

**Mirle Automation Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2022 and 2021 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Mirle Automation Corporation

### Introduction

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

### Scope of Review

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

### Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$1,057,863 thousand and NT\$958,909 thousand, respectively, representing 8.44% and 8.93%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$395,365 thousand and NT\$231,369 thousand, respectively, representing 4.83% and 3.49%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(11,022) thousand, NT\$(2,192) thousand, NT\$(19,613) thousand and NT\$(64,842) thousand, respectively, representing (6.94)%, (1.45)%, (3.58)% and (16.86)%, respectively, of the consolidated total comprehensive income (loss).

As disclosed in Note 13 to the consolidated financial statements, the investments accounted for using the equity method amounted to NT\$96,727 thousand and NT\$53,130 thousand as of September 30, 2022 and 2021, respectively, and the share of loss of associates accounted for using the equity method was NT\$7,140 thousand, NT\$7,754 thousand, NT\$22,730 thousand and NT\$20,848 thousand for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, respectively. Recognition and disclosures were based on unreviewed financial statements of the investees for the same reporting periods. These investment amounts, as well as related information disclosed in Note 35 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Group.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and associates accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Mei-Chen Tsai and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 10, 2022

### **Notice to Readers**

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

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 30)	\$ 1,816,932	15	\$ 3,152,743	27	\$ 1,793,506	17	Short-term bank loans (Notes 19 and 30)	\$ 1,040,000	8	\$ 300,000	3	\$ 300,000	3
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	25,017	-	100,078	1	370,225	3	Contract liabilities - current (Notes 24 and 31)	987,707	8	1,338,964	11	882,009	8
Contract assets - current (Note 24)	4,747,412	38	2,950,299	25	2,646,716	25	Notes payable (Note 30)	75,352	1	107,786	1	71,343	1
Notes receivable (Notes 10, 24 and 30)	59,054	-	62,585	1	102,232	1	Accounts payable (Note 30)	3,422,101	27	3,083,183	26	3,003,680	28
Accounts receivable (Notes 10, 24 and 30)	442,511	4	487,299	4	683,409	6	Accounts payable to related parties (Notes 30 and 31)	2,139	-	13,133	-	7,882	-
Receivables from related parties (Notes 24, 30 and 31)	784	-	2,083	-	5,185	-	Current tax liabilities (Notes 4 and 26)	134,794	1	162,977	1	149,825	1
Other receivables (Notes 10 and 30)	116,302	1	124,097	1	69,386	-	Provisions - current (Note 21)	8,077	-	11,626	-	13,154	-
Other receivables from related parties (Notes 30 and 31)	1,169	-	380	-	380	-	Lease liabilities - current (Notes 15 and 30)	26,288	-	25,931	-	25,223	-
Inventories (Note 11)	1,349,334	11	1,449,655	12	1,579,700	15	Current portion of long-term bank loans (Notes 19 and 30)	343,083	3	42,724	-	-	-
Other current assets (Notes 18 and 31)	161,421	1	164,440	1	211,803	2	Accrued expenses and other current liabilities (Notes 20, 30 and 31)	606,357	5	754,548	7	581,900	6
Total current assets	8,719,936	70	8,493,659	72	7,462,542	69	Total current liabilities	6,645,898	53	5,840,872	49	5,035,016	47
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	46,937	-	48,697	1	49,098	1	Long-term bank loans (Notes 19 and 30)	1,076,567	8	1,188,643	10	1,076,367	10
Financial assets at amortized cost - non-current (Notes 9 and 30)	134,159	1	-	-	-	-	Lease liabilities - non-current (Notes 15 and 30)	216,380	2	234,484	2	239,822	2
Investments accounted for using the equity method (Note 13)	96,727	1	44,991	-	53,130	1	Net defined benefit liabilities - non-current (Notes 4, 22 and 25)	244,049	2	302,945	3	282,788	3
Property, plant and equipment (Note 14)	2,977,811	24	2,627,425	22	2,602,188	24	Guarantee deposits received (Note 30)	292	-	318	-	318	-
Right-of-use assets (Note 15)	316,119	2	334,043	3	339,115	3	Other non-current liabilities (Notes 20 and 30)	4,168	-	77	-	76	-
Intangible assets (Notes 17, 31 and 32)	70,093	1	54,962	1	54,648	1	Total non-current liabilities	1,541,456	12	1,726,467	15	1,599,371	15
Goodwill (Note 16)	42,521	-	42,389	-	42,310	-	Total liabilities	8,187,354	65	7,567,339	64	6,634,387	62
Deferred income tax assets (Notes 4 and 26)	7,779	-	7,779	-	7,779	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Note 23)						
Prepayment for equipment	3,131	-	25,046	-	19,667	-	Share capital						
Refundable deposits (Note 30)	118,478	1	102,094	1	107,775	1	Ordinary shares	1,955,312	16	1,955,312	17	1,955,312	18
Total non-current assets	3,813,755	30	3,287,426	28	3,275,710	31	Capital surplus	270,290	2	254,964	2	254,962	3
							Retained earnings						
							Legal reserve	953,456	8	902,775	8	902,775	8
							Special reserve	167,859	1	152,050	1	152,050	1
							Unappropriated earnings	1,094,109	9	1,103,145	9	1,017,037	10
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	(107,055)	(1)	(160,814)	(1)	(182,295)	(2)
							Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(7,045)	-	(7,045)	-	(7,645)	-
							Total equity attributable to shareholders of the Corporation	4,326,926	35	4,200,387	36	4,092,196	38
							NON-CONTROLLING INTERESTS (Notes 23 and 29)	19,411	-	13,359	-	11,669	-
							Total shareholders' equity	4,346,337	35	4,213,746	36	4,103,865	38
TOTAL	\$ 12,533,691	100	\$ 11,781,085	100	\$ 10,738,252	100	TOTAL	\$ 12,533,691	100	\$ 11,781,085	100	\$ 10,738,252	100

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

# MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 24 and 31)	\$ 2,812,361	100	\$ 2,537,420	100	\$ 8,042,931	100	\$ 7,150,670	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>2,315,744</u>	<u>82</u>	<u>2,013,196</u>	<u>79</u>	<u>6,599,939</u>	<u>82</u>	<u>5,585,145</u>	<u>78</u>
GROSS PROFIT	<u>496,617</u>	<u>18</u>	<u>524,224</u>	<u>21</u>	<u>1,442,992</u>	<u>18</u>	<u>1,565,525</u>	<u>22</u>
OPERATING EXPENSES (Notes 25 and 31)								
Selling and marketing expense	122,642	4	104,158	4	371,872	5	330,317	5
General and administrative expense	144,144	5	133,666	5	406,780	5	378,994	5
Research and development expense	180,890	7	90,622	4	358,483	4	301,981	4
Expected credit gain (Note 10)	<u>(709)</u>	<u>-</u>	<u>(6,468)</u>	<u>-</u>	<u>(747)</u>	<u>-</u>	<u>(6,189)</u>	<u>-</u>
Total operating expenses	<u>446,967</u>	<u>16</u>	<u>321,978</u>	<u>13</u>	<u>1,136,388</u>	<u>14</u>	<u>1,005,103</u>	<u>14</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>(227)</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>(252)</u>	<u>-</u>	<u>(423)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>49,423</u>	<u>2</u>	<u>202,281</u>	<u>8</u>	<u>306,352</u>	<u>4</u>	<u>559,999</u>	<u>8</u>
NONOPERATING INCOME AND EXPENSES								
Interest income (Note 25)	5,424	-	7,376	-	17,100	-	15,853	-
Other income (Notes 17, 25, 28 and 31)	3,929	-	4,252	-	16,794	-	19,459	-
Other gains and losses (Notes 25 and 31)	(2,936)	-	(2,166)	-	(5,322)	-	(4,813)	-
Finance costs (Note 25)	(6,030)	-	(2,748)	-	(13,299)	-	(8,624)	-
Share of loss of associates (Note 13)	(7,140)	-	(7,754)	-	(22,730)	-	(20,848)	-
Foreign exchange gain (loss), net (Note 34)	<u>117,457</u>	<u>4</u>	<u>(4,282)</u>	<u>-</u>	<u>265,139</u>	<u>3</u>	<u>(61,909)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>110,704</u>	<u>4</u>	<u>(5,322)</u>	<u>-</u>	<u>257,682</u>	<u>3</u>	<u>(60,882)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	160,127	6	196,959	8	564,034	7	499,117	7
INCOME TAX EXPENSE (Notes 4 and 26)	<u>20,102</u>	<u>1</u>	<u>34,146</u>	<u>2</u>	<u>70,254</u>	<u>1</u>	<u>76,601</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>140,025</u>	<u>5</u>	<u>162,813</u>	<u>6</u>	<u>493,780</u>	<u>6</u>	<u>422,516</u>	<u>6</u>

(Continued)

# MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on the translation of the financial statements of foreign operations	\$ 18,899	1	\$ (11,444)	-	\$ 53,764	1	\$ (37,984)	(1)
Other comprehensive income (loss) for the period	18,899	1	(11,444)	-	53,764	1	(37,984)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 158,924</u>	<u>6</u>	<u>\$ 151,369</u>	<u>6</u>	<u>\$ 547,544</u>	<u>7</u>	<u>\$ 384,532</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO								
Shareholders of the Corporation	\$ 138,085	5	\$ 160,539	6	\$ 487,623	6	\$ 420,706	6
Non-controlling interests	1,940	-	2,274	-	6,157	-	1,810	-
	<u>\$ 140,025</u>	<u>5</u>	<u>\$ 162,813</u>	<u>6</u>	<u>\$ 493,780</u>	<u>6</u>	<u>\$ 422,516</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO								
Shareholders of the Corporation	\$ 156,984	6	\$ 149,095	6	\$ 541,382	7	\$ 382,815	5
Non-controlling interests	1,940	-	2,274	-	6,162	-	1,717	-
	<u>\$ 158,924</u>	<u>6</u>	<u>\$ 151,369</u>	<u>6</u>	<u>\$ 547,544</u>	<u>7</u>	<u>\$ 384,532</u>	<u>5</u>
EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ 0.71</u>		<u>\$ 0.66</u>		<u>\$ 2.49</u>		<u>\$ 2.15</u>	
Diluted	<u>\$ 0.71</u>		<u>\$ 0.66</u>		<u>\$ 2.49</u>		<u>\$ 2.15</u>	

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

(Concluded)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation															Other Equity	
	Capital Surplus										Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interest	Total Equity		
	Share Capital		Equity Component of Convertible Bonds Issued by the Corporation	Investments Accounted for Using the Equity Method	Treasury Shares Transactions	Total	Retained Earnings										
Shares (In Thousands)	Amount	Legal Reserve					Special Reserve	Unappropriated Earnings	Total								
BALANCE AT JANUARY 1, 2021	195,531	\$ 1,955,312	\$ 234,579	\$ -	\$ 19,150	\$ 253,729	\$ 852,644	\$ 173,348	\$ 1,016,226	\$ 2,042,218	\$ (144,404)	\$ (7,645)	\$ 4,099,210	\$ 9,952	\$ 4,109,162		
Appropriation of 2020 earnings																	
Legal reserve	-	-	-	-	-	-	50,131	-	(50,131)	-	-	-	-	-	-		
Special reserve	-	-	-	-	-	-	-	(21,298)	21,298	-	-	-	-	-	-		
Cash dividends distributed by the Corporation - 20%	-	-	-	-	-	-	-	-	(391,062)	(391,062)	-	-	(391,062)	-	(391,062)		
Other changes in capital surplus																	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	1,233	-	1,233	-	-	-	-	-	-	1,233	-	1,233		
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	420,706	420,706	-	-	420,706	1,810	422,516		
Other comprehensive loss for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	(37,891)	-	(37,891)	(93)	(37,984)		
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	420,706	420,706	(37,891)	-	382,815	1,717	384,532		
BALANCE AT SEPTEMBER 30, 2021	195,531	\$ 1,955,312	\$ 234,579	\$ 1,233	\$ 19,150	\$ 254,962	\$ 902,775	\$ 152,050	\$ 1,017,037	\$ 2,071,862	\$ (182,295)	\$ (7,645)	\$ 4,092,196	\$ 11,669	\$ 4,103,865		
BALANCE AT JANUARY 1, 2022	195,531	\$ 1,955,312	\$ 234,579	\$ 1,235	\$ 19,150	\$ 254,964	\$ 902,775	\$ 152,050	\$ 1,103,145	\$ 2,157,970	\$ (160,814)	\$ (7,045)	\$ 4,200,387	\$ 13,359	\$ 4,213,746		
Appropriation of 2021 earnings																	
Legal reserve	-	-	-	-	-	-	50,681	-	(50,681)	-	-	-	-	-	-		
Special reserve	-	-	-	-	-	-	-	15,809	(15,809)	-	-	-	-	-	-		
Cash dividends distributed by the Corporation - 22%	-	-	-	-	-	-	-	-	(430,169)	(430,169)	-	-	(430,169)	-	(430,169)		
Other changes in capital surplus																	
Changes in percentage of ownership interests in subsidiaries	-	-	-	10	-	10	-	-	-	-	-	-	10	-	10		
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	15,316	-	15,316	-	-	-	-	-	-	15,316	-	15,316		
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	487,623	487,623	-	-	487,623	6,157	493,780		
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	-	-	53,759	-	53,759	5	53,764		
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	487,623	487,623	53,759	-	541,382	6,162	547,544		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(110)	(110)		
BALANCE AT SEPTEMBER 30, 2022	195,531	\$ 1,955,312	\$ 234,579	\$ 16,561	\$ 19,150	\$ 270,290	\$ 953,456	\$ 167,859	\$ 1,094,109	\$ 2,215,424	\$ (107,055)	\$ (7,045)	\$ 4,326,926	\$ 19,411	\$ 4,346,337		

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

# MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 564,034	\$ 499,117
Adjustments for:		
Depreciation expenses	121,531	112,416
Amortization expenses	25,030	21,205
Expected credit gain	(747)	(6,189)
Net gain on fair value changes of financial assets at fair value through profit or loss	(123)	(255)
Finance costs	13,299	8,624
Interest income	(17,100)	(15,853)
Share of loss of associates	22,730	20,848
Loss on disposal of property, plant and equipment	252	423
Reclassify property, plant and equipment as expenses	49	-
Inventory write-down (reversed)	6,989	(1,746)
Net (gain) loss on foreign currency exchange	(215,098)	1,541
Changes in operating assets and liabilities		
Contract assets	(1,797,113)	(31,692)
Notes receivable	3,491	132,289
Accounts receivable	194,649	(51,450)
Receivable from related parties	1,299	(3,192)
Other receivables	7,611	(10,385)
Other receivables from related parties	(789)	(380)
Inventories	93,364	(74,184)
Other current assets	(5,473)	(40,317)
Contract liabilities	(351,257)	(794,662)
Notes payable	(32,434)	7,896
Accounts payable	333,147	362,694
Accounts payable to related parties	(10,994)	2,604
Provisions	(3,549)	8,798
Accrued expenses and other current liabilities	(132,283)	(33,684)
Net defined benefit liabilities	(58,896)	(23,602)
Cash (used in) generated from operations	(1,238,381)	90,864
Income tax paid	(98,437)	(87,599)
Net cash (used in) generated from operating activities	(1,336,818)	3,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash returns from capital reduction of investments in financial assets at fair value through other comprehensive income	1,760	-
Acquisition of financial assets at amortized cost	(134,159)	-
Acquisition of financial assets at fair value through profit or loss	(125,000)	(420,001)

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# MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
Disposal of financial assets at fair value through profit or loss	\$ 200,184	\$ 50,031
Acquisition of long-term investments accounted for using the equity method	(58,560)	(35,371)
Acquisition of property, plant and equipment	(449,557)	(236,108)
Disposal of property, plant and equipment	273	1,641
Increase in refundable deposits	(16,384)	-
Decrease in refundable deposits	-	20,162
Acquisition of intangible assets	(33,759)	(24,467)
Decrease in prepayments for equipment	21,915	3,480
Interest received	25,592	20,516
Acquisition of additional interests in subsidiary	(100)	-
Net cash used in investing activities	(567,795)	(620,117)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	1,540,000	300,000
Decrease in short-term bank loans	(800,000)	(300,000)
Proceeds from long-term bank loans	228,960	17,400
Repayments of long-term bank loans	(40,677)	(5,000)
Decrease in guarantee deposits received	(26)	-
Repayment of the principal portion of lease liabilities	(19,680)	(18,455)
Dividends paid	(430,169)	(391,062)
Interest paid	(12,783)	(8,615)
Net cash generated from (used in) financing activities	465,625	(405,732)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	103,177	(25,693)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,335,811)	(1,048,277)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	3,152,743	2,841,783
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	\$ 1,816,932	\$ 1,793,506

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

(Concluded)

# MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

Mirle Automation Corporation (the “Corporation”) was incorporated in Hsinchu Science Industrial Park, Republic of China (ROC) on February 2, 1989 and commenced business on March 16, 1989. The Corporation is mainly engaged in the business of automation equipment systems and its components, various parking facilities, medical equipment and the design, development, production and sale of the automation equipment used in these products, and also provides after-sales services for the products. The Corporation is also engaged in the leasing business, and develops and sells software and databases that are used in automation equipment. Moreover, the Corporation also provides construction planning, installation, consulting and maintenance services for the above products.

The Corporation’s shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since September 2001.

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 10, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation and the entities controlled by the Corporation (collectively, the “Group”) accounting policies.

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

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

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

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

See Note 12, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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

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

The critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2021.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 9,607	\$ 9,611	\$ 9,733
Demand deposits	1,173,981	1,649,905	828,276
Checking accounts	2,215	1,080	360
Cash equivalents			
Time deposits with original maturities of 3 months or less	148,614	800,550	271,171
Time deposits with original maturities of more than 3 months but less than 1 year	<u>482,515</u>	<u>691,597</u>	<u>683,966</u>
	<u>\$ 1,816,932</u>	<u>\$ 3,152,743</u>	<u>\$ 1,793,506</u>

Cash equivalents include time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Bank balance	0.001%-3.45%	0.001%-2.65%	0.001%-2.70%

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

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets at fair value through <u>profit or loss (FVTPL) - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	<u>\$ 25,017</u>	<u>\$ 100,078</u>	<u>\$ 370,225</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 46,937</u>	<u>\$ 48,697</u>	<u>\$ 49,098</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
Domestic investments			
Unlisted shares	\$ 12,125	\$ 12,125	\$ 10,000
Foreign investments			
Unlisted shares	<u>34,812</u>	<u>36,572</u>	<u>39,098</u>
	<u>\$ 46,937</u>	<u>\$ 48,697</u>	<u>\$ 49,098</u> (Concluded)

The Corporation invested in TIEF FUND, L.P. and PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD. for medium- to long-term strategic purposes and expects to make profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 134,159</u>	<u>\$ -</u>	<u>\$ -</u>

The interest rate for time deposits with original maturities of more than 1 year was approximately 2.60% per annum as of September 30, 2022.

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
Operating	\$ 59,293	\$ 62,784	\$ 102,302
Less: Allowance for impairment loss	<u>(239)</u>	<u>(199)</u>	<u>(70)</u>
	<u>\$ 59,054</u>	<u>\$ 62,585</u>	<u>\$ 102,232</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 458,651	\$ 504,222	\$ 702,595
Less: Allowance for impairment loss	<u>(16,140)</u>	<u>(16,923)</u>	<u>(19,186)</u>
	<u>\$ 442,511</u>	<u>\$ 487,299</u>	<u>\$ 683,409</u> (Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Other receivables</u>			
Business tax	\$ 105,897	\$ 100,186	\$ 26,813
Others	<u>13,528</u>	<u>26,850</u>	<u>45,512</u>
	119,425	127,036	72,325
Less: Allowance for impairment loss	<u>(3,123)</u>	<u>(2,939)</u>	<u>(2,939)</u>
	<u>\$ 116,302</u>	<u>\$ 124,097</u>	<u>\$ 69,386</u> (Concluded)

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 30 to 180 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

September 30, 2022

	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 206,269	\$ 158,437	\$ 51,059	\$ 102,179	\$ 517,944
Loss allowance (Lifetime ECLs)	<u>(1,548)</u>	<u>(1,436)</u>	<u>(453)</u>	<u>(12,942)</u>	<u>(16,379)</u>
Amortized cost	<u>\$ 204,721</u>	<u>\$ 157,001</u>	<u>\$ 50,606</u>	<u>\$ 89,237</u>	<u>\$ 501,565</u>

December 31, 2021

	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 140,496	\$ 164,138	\$ 158,049	\$ 104,323	\$ 567,006
Loss allowance (Lifetime ECLs)	<u>(1,060)</u>	<u>(1,748)</u>	<u>(1,323)</u>	<u>(12,991)</u>	<u>(17,122)</u>
Amortized cost	<u>\$ 139,436</u>	<u>\$ 162,390</u>	<u>\$ 156,726</u>	<u>\$ 91,332</u>	<u>\$ 549,884</u>

## September 30, 2021

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$ 250,595	\$ 207,133	\$ 118,803	\$ 228,366	\$ 804,897
Loss allowance (Lifetime ECLs)	<u>(2,552)</u>	<u>(1,690)</u>	<u>(1,014)</u>	<u>(14,000)</u>	<u>(19,256)</u>
Amortized cost	<u>\$ 248,043</u>	<u>\$ 205,443</u>	<u>\$ 117,789</u>	<u>\$ 214,366</u>	<u>\$ 785,641</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 17,122	\$ 29,735
Less: Amounts written off	-	(4,165)
Less: Net remeasurement of loss allowance	(931)	(6,189)
Foreign exchange gains and losses	<u>188</u>	<u>(125)</u>
Balance at September 30	<u>\$ 16,379</u>	<u>\$ 19,256</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the amounts of loss allowance which included individually impaired notes receivable and accounts receivable of debtors in significant financial difficulty were \$8,159 thousand, \$8,151 thousand and \$8,151 thousand, respectively. The expected credit losses recognized are carrying amounts of notes receivable and accounts receivable. The Group does not hold any collateral over the balance of these notes receivable and accounts receivable.

The movements of the loss allowance of other receivables were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 2,939	\$ 2,939
Add: Net remeasurement of loss allowance	<u>184</u>	<u>-</u>
Balance at September 30	<u>\$ 3,123</u>	<u>\$ 2,939</u>

## **11. INVENTORIES**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Finished goods	\$ 46,651	\$ 24,406	\$ 12,362
Work in progress	823,975	929,233	1,048,687
Raw materials	478,708	442,055	518,510
Inventory in transit	<u>-</u>	<u>53,961</u>	<u>141</u>
	<u>\$ 1,349,334</u>	<u>\$ 1,449,655</u>	<u>\$ 1,579,700</u>



The components of operating costs related to inventories are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Cost of goods sold	\$ 2,315,744	\$ 2,013,196	\$ 6,599,939	\$ 5,585,145
Inventory (reversed) write-downs	\$ (972)	\$ 11,292	\$ 6,989	\$ (1,746)
Sale of scraps	\$ (580)	\$ (8,229)	\$ (1,735)	\$ (8,578)

## 12. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
The Corporation	MIRTEK (BVI) CORP. LTD.	Investment	100	100	100	1
	MIRLE AUTOMATION INTER CORP. LTD.	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	100	100	100	1
	DAVID INVESTMENT CO., LTD.	Investment	100	99	99	1
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Design of computer application package software and sale of computer peripheral equipment	51	51	51	1
MIRTEK (BVI) CORP. LTD.	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	100	100	100	2
MIRLE HOLDING CO., LTD.	MIRLE HOLDING CO., LTD.	Investment	100	100	100	1
	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	100	100	100	1
DAVID INVESTMENT CO., LTD.	IOT SERVICES INFORMATION SYSTEM CORPORATION	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	100	100	100	1
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Machinery and equipment installation construction, wholesale and retail sale of computing and business machinery equipment	100	100	100	1

Remarks:

- 1) Company is an immaterial subsidiary; its financial statements have not been reviewed. Management considers that even if these financial statements are to be reviewed, they would not have a significant impact on the Group.

2) Company is a material subsidiary; its financial statements have been reviewed.

On November 10, 2021, the Corporation's board of directors approved the capital increase of NT\$2,700 thousand in cash for 300 thousand ordinary shares of MIRLE AUTOMATION INTER CO., LTD..

On April 29, 2022, the Corporation acquired 1% of the shares released by other shareholders of DAVID INVESTMENT CO., LTD. for NT\$100 thousand, and the shareholding ratio increased from 99% to 100%.

Refer to Note 29 for the acquisitions and disposals of investments in subsidiaries.

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Investments in associates</u>			
Associates that are not individually material			
MAIN DRIVE CORPORATION	\$ 56,932	\$ 34,310	\$ 42,609
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	21,907	10,681	10,521
HICHAIN & MIRLE AUTOMATION CO., LTD.	<u>17,888</u>	<u>-</u>	<u>-</u>
	<u>\$ 96,727</u>	<u>\$ 44,991</u>	<u>\$ 53,130</u>

a. Aggregate information of associates that are not individually material

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>		
	September 30, 2022	December 31, 2021	September 30, 2021
MAIN DRIVE CORPORATION	23.43%	26.85%	26.85%
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	49%	49%	49%
HICHAIN & MIRLE AUTOMATION CO., LTD.	40%	-	-

The Corporation subscribed for 2,000 thousand ordinary shares of MAIN DRIVE CORPORATION for NT\$30,000 thousand in cash after approval was obtained from the board of directors on March 17, 2022, which decreased the proportion of ownership from 26.85% to 23.43%.

MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. subscribed for the cash capital increase of MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD. on August 26, 2022 with RMB2,450 thousand. After the capital increase, the shareholding ratio was 49%.

On March 17, 2022, the board of directors decided to set up a company with HICHAIN LOGISTICS (JIANGSU) CO., LTD., and on August 26, 2022, HICHAIN LOGISTICS (JIANGSU) CO., LTD. was transferred to HICHAIN & MIRLE AUTOMATION CO., LTD. through MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. The investment amount is RMB4,000 thousand in cash, and the shareholding ratio is 40%.

- b. The investments in associates accounted for using the equity method, and the share of profit or loss and other comprehensive income (loss) of those investments for the nine months ended September 30, 2022 and 2021 were based on unreviewed financial statements of the investees for the same reporting periods as those of the Group. Management considers that even if these financial statements are to be reviewed, they would not have a significant impact on the Group.

#### 14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022	December 31, 2021	September 30, 2021
Assets used by the Group	\$ 2,977,310	\$ 2,626,656	\$ 2,601,286
Assets leased under operating leases	<u>501</u>	<u>769</u>	<u>902</u>
	<u>\$ 2,977,811</u>	<u>\$ 2,627,425</u>	<u>\$ 2,602,188</u>

	Assets Used by the Group							Assets Leased under Operating Leases		
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Work In Progress	Buildings and Ancillary Equipment	Machinery Equipment	Total
<b>Cost</b>										
Balance at January 1, 2022	\$ 179,901	\$ 2,336,298	\$ 326,598	\$ 49,943	\$ 94,423	\$ 2,057	\$ 505,921	\$ 534	\$ 1,142	\$ 3,496,817
Additions	-	1,609	42,012	4,356	25,648	326	357,182	-	-	431,133
Disposals	-	(620)	(11,600)	(5,878)	(5,592)	-	-	-	-	(23,690)
Reclassified	-	793,489	2,458	-	(692)	-	(795,996)	-	-	(471)
Effects of foreign currency exchange differences	-	23,143	2,257	625	1,188	44	-	15	-	27,272
Balance at September 30, 2022	<u>\$ 179,901</u>	<u>\$ 3,153,919</u>	<u>\$ 361,725</u>	<u>\$ 49,046</u>	<u>\$ 114,975</u>	<u>\$ 2,427</u>	<u>\$ 67,107</u>	<u>\$ 549</u>	<u>\$ 1,142</u>	<u>\$ 3,930,791</u>
<b>Accumulated depreciation</b>										
Balance at January 1, 2022	\$ -	\$ 593,596	\$ 177,557	\$ 33,838	\$ 58,253	\$ 813	\$ -	\$ 38	\$ 869	\$ 864,964
Depreciation expenses	-	53,912	30,980	3,649	9,700	786	-	9	273	99,309
Disposals	-	(611)	(11,131)	(5,637)	(5,515)	-	-	-	-	(22,894)
Effects of foreign currency exchange differences	-	4,711	1,365	489	840	38	-	1	-	7,444
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 651,608</u>	<u>\$ 198,771</u>	<u>\$ 32,339</u>	<u>\$ 63,278</u>	<u>\$ 1,637</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 1,142</u>	<u>\$ 948,823</u>
<b>Accumulated impairment</b>										
Balance at January 1, 2022	\$ -	\$ -	\$ 4,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,428
Disposals	-	-	(271)	-	-	-	-	-	-	(271)
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,157</u>
Carrying amount at September 30, 2022	<u>\$ 179,901</u>	<u>\$ 2,502,311</u>	<u>\$ 158,797</u>	<u>\$ 16,707</u>	<u>\$ 51,697</u>	<u>\$ 790</u>	<u>\$ 67,107</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ 2,977,811</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 179,901</u>	<u>\$ 1,742,702</u>	<u>\$ 144,613</u>	<u>\$ 16,105</u>	<u>\$ 36,170</u>	<u>\$ 1,244</u>	<u>\$ 505,921</u>	<u>\$ 496</u>	<u>\$ 273</u>	<u>\$ 2,627,425</u>
<b>Cost</b>										
Balance at January 1, 2021	\$ 179,901	\$ 2,315,874	\$ 305,432	\$ 48,849	\$ 90,879	\$ 1,068	\$ 299,139	\$ 536	\$ -	\$ 3,241,678
Additions	-	20,656	27,288	5,307	9,647	-	193,447	-	-	256,345
Disposals	-	(3,165)	(18,067)	(3,469)	(1,502)	-	-	-	-	(26,203)
Transfers to assets leased under operating leases	-	-	(1,142)	-	-	-	-	-	1,142	-
Reclassified	-	3,913	15,236	-	-	-	(19,149)	-	-	-
Effects of foreign currency exchange differences	-	(12,930)	(1,070)	(666)	(851)	(73)	-	(9)	-	(15,599)
Balance at September 30, 2021	<u>\$ 179,901</u>	<u>\$ 2,324,348</u>	<u>\$ 327,677</u>	<u>\$ 50,021</u>	<u>\$ 98,173</u>	<u>\$ 995</u>	<u>\$ 473,437</u>	<u>\$ 527</u>	<u>\$ 1,142</u>	<u>\$ 3,456,221</u>
<b>Accumulated depreciation</b>										
Balance at January 1, 2021	\$ -	\$ 532,869	\$ 166,453	\$ 32,636	\$ 54,976	\$ 610	\$ -	\$ 23	\$ -	\$ 787,567
Depreciation expenses	-	48,203	28,572	3,842	9,150	187	-	9	91	90,054
Disposals	-	(2,969)	(16,454)	(3,280)	(1,422)	-	-	-	-	(24,125)
Transfers to assets leased under operating leases	-	-	(641)	-	-	-	-	-	641	-
Effects of foreign currency exchange differences	-	(2,378)	(554)	(556)	(575)	(47)	-	3	-	(4,107)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 575,725</u>	<u>\$ 177,376</u>	<u>\$ 32,642</u>	<u>\$ 62,129</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 732</u>	<u>\$ 849,389</u>
<b>Accumulated impairment</b>										
Balance at January 1, 2021	\$ -	\$ -	\$ 4,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,658
Disposals	-	-	(14)	-	-	-	-	-	-	(14)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,644</u>
Carrying amount at September 30, 2021	<u>\$ 179,901</u>	<u>\$ 1,748,623</u>	<u>\$ 145,657</u>	<u>\$ 17,379</u>	<u>\$ 36,044</u>	<u>\$ 245</u>	<u>\$ 473,437</u>	<u>\$ 492</u>	<u>\$ 410</u>	<u>\$ 2,602,188</u>

Operating leases relate to leases of buildings and ancillary equipment and machinery equipment with lease terms between 1 and 10 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 2,880	\$ 2,657	\$ 3,744
Year 2	2,756	91	121
Year 3	2,756	-	-
Year 4	2,756	-	-
Year 5	<u>2,297</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,445</u>	<u>\$ 2,748</u>	<u>\$ 3,865</u>

There was no indication of impairment on the Group's property, plant and equipment for the nine months ended September 30, 2022 and 2021.

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

Buildings and ancillary equipment	3-50 years
Machinery equipment	2-20 years
Transportation equipment	4-9 years
Office equipment	2-10 years
Leasehold improvement	1-2 years

The major component of the Group's buildings comprises the main building of the plant and electromechanical power equipment, which are depreciated on a straight-line basis over their estimated useful lives of 40-50 years and 3-15 years, respectively.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Land	\$ 312,591	\$ 328,483	\$ 334,556
Transportation equipment	<u>3,528</u>	<u>5,560</u>	<u>4,559</u>
	<u>\$ 316,119</u>	<u>\$ 334,043</u>	<u>\$ 339,115</u>
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>
			<b>2021</b>
Additions to right-of-use assets			<u>\$ 1,933</u>
Depreciation charge for right-of-use assets			<u>\$ 2,007</u>
Land	\$ 3,268	\$ 6,914	\$ 20,190
Transportation equipment	<u>677</u>	<u>677</u>	<u>2,032</u>
	<u>\$ 3,945</u>	<u>\$ 7,591</u>	<u>\$ 22,222</u>
			<u>\$ 22,362</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Current	\$ 26,288	\$ 25,931	\$ 25,223
Non-current	\$ 216,380	\$ 234,484	\$ 239,822

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.92%-2.16%	1.92%-2.16%	1.92%-2.16%
Transportation equipment	1.44%	1.44%	1.44%

c. Material leasing activities and terms

The Group leases land and transportation equipment for office space and operational uses with lease terms of 9-50 years and 2-3 years, respectively. The Group does not have bargain purchase options to acquire the land and transportation equipment at the end of the lease terms.

d. Other lease information

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 2,840	\$ 1,397	\$ 9,031	\$ 5,066
Expenses relating to low-value asset leases	\$ -	\$ 276	\$ 4	\$ 639
Total cash outflow for leases			\$ (32,535)	\$ (28,292)

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

## 16. GOODWILL

	September 30, 2022	December 31, 2021	September 30, 2021
Goodwill	\$ 42,521	\$ 42,389	\$ 42,310

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 42,389	\$ 43,906
Effect of foreign currency exchange differences	<u>132</u>	<u>(1,596)</u>
Balance at September 30	<u>\$ 42,521</u>	<u>\$ 42,310</u>

## 17. OTHER INTANGIBLE ASSETS

	<b>Service Concession Arrangements</b>	<b>Computer Software</b>	<b>Licenses and Franchises</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2022	\$ 9,389	\$ 51,668	\$ -	\$ 74,380	\$ 135,437
Additions	-	13,302	8,000	18,457	39,759
Disposals	-	(3,062)	-	(1,683)	(4,745)
Effect of foreign currency exchange differences	<u>-</u>	<u>399</u>	<u>-</u>	<u>445</u>	<u>844</u>
Balance at September 30, 2022	<u>\$ 9,389</u>	<u>\$ 62,307</u>	<u>\$ 8,000</u>	<u>\$ 91,599</u>	<u>\$ 171,295</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2022	\$ 4,225	\$ 33,599	\$ -	\$ 42,651	\$ 80,475
Amortization expense	352	10,076	-	14,602	25,030
Disposals	-	(3,062)	-	(1,683)	(4,745)
Effect of foreign currency exchange differences	<u>-</u>	<u>281</u>	<u>-</u>	<u>161</u>	<u>442</u>
Balance at September 30, 2022	<u>\$ 4,577</u>	<u>\$ 40,894</u>	<u>\$ -</u>	<u>\$ 55,731</u>	<u>\$ 101,202</u>
Carrying amount at September 30, 2022	<u>\$ 4,812</u>	<u>\$ 21,413</u>	<u>\$ 8,000</u>	<u>\$ 35,868</u>	<u>\$ 70,093</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 5,164</u>	<u>\$ 18,069</u>	<u>\$ -</u>	<u>\$ 31,729</u>	<u>\$ 54,962</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 9,389	\$ 56,043	\$ -	\$ 49,436	\$ 114,868
Additions	-	2,658	-	21,809	24,467
Disposals	-	(3,363)	-	-	(3,363)
Effect of foreign currency exchange differences	<u>-</u>	<u>(219)</u>	<u>-</u>	<u>(329)</u>	<u>(548)</u>
Balance at September 30, 2021	<u>\$ 9,389</u>	<u>\$ 55,119</u>	<u>\$ -</u>	<u>\$ 70,916</u>	<u>\$ 135,424</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 3,755	\$ 29,024	\$ -	\$ 30,428	\$ 63,207
Amortization expense	352	10,835	-	10,018	21,205
Disposals	-	(3,363)	-	-	(3,363)
Effect of foreign currency exchange differences	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>(123)</u>	<u>(273)</u>
Balance at September 30, 2021	<u>\$ 4,107</u>	<u>\$ 36,346</u>	<u>\$ -</u>	<u>\$ 40,323</u>	<u>\$ 80,776</u>
Carrying amount at September 30, 2021	<u>\$ 5,282</u>	<u>\$ 18,773</u>	<u>\$ -</u>	<u>\$ 30,593</u>	<u>\$ 54,648</u>

The Group signed several power purchase agreements with Taiwan Power Company that would expire in 20 years starting from the date of interconnection of the electric generators. The gains for the nine months

ended September 30, 2022 and 2021, which were recognized as other income, amounted to \$4,727 thousand and \$1,851 thousand, respectively.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Service concession arrangements	20 years
Computer software	3 years
Licenses and franchises	10 years
Others	10 years

Other intangible assets pledged as collateral for bank borrowings are set out in Note 32.

## 18. OTHER CURRENT ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Payments in advance	\$ 65,347	\$ 40,039	\$ 100,743
Overpaid VAT	17,793	47,571	29,963
Temporary payments	15,733	13,707	14,458
Prepayments foreign travel	12,116	11,545	14,021
Prepayments rents	9,223	5,960	7,496
Prepayments for construction	3,923	13,724	13,724
Others	<u>37,286</u>	<u>31,894</u>	<u>31,398</u>
	<u>\$ 161,421</u>	<u>\$ 164,440</u>	<u>\$ 211,803</u>

## 19. BORROWINGS

### a. Short-term bank loans

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 1,040,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The effective interest rate of the working capital loan were 1.02%-1.43%, 0.51% and 0.51% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

### b. Long-term bank loans

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Bank loans - expiring before February 15, 2027	\$ 1,419,650	\$ 1,231,367	\$ 1,076,367
Less: Current portion	<u>(343,083)</u>	<u>(42,724)</u>	<u>-</u>
	<u>\$ 1,076,567</u>	<u>\$ 1,188,643</u>	<u>\$ 1,076,367</u>

The effective interest rates of the long-term bank loans were 0.85%-1.00%, 0.41%-0.50% and 0.41%-0.50% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

## 20. OTHER LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Accrued expenses and other current liabilities			
Bonus	\$ 262,058	\$ 297,488	\$ 234,307
Salaries	105,712	103,523	93,451
Purchases of equipment	26,968	45,392	35,776
Outsourcing fee	24,948	68,759	17,363
Temporary receipts	24,324	24,631	61,286
Compensation of employees and remuneration of directors and supervisors	14,156	15,655	12,764
Others	<u>148,191</u>	<u>199,100</u>	<u>126,953</u>
	<u>\$ 606,357</u>	<u>\$ 754,548</u>	<u>\$ 581,900</u>
<u>Non-current</u>			
Other non-current liabilities			
Long-term payables	\$ 4,000	\$ -	\$ -
Others	<u>168</u>	<u>77</u>	<u>76</u>
	<u>\$ 4,168</u>	<u>\$ 77</u>	<u>\$ 76</u>

## 21. PROVISIONS - CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
Warranties	<u>\$ 8,077</u>	<u>\$ 11,626</u>	<u>\$ 13,154</u>
		<b>For the Nine Months Ended September 30</b>	
		<b>2022</b>	<b>2021</b>
Balance at January 1		\$ 11,626	\$ 4,356
Additional provisions recognized		11,099	26,078
Amount used		(14,674)	(17,264)
Effect of foreign currency exchange differences		<u>26</u>	<u>(16)</u>
Balance at September 30		<u>\$ 8,077</u>	<u>\$ 13,154</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.



## 22. RETIREMENT BENEFIT PLANS

For the three months ended and nine months ended September 30, 2022 and 2021, the pension expenses of defined benefit plans were \$995 thousand, \$1,006 thousand, \$2,984 thousand and \$3,018 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

## 23. EQUITY

### a. Share capital

#### 1) Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
Share authorized (in thousands of shares)	<u>250,000</u>	<u>250,000</u>	<u>226,000</u>
Share authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,260,000</u>
Share issued and fully paid (in thousands of shares)	<u>195,531</u>	<u>195,531</u>	<u>195,531</u>
Share issued	<u>\$ 1,955,312</u>	<u>\$ 1,955,312</u>	<u>\$ 1,955,312</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

A total of 20,000 thousand ordinary shares are reserved for the exercise of employee share options, preferred shares with share options or bonds with attached share options.

### b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Conversion of bonds	\$ 234,579	\$ 234,579	\$ 234,579
Treasury share transactions	19,150	19,150	19,150
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries (2)	12	2	-
Share of changes in capital surplus of associates (3)	<u>16,549</u>	<u>1,233</u>	<u>1,233</u>
	<u>\$ 270,290</u>	<u>\$ 254,964</u>	<u>\$ 254,962</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

The shareholders of the Corporation held their regular meeting on July 29, 2021 and in that meeting, resolved the amendments to the Corporation's Articles of Incorporation (the "Articles"). The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the surplus distribution is issued as cash dividends, the board of directors shall be authorized to distribute by special resolution and shall be reported to the shareholders' meeting.

In accordance with the Corporation's Articles, the dividends policy is to enable the shareholders to have a share in the Group's profit, for continuous expansion of its business and stabilization of profitability. At least 30% of the dividends to be distributed to shareholders shall be allocated, and the total cash dividends paid in any given year should be at least 40% of total dividends distributed.

Under the dividends policy as set forth in the Articles before the amendments, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In accordance with the Corporation's Articles, the dividends policy is to enable the shareholders to have a share in the Group's profit, for continuous expansion of its business and stabilization of profitability. The total cash dividends paid in any given year should be at least 40% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25(h).

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

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

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 50,681	\$ 50,131
Special reserve	\$ 15,809	\$ (21,298)
Cash dividends	\$ 430,169	\$ 391,062
Cash dividends per share (NT\$)	\$ 2.2	\$ 2.0

The appropriation for cash dividends for 2021 had been resolved by the Corporation's board of directors on March 17, 2022; the other proposed appropriations for 2021 had been resolved by the shareholders in their meeting on June 9, 2022. The appropriation of earnings for 2020 had been resolved by the shareholders in their meeting on July 29, 2021.

d. Special reserve

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 152,050	\$ 173,348
Appropriations in respect of		
Debits to other equity items	15,809	-
Reversals:		
Reversal of the debits to other equity items	-	(21,298)
Balance at September 30	\$ 167,859	\$ 152,050

e. Other equity items

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

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (160,814)	\$ (144,404)
Recognized for the period		
Exchange differences on the translation of the financial		
statements of foreign operations	53,759	(37,891)
Other comprehensive income (loss) recognized for the period	53,759	(37,891)
Balance at September 30	\$ (107,055)	\$ (182,295)

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 13,359	\$ 9,952
Share of profit for the period	6,157	1,810
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign entities	5	(93)
Acquisition of non-controlling interests in subsidiaries (Note 29)	<u>(110)</u>	<u>-</u>
Balance at September 30	<u>\$ 19,411</u>	<u>\$ 11,669</u>

**24. REVENUE**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers				
Construction contract revenue	\$ 2,409,557	\$ 1,916,983	\$ 6,782,194	\$ 4,957,365
Revenue from the sale of goods	278,081	487,728	885,052	1,778,261
Revenue from the rendering of services	<u>124,723</u>	<u>132,709</u>	<u>375,685</u>	<u>415,044</u>
	<u>\$ 2,812,361</u>	<u>\$ 2,537,420</u>	<u>\$ 8,042,931</u>	<u>\$ 7,150,670</u>

a. Contract balances

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>January 1, 2021</b>
Notes receivable (Note 10)	<u>\$ 59,054</u>	<u>\$ 62,585</u>	<u>\$ 102,232</u>	<u>\$ 234,469</u>
Accounts receivable (Note 10)	<u>\$ 442,511</u>	<u>\$ 487,299</u>	<u>\$ 683,409</u>	<u>\$ 625,506</u>
Receivables from related parties (Note 31)	<u>\$ 784</u>	<u>\$ 2,083</u>	<u>\$ 5,185</u>	<u>\$ 1,993</u>
Contract assets - current				
Construction contracts	<u>\$ 4,747,412</u>	<u>\$ 2,950,299</u>	<u>\$ 2,646,716</u>	<u>\$ 2,615,024</u>
Contract liabilities - current				
Construction contracts	<u>\$ 987,707</u>	<u>\$ 1,338,964</u>	<u>\$ 882,009</u>	<u>\$ 1,676,671</u>

b. Disaggregation of revenue

	Reportable Segments		
	Logistics System Segment	Information and Controller Segment	Total
For the nine months ended September 30, <u>2022</u>			
Type of goods or services			
Construction contract revenue	\$ 6,427,912	\$ 354,282	\$ 6,782,194
Revenue from the sale of goods	211,891	673,161	885,052
Revenue from the rendering of services	<u>79,274</u>	<u>296,411</u>	<u>375,685</u>
	<u>\$ 6,719,077</u>	<u>\$ 1,323,854</u>	<u>\$ 8,042,931</u>
For the nine months ended September 30, <u>2021</u>			
Type of goods or services			
Construction contract revenue	\$ 4,640,239	\$ 317,126	\$ 4,957,365
Revenue from the sale of goods	236,034	1,542,227	1,778,261
Revenue from the rendering of services	<u>67,478</u>	<u>347,566</u>	<u>415,044</u>
	<u>\$ 4,943,751</u>	<u>\$ 2,206,919</u>	<u>\$ 7,150,670</u>

## 25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
(Loss) gain on disposal of property, plant and equipment	\$ <u>(227)</u>	\$ <u>35</u>	\$ <u>(252)</u>	\$ <u>(423)</u>

b. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank deposits	\$ 5,421	\$ 4,975	\$ 17,074	\$ 13,449
Others	<u>3</u>	<u>2,401</u>	<u>26</u>	<u>2,404</u>
	<u>\$ 5,424</u>	<u>\$ 7,376</u>	<u>\$ 17,100</u>	<u>\$ 15,853</u>

c. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Concession income (Note 17)	\$ 1,560	\$ 467	\$ 4,727	\$ 1,851
Litigation settlement gain	-	-	3,810	-
Rental income	1,202	867	3,599	966
Dividends	-	-	1,442	-
Government grants income (Note 28)	-	(474)	110	10,236
Others	<u>1,167</u>	<u>3,392</u>	<u>3,106</u>	<u>6,406</u>
	<u>\$ 3,929</u>	<u>\$ 4,252</u>	<u>\$ 16,794</u>	<u>\$ 19,459</u>

d. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net gain on fair value changes of financial instruments at fair value through profit or loss	\$ 31	\$ 132	\$ 123	\$ 255
Other net loss	<u>(2,967)</u>	<u>(2,298)</u>	<u>(5,445)</u>	<u>(5,068)</u>
	<u>\$ (2,936)</u>	<u>\$ (2,166)</u>	<u>\$ (5,322)</u>	<u>\$ (4,813)</u>

e. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 4,788	\$ 1,391	\$ 9,479	\$ 4,492
Interest on lease liabilities	<u>1,242</u>	<u>1,357</u>	<u>3,820</u>	<u>4,132</u>
	<u>\$ 6,030</u>	<u>\$ 2,748</u>	<u>\$ 13,299</u>	<u>\$ 8,624</u>

f. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 35,719	\$ 30,199	\$ 99,309	\$ 90,054
Right-of-use assets	3,945	7,591	22,222	22,362
Other intangible assets	<u>8,567</u>	<u>7,294</u>	<u>25,030</u>	<u>21,205</u>
	<u>\$ 48,231</u>	<u>\$ 45,084</u>	<u>\$ 146,561</u>	<u>\$ 133,621</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function				
Operating costs	\$ 13,479	\$ 11,227	\$ 37,890	\$ 32,631
Operating expense	<u>26,185</u>	<u>26,563</u>	<u>83,641</u>	<u>79,785</u>
	<u>\$ 39,664</u>	<u>\$ 37,790</u>	<u>\$ 121,531</u>	<u>\$ 112,416</u>
An analysis of amortization by function				
Operating costs	\$ 2,552	\$ 1,760	\$ 7,146	\$ 5,496
Selling and marketing expense	570	468	1,401	1,306
General and administrative expense	4,407	3,923	13,457	10,971
Research and development expense	921	1,026	2,674	3,080
Other expenses	<u>117</u>	<u>117</u>	<u>352</u>	<u>352</u>
	<u>\$ 8,567</u>	<u>\$ 7,294</u>	<u>\$ 25,030</u>	<u>\$ 21,205</u>

(Concluded)

g. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Post-employment benefits				
Defined contribution plans	\$ 14,306	\$ 12,668	\$ 41,660	\$ 36,606
Defined benefit plans (Note 22)	<u>995</u>	<u>1,006</u>	<u>2,984</u>	<u>3,018</u>
	15,301	13,674	44,644	39,624
Termination benefits	30	1,095	1,034	3,154
Other employee benefits	<u>484,275</u>	<u>420,175</u>	<u>1,310,232</u>	<u>1,242,796</u>
Total employee benefits expense	<u>\$ 499,606</u>	<u>\$ 434,944</u>	<u>\$ 1,355,910</u>	<u>\$ 1,285,574</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 325,379	\$ 251,577	\$ 830,490	\$ 722,221
Operating expenses	<u>174,227</u>	<u>183,367</u>	<u>525,420</u>	<u>563,353</u>
	<u>\$ 499,606</u>	<u>\$ 434,944</u>	<u>\$ 1,355,910</u>	<u>\$ 1,285,574</u>

h. Compensation of employees and remuneration of directors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the three months and nine months ended September 30, 2022 and 2021 are as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	1%	1%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Compensation of employees	<u>\$ 1,632</u>	<u>\$ 1,966</u>	<u>\$ 5,653</u>	<u>\$ 5,098</u>
Remuneration of directors and supervisors	<u>\$ 2,447</u>	<u>\$ 2,949</u>	<u>\$ 8,479</u>	<u>\$ 7,647</u>

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2021 and 2020 that were resolved by the board of directors on March 17, 2022 and March 18, 2021, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 6,254</u>	<u>\$ 5,863</u>
Remuneration of directors and supervisors	<u>\$ 9,382</u>	<u>\$ 8,795</u>

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

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



## 26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 20,102	\$ 24,128	\$ 70,254	\$ 62,356
Adjustments for prior year	-	10,018	-	14,245
Deferred tax				
In respect of the current period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 20,102</u>	<u>\$ 34,146</u>	<u>\$ 70,254</u>	<u>\$ 76,601</u>

### b. Income tax assessments

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 0.71</u>	<u>\$ 0.82</u>	<u>\$ 2.49</u>	<u>\$ 2.15</u>
Diluted earnings per share	<u>\$ 0.71</u>	<u>\$ 0.82</u>	<u>\$ 2.49</u>	<u>\$ 2.15</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Periods

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Profit for the period attributable to shareholders of the Corporation	<u>\$ 138,085</u>	<u>\$ 160,539</u>	<u>\$ 487,623</u>	<u>\$ 420,706</u>
Earnings used in the computation of basic earnings per share	138,085	160,539	487,623	420,706
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 138,085</u>	<u>\$ 160,539</u>	<u>\$ 487,623</u>	<u>\$ 420,706</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	195,531	195,531	195,531	195,531
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>150</u>	<u>121</u>	<u>193</u>	<u>155</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>195,681</u>	<u>195,652</u>	<u>195,724</u>	<u>195,686</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. GOVERNMENT GRANTS

The Corporation participated in a project proposed by the Ministry of Economic Affairs called “Smart Measuring Technology Applied to 3D Curved Glass Manufacturing Process”, with the Institute for Information Industry in June 2020. The subsidy provided by the Ministry of Economic Affairs was NT\$12,893 thousand. As of June 30, 2021, the accumulated government grant income recognized was NT\$12,419 thousand.

## 29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On April 29, 2022, the Group acquired additional 1% equity interest in DAVID INVESTMENT CO., LTD., and increased its continuing interest from 99% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	<b>DAVID INVESTMENT CO., LTD.</b>
Consideration paid	\$ (100)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>110</u>
Differences recognized from equity transactions	<u>\$ 10</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 10</u>

### 30. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

The management believes that except for the financial assets at amortized cost whose fair values cannot be reliably measured, the carrying amounts of the other financial assets and financial liabilities approximate their fair values.

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

##### 1) Fair value hierarchy

##### September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 25,017	\$ -	\$ -	\$ 25,017
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 12,125	\$ 12,125
Foreign unlisted shares	-	-	34,812	34,812
	\$ -	\$ -	\$ 46,937	\$ 46,937

##### December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 100,078	\$ -	\$ -	\$ 100,078
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 12,125	\$ 12,125
Foreign unlisted shares	-	-	36,572	36,572
	\$ -	\$ -	\$ 48,697	\$ 48,697

##### September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 370,225	\$ -	\$ -	\$ 370,225
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 10,000	\$ 10,000
Foreign unlisted shares	-	-	39,098	39,098
	\$ -	\$ -	\$ 49,098	\$ 49,098

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted shares is estimated based on the financial statements of the issuer of such shares or based on the observable price of stock of comparable companies at the end of the period. The estimated fair value is further evaluated by comparing the financial position and financial performance of the issuer with the comparable companies and by applying the implied value multiplier to the estimated price at the balance sheet date.

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 25,017	\$ 100,078	\$ 370,225
Amortized cost			
Cash and cash equivalents	1,816,932	3,152,743	1,793,506
Notes receivable (including related parties)	59,054	63,060	102,232
Accounts receivable (including related parties)	443,295	488,907	688,594
Other receivables (including related parties)	117,471	124,477	69,766
Financial assets at amortized cost - non-current	134,159	-	-
Refundable deposits	118,478	102,094	107,775
Financial assets at FVTOCI			
Equity instruments	46,937	48,697	49,098
<u>Financial liabilities</u>			
Amortized cost			
Short-term bank loans	1,040,000	300,000	300,000
Notes payable	75,352	107,786	71,343
Accounts payable (including related parties)	3,424,240	3,096,316	3,011,562
Accrued expenses and other current liabilities	606,357	754,548	581,900
Long-term bank loans (including current portion)	1,419,650	1,231,367	1,076,367
Lease liabilities	242,668	260,415	265,045
Long-term payables	4,000	-	-
Guarantee deposits received	292	318	318

d. Financial risk management objectives and policies

The Group's financial risk management objectives are to manage market risk, credit risk and liquidity risk relating to the operations of the Group. To reduce the related financial risks, the Group is committed to identify, evaluate and avoid the uncertainty of the market to reduce the potentially negative effects of market volatility on the Group's financial performance.

The Group's important financial activities were reviewed by the managements in accordance with relevant regulations and internal control system. During the execution of the financial plans, the Group strictly complied with relevant financial operating procedures.

## 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

### a) Foreign currency risk

Several subsidiaries of the Group have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The Group's main operating activities are foreign currency denominated sales and purchases, which expose the Group to the risk of exchange rate changes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34.

#### Sensitivity analysis

The Group is mainly exposed to the USD, RMB and JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable and accounts payable. A negative number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	<b>USD Impact</b>		<b>RMB Impact</b>		<b>JPY Impact</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (87,568)	\$ (90,313)	\$ 2,317	\$ (1,898)	\$ 828	\$ (1,566)

The Group's sensitivity to RMB and JPY increased mainly due to an increase in RMB and JPY denominated net liabilities; USD decreased during the period mainly due to decrease in USD denominated net assets.

### b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 765,288	\$ 1,492,147	\$ 955,137
Financial liabilities	590,000	-	-
Cash flow interest rate risk			
Financial assets	1,173,981	1,649,905	828,276
Financial liabilities	2,112,318	1,791,782	1,376,367

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2022 and 2021 would have decreased by \$15,842 thousand and \$10,323 thousand, respectively, which was mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate borrowings.

The Group's sensitivity to interest rates changed during the current year mainly due to the increase in variable-rate debt instruments.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantee provided by the Group arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group's concentration of credit risk was 39.96%, 42.39% and 74.81% of total accounts receivable as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, which was attributable to the Group's ten largest customers in the property construction business segment. The concentration of credit risk of the remaining accounts receivable was not significant.

## 3) Liquidity risk

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

### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table have been drawn up based on

the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

#### September 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing (Note)	\$ 655,781	\$ 1,069,650	\$ 231,586	\$ 18,451
Lease liabilities	2,601	5,201	23,139	240,542
Variable interest rate liabilities	155,980	11,959	625,144	1,076,567
Fixed interest rate liabilities	<u>300,000</u>	<u>150,000</u>	<u>140,000</u>	<u>-</u>
	<u>\$ 1,114,362</u>	<u>\$ 1,236,810</u>	<u>\$ 1,019,869</u>	<u>\$ 1,335,560</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	\$ 30,941	\$ 114,857	\$ 79,462	\$ 46,223	\$ -	\$ -
Variable interest rate liabilities	<u>793,083</u>	<u>1,076,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 824,024</u>	<u>\$ 1,191,424</u>	<u>\$ 79,462</u>	<u>\$ 46,223</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing (Note)	\$ 465,590	\$ 1,191,682	\$ 296,919	\$ 50,886
Lease liabilities	2,528	5,055	22,752	277,838
Variable interest rate liabilities	<u>-</u>	<u>6,705</u>	<u>336,019</u>	<u>1,188,643</u>
	<u>\$ 468,118</u>	<u>\$ 1,203,442</u>	<u>\$ 655,690</u>	<u>\$ 1,517,367</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	\$ 30,335	\$ 127,619	\$ 96,859	\$ 53,360	\$ -	\$ -
Variable interest rate liabilities	<u>342,724</u>	<u>1,172,619</u>	<u>16,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 373,059</u>	<u>\$ 1,300,238</u>	<u>\$ 112,883</u>	<u>\$ 53,360</u>	<u>\$ -</u>	<u>\$ -</u>

#### September 30, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing (Note)	\$ 394,924	\$ 687,197	\$ 235,457	\$ 32,417
Lease liabilities	2,450	4,899	21,864	266,740
Variable interest rate liabilities	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>1,076,367</u>
	<u>\$ 397,374</u>	<u>\$ 692,096</u>	<u>\$ 557,321</u>	<u>\$ 1,375,524</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 29,213	\$ 141,534	\$ 79,119	\$ 46,087	\$ -	\$ -
Variable interest rate liabilities	<u>300,000</u>	<u>1,076,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 329,213</u>	<u>\$ 1,217,901</u>	<u>\$ 79,119</u>	<u>\$ 46,087</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Non-interest bearing liabilities do not include estimated accounts payable.

b) Financing facilities

	September 30, 2022	December 31, 2021	September 30, 2021
Long-term bank loan facilities:			
Amount used	\$ 1,419,650	\$ 1,231,367	\$ 1,076,367
Amount unused	<u>829,600</u>	<u>1,473,113</u>	<u>1,629,983</u>
	<u>\$ 2,249,250</u>	<u>\$ 2,704,480</u>	<u>\$ 2,706,350</u>
Short-term bank loan facilities:			
Amount used	\$ 1,843,672	\$ 1,166,812	\$ 1,177,516
Amount unused	<u>3,883,578</u>	<u>3,787,748</u>	<u>3,938,434</u>
	<u>\$ 5,727,250</u>	<u>\$ 4,954,560</u>	<u>\$ 5,115,950</u>

### 31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related Party Name and Relationship

Related Party Name	Related Party Category
MAIN DRIVE CORPORATION	Associate
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Subsidiary of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Subsidiary of key management personnel
I-MEI MACROBIOTICS CO., LTD.	Subsidiary of key management personnel
I-MEI STORE COMPANY LTD.	Substantive related party
I-ME-I INFORMATION TECHNOLOGY CO., LTD.	Substantive related party
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related party
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related party
GOLDEN SADDLE MACHINERY CO., LTD.	Substantive related party



b. Operating transaction

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<u>Sales</u>				
Associates	\$ 19,249	\$ 895	\$ 77,993	\$ 2,395
Key management personnel	258	1,148	5,416	1,957
Substantive related parties	522	3,276	2,013	4,449
Subsidiaries of key management personnel	<u>-</u>	<u>26</u>	<u>32</u>	<u>100</u>
	<u>\$ 20,029</u>	<u>\$ 5,345</u>	<u>\$ 85,454</u>	<u>\$ 8,901</u>
<u>Purchases</u>				
Associates	<u>\$ 598</u>	<u>\$ 3,918</u>	<u>\$ 9,398</u>	<u>\$ 7,964</u>
<u>Manufacturing expenses</u>				
Associates	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ -</u>
<u>Operating expenses</u>				
Substantive related parties	\$ 40	\$ 450	\$ 102	\$ 645
Associates	<u>-</u>	<u>5</u>	<u>10</u>	<u>165</u>
	<u>\$ 40</u>	<u>\$ 455</u>	<u>\$ 112</u>	<u>\$ 810</u>
<u>Other gains and losses</u>				
Substantive related parties I-MEI STORE COMPANY LTD.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585</u>	<u>\$ -</u>

Lease arrangements - the Group is lessor

Lease arrangements - the Group is lessor under operating leases

The Group leases out plant to its associate, MAIN DRIVE CORPORATION, under operating leases with lease terms of 5 year. As of September 30, 2022, the balance of the operating lease receivable was \$13,321 thousand. The amounts of lease income recognized for the nine months ended September 30, 2022 were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
<b>Related Party Category</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Associates MAIN DRIVE CORPORATION	<u>\$ 821</u>	<u>\$ 725</u>	<u>\$ 2,995</u>	<u>\$ 725</u>

Acquisition of other assets

Related Party Category/Name	Line Items	Purchase Price	
		For the Nine Months Ended	
		September 30	
		2022	2021
Substantive related parties	Other intangible assets	\$ <u>60</u>	\$ <u>79</u>

The products sold to related parties and purchases from related parties have no other suitable counterparties to compare with, so the collection and payment term are the same as general customers. Operating expenses of the Group and related parties are management and support expenses, which are based on the prices decided by both parties and payment terms.

c. Balances on balance sheet date

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Contract liabilities</u>			
Associates	\$ <u>2,002</u>	\$ <u>-</u>	\$ <u>7,156</u>
<u>Accounts receivable from related parties</u>			
Substantive related parties			
I-MEI STORE COMPANY LTD.	\$ 399	\$ 1,550	\$ 1,432
GOLDEN SADDLE MACHINERY CO., LTD.	99	-	-
I-MEI INFORMATION TECHNOLOGY CO., LTD.	-	1	1,884
Key management personnel			
I-MEI FOODS CO., LTD.	246	50	943
Subsidiaries of key management personnel	40	-	-
Associates			
MAIN DRIVE CORPORATION	<u>-</u>	<u>7</u>	<u>926</u>
	\$ <u>784</u>	\$ <u>1,608</u>	\$ <u>5,185</u>

Notes receivable from related parties

Substantive related parties			
I-MEI STORE COMPANY LTD.	\$ -	\$ 255	\$ -
Key management personnel			
I-MEI FOODS CO., LTD.	<u>-</u>	<u>220</u>	<u>-</u>
	\$ <u>-</u>	\$ <u>475</u>	\$ <u>-</u>

Other receivables from related parties

Associates			
MAIN DRIVE CORPORATION	\$ <u>1,169</u>	\$ <u>380</u>	\$ <u>380</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Prepayments</u>			
Substantive related parties	\$ <u>57</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Accounts payable to related parties</u>			
Associates			
MAIN DRIVE CORPORATION	\$ <u>2,139</u>	\$ <u>13,133</u>	\$ <u>7,882</u>
<u>Accrued expenses and other current liabilities</u>			
Associates	\$ <u>104</u>	\$ <u>63</u>	\$ <u>5</u> (Concluded)

No collateral is provided for the outstanding payables to related parties, which will be paid off by cash. The outstanding accounts receivable from related parties are unsecured. For the nine months ended September 30, 2022 and 2021, no impairment losses were recognized for accounts receivable from related parties.

d. Remuneration of key management personnel

The remuneration of directors and key management personnel for the three months and nine months ended September 30, 2022 and 2021 was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 15,847	\$ 15,137	\$ 45,478	\$ 49,041
Post-employment benefits	<u>352</u>	<u>434</u>	<u>1,194</u>	<u>1,260</u>
	\$ <u>16,199</u>	\$ <u>15,571</u>	\$ <u>46,672</u>	\$ <u>50,301</u>

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

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

The following assets have been pledged or mortgaged as collateral mainly for bank borrowings:

	September 30, 2022	December 31, 2021	September 30, 2021
Other intangible assets	\$ <u>4,812</u>	\$ <u>5,164</u>	\$ <u>5,282</u>

### 33. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group's significant commitments and contingencies as of September 30, 2022 were as follows:

The endorsements/guarantees provided by the Corporation for MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD, MIRLE AUTOMATION (KUNSHAN) CO., LTD. and MIRLE AUTOMATION INTER CORP. LTD. amounted to \$476,250 thousand, \$127,000 thousand and \$95,250 thousand, respectively.

On April 11, 2022, the Corporation received a notice from the Intellectual Property and Commercial Court that the Securities Investor and Futures Trader Protection Center (hereinafter referred to as the "Insurance Center") filed a lawsuit against the Corporation's financial statements from 2012 to 2017. For actual reasons, a lawsuit for damages was filed against the Corporation, its principal, directors, supervisors and accounting supervisors, and the requested amount was \$158,959 thousand. The Corporation has appointed lawyers to deal with the lawsuit brought by Shanghai Kai Insurance Center, which has no significant impact on the Corporation's financial and operation at this stage.

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

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

(In thousands of foreign currencies)

	September 30, 2022	
	Foreign Currency	Exchange Rate
<u>Financial assets</u>		
Monetary items		
USD	\$ 55,777	31.750 (USD:NTD)
USD	135	7.0998 (USD:RMB)
USD	6	24,144 (USD:VND)
JPY	74,750	0.2201 (JPY:NTD)
RMB	9,038	4.473 (RMB:NTD)
EUR	307	31.26 (EUR:NTD)
<u>Financial liabilities</u>		
Monetary items		
USD	629	31.750 (USD:NTD)
USD	128	7.0998 (USD:RMB)
JPY	149,960	0.2201 (JPY:NTD)
RMB	19,399	4.473 (RMB:NTD)
EUR	123	31.26 (EUR:NTD)
CAD	-	23.24 (CAD:NTD)

<b>December 31, 2021</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>
<u>Financial assets</u>		
Monetary items		
USD	\$ 84,408	27.680 (USD:NTD)
USD	105	6.3674 (USD:RMB)
USD	-	23,163 (USD:VND)
JPY	155,405	0.2405 (JPY:NTD)
RMB	22,853	4.344 (RMB:NTD)
EUR	325	31.32 (EUR:NTD)

Financial liabilities

Monetary items		
USD	6,449	27.680 (USD:NTD)
USD	1,031	6.3674 (USD:RMB)
JPY	185,531	0.2405 (JPY:NTD)
RMB	5,870	4.344 (RMB:NTD)
EUR	376	31.32 (EUR:NTD)
CAD	1	21.62 (CAD:NTD)

<b>September 30, 2021</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>
<u>Financial assets</u>		
Monetary items		
USD	\$ 68,680	27.850 (USD:NTD)
USD	76	6.4854 (USD:RMB)
USD	-	23,112 (USD:VND)
JPY	175,490	0.2490 (JPY:NTD)
RMB	13,713	4.305 (RMB:NTD)
EUR	266	32.32 (EUR:NTD)

Financial liabilities

Monetary items		
USD	3,229	27.850 (USD:NTD)
USD	670	6.4854 (USD:RMB)
JPY	49,688	0.2490 (JPY:NTD)
RMB	4,896	4.305 (RMB:NTD)
EUR	162	32.32 (EUR:NTD)
CAD	1	21.91 (CAD:NTD)

For the nine months ended September 30, 2022 and 2021, the realized and unrealized net foreign exchange gains (losses) were \$265,139 thousand and \$(61,909) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Other: Intercompany relationships and significant intercompany transactions (Table 4)

b. Information on investees (Table 5)

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

### 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods sold, which is measured on the same basis as the Group's consolidated financial statements. The reported segments of the consolidated financial statements are the automatic production line and equipment segment and the information and controller segment.

a. Segment revenue and results

	<b>Segment Revenue</b>		<b>Segment Profit</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Automatic production line and equipment segment	\$ 6,719,077	\$ 4,943,751	\$ 1,066,623	\$ 1,126,579
Information and controller segment	<u>1,323,854</u>	<u>2,206,919</u>	<u>376,369</u>	<u>438,946</u>
Total amounts from continuing operations	<u>\$ 8,042,931</u>	<u>\$ 7,150,670</u>	1,442,992	1,565,525
Unallocated amount:				
Operating expenses			(1,136,388)	(1,005,103)
Other gains and losses			(252)	(423)
Non-operating income and expenses			<u>257,682</u>	<u>(60,882)</u>
Income before income tax			<u>\$ 564,034</u>	<u>\$ 499,117</u>

The revenue reported above is generated from transactions with external customers. There were no sales between segments for the nine months ended September 30, 2022 and 2021.

Segment profit refers to the profit earned by various segments, which exclude allocated operating expenses, other gains and losses and non-operating income and expenses. These measured amounts will be reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The measured amounts of the Group's assets were not reported to the chief operating decision maker, so the measured amount of segment assets was zero.

TABLE 1

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Corporation	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Other receivables from related parties	Yes	\$ 295,218	\$ 295,218	\$ -	3	2	\$ -	Working capital	\$ -	-	\$ -	\$ 1,730,770	\$ 1,730,770	-
1	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Other current assets	Yes	357,840	357,840	11,218	-	2	-	Working capital	-	-	-	539,055	539,055	-

Note 1: The total amount of financing provided to others shall not exceed 40% of the net value of the Group’s net value based on its most recent audited or reviewed financial statements. However, foreign companies in which the Group directly and indirectly held 100% of the voting shares are not subject to the preceding restrictions in the preceding requirement, but their total amount of financing provided to others shall not exceed 40% of the Group’s net value.

Note 2: Nature of financing:

- 1. For business
- 2. For short-term financing

Note 3: The total amount of financing provided to others shall not exceed 40% of the Group’s net value in its most recent audited or reviewed financial statements. The total amount of financing provided by Mirle Automation Technology (Shanghai) Co., Ltd. to others shall not exceed 40% of its net value in its most recent audited or reviewed financial statements.

Note 4: Financing limit approved by the board of directors.



**TABLE 2****MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
	Name	Relationship										
The Corporation	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Note 1	\$ 1,298,077	\$ 476,250	\$ 476,250	\$ -	\$ -	11	\$2,163,463	Yes	No	Yes
	MIRLE AUTOMATION TECHNOLOGY (KUNSHAN) CO., LTD.	Note 1	1,298,077	127,000	127,000	-	-	3	2,163,463	Yes	No	Yes
	MIRLE AUTOMATION INTER CORP. LTD.	Note 2	1,298,077	95,250	95,250	27,146	-	2	2,163,463	Yes	No	No

Note 1: The Corporation's indirect wholly-owned subsidiaries.

Note 2: The Corporation's direct wholly-owned subsidiaries.

Note 3: The amount of guarantees provided by the Group to any individual entity shall not exceed 10% of the Group's net worth. The aggregate amount of guarantees available shall not exceed 50% of the Group's net worth. The aggregate amount of guarantees given by the parent company on behalf of subsidiaries or subsidiaries on behalf of the parent company shall not exceed 30% of the Group's net worth.

**TABLE 3**

**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**SEPTEMBER 30, 2022**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500	\$ 34,812	7	\$ 34,812	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143	-	4	-	Note 1
	PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,000	12,125	2	12,125	Note 1
MIRTEK (BVI) CORP. LTD.	AMERICAN MERCHANTS HEAT CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,654	-	6	-	Note 1
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	UNION MONEY MARKET FUND	-	Financial assets as fair value through profit or loss - current	1,869	25,017	-	25,017	Note 2

Note 1: The market value was based on the fair value as of September 30, 2022.

Note 2: The fair value was based on the net assets value of the fund as of September 30, 2022.

Note 3: As of September 30, 2022, the above marketable securities had not been pledged or mortgaged.

Note 4: See Tables 5 and 6 for detailed information on subsidiaries and associates.

**TABLE 4****MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 2)	% of Total Sales or Assets
0	The Corporation	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	1	Sales	\$ 15,671	-	-
			1	Purchases	69,333	-	1
			1	Manufacturing expenses	2,874	-	-
			1	Contract assets	199	-	-
			1	Contract liabilities	5,299	-	-
			1	Accounts receivable from related parties	10,634	-	-
			1	Other receivables from related parties	90	-	-
			1	Accounts payable to related parties	56,789	-	-
			1	Accrued expenses and other current liabilities	1,985	-	-
		IOT SERVICES INFORMATION SYSTEM CORPORATION	1	Sales	1,249	-	-
			1	Purchases	1,944	-	-
			1	Manufacturing expenses	16,906	-	-
			1	Operating expenses	13,452	-	-
			1	Accounts receivable from related parties	377	-	-
			1	Other receivables from related parties	181	-	-
			1	Accounts payable to related parties	2,354	-	-
			1	Accrued expenses and other current liabilities	19,041	-	-
		MIRLE AUTOMATION (KUNSHAN) CO., LTD.	1	Sales	35,601	-	-
			1	Contract assets	28,953	-	-
			1	Accounts receivable from related parties	76	-	-
			1	Other receivables from related parties	16	-	-
		MIRLE AUTOMATION INTER CORP. LTD.	1	Sales	311	-	-
			1	Accounts receivable from related parties	1,190	-	-
		FACTORY AUTOMATION INTERNATIONAL CO., LTD.	1	Purchases	11,688	-	-
			1	Accounts payable to related parties	1,152	-	-
1	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	3	Sales	18,912	-	-
			3	Purchases	83,548	-	1
			3	Accounts receivable from related parties	21,503	-	-
			3	Other receivables from related parties	11,216	-	-
		FACTORY AUTOMATION INTERNATIONAL CO., LTD.	3	Accounts receivable from related parties	581	-	-

Note 1: 1 represents transactions between the parent company and its subsidiaries, 3 represents transactions between subsidiaries.

Note 2: Sales and purchases between the parent company and its subsidiaries are handled in accordance with general sales and payment terms.

TABLE 5

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Corporation	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	\$ 951,348	\$ 951,348	29,641	100	\$ 1,809,199	\$ 23,229	\$ 23,312	Subsidiary
	DAVID INVESTMENT CO., LTD	Taipei City	Investment	76,100	76,000	-	100	84,270	6,246	6,241	Subsidiary
	MIRLE AUTOMATION INTER CORP. LTD.	Thailand	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	103,921	103,921	10,300	100	71,715	(4,110)	(4,110)	Subsidiary
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Taipei City	Computer application package software design, computer and peripheral equipment sales	42,075	42,075	1,275	51	52,126	12,556	6,404	Subsidiary
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,523	21	-	-	-	Note 2
MIRTEK (BVI) CORP. LTD. DAVID INVESTMENT CO., LTD	MAIN DRIVE CORPORATION	Hsinchu County	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	127,130	97,130	11,713	23.43	56,932	(92,158)	(22,694)	Associate
	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000	100	463,339	(20,906)	(20,906)	Second-tier subsidiary
	IOT SERVICES INFORMATION SYSTEM CORPORATION	Taipei City	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	76,100	76,100	7,610	100	84,267	6,246	6,246	Second-tier subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Vietnam	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	15,520	15,520	-	100	29,400	1,772	1,772	Third-tier subsidiary

Note 1: Refer to Table 6 for information on investments in mainland China.

Note 2: FORMOSA MEDICAL DEVICES INC. was dissolved on May 27, 2020, but the liquidation procedures have not yet been completed.

TABLE 6

## MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outward	Inward						
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	US\$ 13,230 thousand (Note 2)	Note 1	US\$ 11,610 thousand (Note 3)	\$ -	\$ -	US\$ 11,610 thousand	\$ 44,165	100	\$ 44,165 (Note 5)	\$ 1,347,639	\$ -
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	US\$ 17,000 thousand (Note 4)	Note 1	US\$ 17,000 thousand	-	-	US\$ 17,000 thousand	(20,906)	100	(20,906) (Note 6)	463,339	-
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Selling and manufacturing of industrial automatic control system devices; technical services, development, consulting, communication, transfer and promotion; electronic components and electromechanical component equipment manufacturing and selling; hardware research development, manufacturing and wholesale; electronic product sales; distribution switcher control equipment manufacturing, power transmission and distribution and control equipment manufacturing; motor and its control system research and development; servo control mechanism manufacturing and sales; electromechanical coupling system research and development; electrical equipment manufacturing; intelligent control system integration	US\$ 1,500 thousand (Note 2)	Note 1	-	-	-	-	1,106	49	(36) (Note 6)	21,907	-

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outward	Inward						
HICHAIN & MIRLE AUTOMATION CO., LTD.	Engaged in technical services, technical development, technical consultation; general machinery installation; intelligent control system integration, software development, material handling equipment sales, internet equipment sales, computer hardware and software and auxiliary equipment retail	US\$ 580 thousand (Note 2)	Note 1	\$ -	\$ -	\$ -	\$ -	\$ 3	40	\$ - (Note 6)	\$ 17,888	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US\$ 28,610 thousand	US\$ 31,560 thousand	\$ 2,596,155

Note 1: By establishing MIRTEK (BVI) CORP. LTD. through investment in the third region and then invested in companies in mainland China.

Note 2: Accumulated outward remittance for investment from Taiwan is US\$7,900 thousand. The amount of retained earnings transferred to ordinary shares is US\$2,950 thousand and the investment amount of XINJI PHOTOELECTRIC CO., LTD. is US\$2,380 thousand. After that, the Corporation acquired full ownership of MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation reinvested in MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. to acquire a 49% ownership of MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD. and a 40% ownership of HAICHAIN MIRLE AUTOMATION CO., LTD.

Note 3: Accumulated outward remittance for investment from Taiwan is US\$7,900 thousand. The Corporation obtained the shares of MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. by paying US\$3,710 thousand to XINJI PHOTOELECTRIC CO., LTD.

Note 4: Accumulated outward remittance for investment from Taiwan is US\$17,000 thousand. The Corporation invested and established MIRLE HOLDING CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation acquired full ownership of MIRLE AUTOMATION (KUNSHAN) CO., LTD. through MIRLE HOLDING CO., LTD.

Note 5: Calculated by reviewed financial statements of the investees for the same reporting periods as those of the Group.

Note 6: Calculated by unreviewed financial statements of the investees for the same reporting periods as those of the Group.

(Concluded)

**TABLE 7**

**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Sales	\$ 15,671	0.2	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	\$ 10,634	8.5	\$ -	None
	Purchase	69,333	1.4	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	(56,789)	2.2	-	None
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Sales	35,601	0.5	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	76	0.1	-	None
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Sales	77,761	1.2	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None

**TABLE 8****MIRLE AUTOMATION CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2022**

No.	Name	Shares	
		Ownership Amount	Ownership Percentage
1	I-MEI FOODS CO., LTD.	11,496,066	5.87%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Group as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.