u>2,017,804</u>	<u>42</u>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<u>2,903,363</u>	<u>57</u>	<u>2,784,445</u>	<u>58</u>
1XXX	<b>Total assets</b>		<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	%
<b>Current Liabilities</b>						
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	<b>Total current liabilities</b>		<u>1,506,807</u>	<u>30</u>	<u>1,437,688</u>	<u>30</u>
<b>Non-current liabilities</b>						
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	<b>Total non-current liabilities</b>		<u>186,531</u>	<u>3</u>	<u>255,852</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>1,693,338</u>	<u>33</u>	<u>1,693,540</u>	<u>35</u>
<b>Equity</b>						
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	<b>Total equity</b>		<u>3,374,335</u>	<u>67</u>	<u>3,108,709</u>	<u>65</u>
Significant liabilities and contingent commitments						
		9				
3X2X	<b>Total liabilities and equity</b>		<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	%	
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
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)	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations	6(4)	104,569	3	( 45,079)	( 1)
8300	<b>Other comprehensive income (loss) for the year</b>		<u>\$ 100,824</u>	<u>3</u>	<u>(\$ 39,053)</u>	<u>( 1)</u>
8500	<b>Total Comprehensive Income for the Period</b>		<u>\$ 512,796</u>	<u>17</u>	<u>\$ 360,381</u>	<u>11</u>
Earnings per share (in dollars) 6(24)						
9750	Basic		<u>\$ 5.50</u>		<u>\$ 5.33</u>	
9850	Diluted		<u>\$ 5.47</u>		<u>\$ 5.31</u>	

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		<u>\$ 749,000</u>	<u>\$ 3,082</u>	<u>\$ 607,420</u>	<u>\$ 184,213</u>	<u>\$ 1,910,264</u>	<u>(\$ 79,644 )</u>	<u>\$ 3,374,335</u>

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		<u>7,615</u>	<u>( 335 )</u>
<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		<u>( 337,488 )</u>	<u>( 464,381 )</u>
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)	<u>778,478</u>	<u>679,937</u>
Cash and cash equivalents at the end of the period	6(1)	<u>\$ 778,576</u>	<u>\$ 778,478</u>

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

	2022 Depreciation expense	2021 Depreciation expense
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		
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>Land</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)
				<u>\$ 137,931</u>

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:

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

(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::

(a) Inventory transfers to property, plant and equipment	<u>2022</u>	<u>2021</u>
	<u>\$ 2,001</u>	<u>\$ 6,075</u>
(b) Property, plant and equipment reclassified as investment real estate	<u>2022</u>	<u>2021</u>
	<u>\$ -</u>	<u>\$ 77,205</u>
(c) Transfer of prepayments to intangible assets	<u>2022</u>	<u>2021</u>
	<u>\$ 782</u>	<u>\$ 1,238</u>
(d) Prepaid equipment transfer to property, plant and equipment	<u>2022</u>	<u>2021</u>
	<u>\$ 4,023</u>	<u>\$ 1,398</u>
(e) Prepaid equipment transfer to investment real estate	<u>2022</u>	<u>2021</u>
	<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		
	(amount in thousands)	Exchange Rate	Book value (NT\$)
(Foreign currency: functional currency)			
<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		
	(amount in thousands)	Exchange Rate	Book value (NT\$)
(Foreign currency: functional currency)			
<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 (Note 1)	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 endorsements /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	Purchases (sales)	Description of transaction					Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		Note
				Amount	Ratio	Credit Period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)			
Macauto Industrial Co., Ltd	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		Subsequent collections	Allowance for doubtful accounts
					Amount	Action taken for overdue accounts		
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	-	-	-	-	-	Subsidiary (Note 1)
	MACAUTO HOLDINGS LLC	HEDGE TRADING LTD.	Samoa	Automobile Sun Shade	-	55	-	-	-	-	-

(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.

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

Table 8

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.		( <u>31,706</u> )		
		<u>\$ 496,128</u>		

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

<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	\$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

Item	Summary	Amount	Note
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	-
		\$369,515	

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

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

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.

Macauto Industrial Co., Ltd.

Chairman : Lin Chou, Yu-Shan