

**Mirle Automation Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2023 and 2022 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, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, 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 material accounting policy information (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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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 13 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, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$989,391 thousand and NT\$1,057,863 thousand, respectively, representing 8.33% and 8.44%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$312,564 thousand and NT\$395,365 thousand, respectively, representing 4.01% and 4.83%, respectively, of the consolidated total liabilities; for the three months and nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$15,536 thousand, NT\$(11,022) thousand, NT\$10,006 thousand and NT\$(19,613) thousand, respectively, representing 20.57%, (6.94)%, 12.81% and (3.58)%, respectively, of the consolidated total comprehensive income.

As disclosed in Note 14 to the consolidated financial statements, the investments accounted for using the equity method amounted to NT\$149,133 thousand and NT\$96,727 thousand as of September 30, 2023 and 2022, respectively. For the three months and nine months ended September 30, 2023 and 2022, the share of loss of associates accounted for using the equity method was NT\$13,781 thousand, NT\$7,140 thousand, NT\$32,808 thousand and NT\$22,730 thousand, respectively. Recognition and disclosures were based on unreviewed financial statements of the investees for the same reporting periods. These investment amounts, as well as the 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, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ya-Yun Chang and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 9, 2023

### **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, 2023		December 31, 2022		September 30, 2022		LIABILITIES AND EQUITY	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 30)	\$ 1,187,468	10	\$ 1,977,745	15	\$ 1,816,932	15	Short-term bank loans (Notes 20 and 30)	\$ 1,990,000	17	\$ 1,413,000	11	\$ 1,040,000	8
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	20,277	-	25,080	-	25,017	-	Short-term bills payable (Notes 20 and 30)	149,874	1	-	-	-	-
Financial assets at amortized cost - current (Notes 9 and 30)	134,837	1	-	-	-	-	Contract liabilities - current (Notes 25 and 31)	817,627	7	1,078,112	8	987,707	8
Contract assets - current (Notes 25 and 31)	5,009,134	42	5,095,810	39	4,747,412	38	Notes payable (Note 30)	11,952	-	93,216	1	75,352	1
Notes receivable (Notes 10, 25 and 30)	29,467	1	50,713	-	59,054	-	Accounts payable (Note 30)	2,870,019	24	3,475,784	26	3,422,101	27
Accounts receivable (Notes 10, 25 and 30)	364,274	3	346,207	3	442,511	4	Accounts payable to related parties (Notes 30 and 31)	10,665	-	1,488	-	2,139	-
Receivables from related parties (Notes 25, 30 and 31)	110	-	5,956	-	784	-	Current tax liabilities (Notes 4 and 27)	83,681	1	130,355	1	134,794	1
Other receivables (Notes 10 and 30)	27,335	-	77,098	1	116,302	1	Provisions - current (Note 22)	1,340	-	11,301	-	8,077	-
Other receivables from related parties (Notes 30 and 31)	2,182	-	1,109	-	1,169	-	Lease liabilities - current (Notes 16 and 30)	25,476	-	26,232	-	26,288	-
Inventories (Note 11)	1,296,587	11	1,645,076	12	1,349,334	11	Current portion of long-term bank loans (Notes 20 and 30)	408,317	3	464,723	4	343,083	3
Non-current assets held for sale (Note 12)	27,629	-	-	-	-	-	Accrued expenses and other current liabilities (Notes 21, 30 and 31)	529,650	5	651,079	5	606,357	5
Other current assets (Notes 19 and 31)	115,292	1	118,793	1	161,421	1							
							Total current liabilities	6,898,601	58	7,345,290	56	6,645,898	53
Total current assets	8,214,592	69	9,343,587	71	8,719,936	70	NON-CURRENT LIABILITIES						
NON-CURRENT ASSETS							Long-term bank loans (Notes 20 and 30)	443,250	4	936,988	7	1,076,567	8
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	85,120	1	55,422	-	46,937	-	Deferred income tax liabilities (Notes 4 and 27)	19,960	-	11,140	-	-	-
Financial assets at amortized cost - non-current (Notes 9 and 30)	-	-	132,283	1	134,159	1	Lease liabilities - non-current (Notes 16 and 30)	191,833	2	209,845	2	216,380	2
Investments accounted for using the equity method (Note 14)	149,133	1	87,393	1	96,727	1	Net defined benefit liabilities - non-current (Notes 4 and 23)	230,103	2	260,524	2	244,049	2
Property, plant and equipment (Note 15)	2,920,784	25	2,941,081	23	2,977,811	24	Guarantee deposits received (Notes 30 and 31)	748	-	291	-	292	-
Right-of-use assets (Note 16)	288,076	3	307,548	2	316,119	2	Other non-current liabilities (Notes 21 and 30)	2,232	-	4,178	-	4,168	-
Other intangible assets (Notes 18, 31 and 32)	49,409	-	65,743	1	70,093	1							
Goodwill (Note 17)	42,985	-	43,134	-	42,521	-	Total non-current liabilities	888,126	8	1,422,966	11	1,541,456	12
Deferred income tax assets (Notes 4 and 27)	15,359	-	16,023	-	7,779	-							
Prepayment for equipment	2,016	-	2,335	-	3,131	-	Total liabilities	7,786,727	66	8,768,256	67	8,187,354	65
Refundable deposits (Note 30)	105,356	1	117,922	1	118,478	1	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Note 24)						
Other non-current assets (Note 19)	496	-	-	-	-	-	Share capital						
							Ordinary shares	1,955,312	17	1,955,312	15	1,955,312	16
Total non-current assets	3,658,734	31	3,768,884	29	3,813,755	30	Capital surplus	286,543	2	270,290	2	270,290	2
							Retained earnings						
							Legal reserve	1,003,214	8	953,456	7	953,456	8
							Special reserve	127,377	1	167,859	1	167,859	1
							Unappropriated earnings	770,671	7	1,104,072	9	1,094,109	9
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	(95,421)	(1)	(128,817)	(1)	(107,055)	(1)
							Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	14,152	-	1,440	-	(7,045)	-
							Total equity attributable to shareholders of the Corporation	4,061,848	34	4,323,612	33	4,326,926	35
							NON-CONTROLLING INTERESTS (Notes 24 and 29)	24,751	-	20,603	-	19,411	-
							Total equity	4,086,599	34	4,344,215	33	4,346,337	35
TOTAL	\$ 11,873,326	100	\$ 13,112,471	100	\$ 12,533,691	100	TOTAL	\$ 11,873,326	100	\$ 13,112,471	100	\$ 12,533,691	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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 25 and 31)	\$ 2,404,189	100	\$ 2,812,361	100	\$ 6,748,408	100	\$ 8,042,931	100
OPERATING COSTS (Notes 11, 26 and 31)	<u>2,006,186</u>	<u>84</u>	<u>2,315,744</u>	<u>82</u>	<u>5,602,574</u>	<u>83</u>	<u>6,599,939</u>	<u>82</u>
GROSS PROFIT	398,003	16	496,617	18	1,145,834	17	1,442,992	18
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>30,884</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>30,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>367,119</u>	<u>15</u>	<u>496,617</u>	<u>18</u>	<u>1,114,950</u>	<u>17</u>	<u>1,442,992</u>	<u>18</u>
OPERATING EXPENSES (Notes 26 and 31)								
Selling and marketing expense	99,693	4	122,642	4	281,709	4	371,872	5
General and administrative expense	144,251	6	144,144	5	412,116	6	406,780	5
Research and development expense	122,460	5	180,890	7	388,473	6	358,483	4
Expected credit gain (Note 10)	<u>(219)</u>	<u>-</u>	<u>(709)</u>	<u>-</u>	<u>(183)</u>	<u>-</u>	<u>(747)</u>	<u>-</u>
Total operating expenses	<u>366,185</u>	<u>15</u>	<u>446,967</u>	<u>16</u>	<u>1,082,115</u>	<u>16</u>	<u>1,136,388</u>	<u>14</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>(88)</u>	<u>-</u>	<u>(227)</u>	<u>-</u>	<u>(1,461)</u>	<u>-</u>	<u>(252)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>846</u>	<u>-</u>	<u>49,423</u>	<u>2</u>	<u>31,374</u>	<u>1</u>	<u>306,352</u>	<u>4</u>
NONOPERATING INCOME AND EXPENSES								
Interest income (Note 26)	3,164	-	5,424	-	14,991	-	17,100	-
Other income (Notes 18, 26 and 31)	7,372	-	3,929	-	24,463	-	16,794	-
Other gains and losses (Notes 26 and 31)	(3,821)	-	(2,936)	-	(7,860)	-	(5,322)	-
Finance costs (Note 26)	(12,178)	-	(6,030)	-	(36,972)	(1)	(13,299)	-
Share of loss of associates (Note 14)	(13,781)	(1)	(7,140)	-	(32,808)	-	(22,730)	-
Foreign exchange gain, net (Note 34)	<u>39,064</u>	<u>2</u>	<u>117,457</u>	<u>4</u>	<u>59,258</u>	<u>1</u>	<u>265,139</u>	<u>3</u>
Total non-operating income and expenses	<u>19,820</u>	<u>1</u>	<u>110,704</u>	<u>4</u>	<u>21,072</u>	<u>-</u>	<u>257,682</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	20,666	1	160,127	6	52,446	1	564,034	7
INCOME TAX EXPENSE (Notes 4 and 27)	<u>16,490</u>	<u>1</u>	<u>20,102</u>	<u>1</u>	<u>20,467</u>	<u>1</u>	<u>70,254</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>4,176</u>	<u>-</u>	<u>140,025</u>	<u>5</u>	<u>31,979</u>	<u>-</u>	<u>493,780</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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME (Note 24)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (2,350)	-	\$ -	-	\$ 12,712	-	\$ -	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	73,692	3	18,899	1	33,396	1	53,764	1
Other comprehensive income for the period	71,342	3	18,899	1	46,108	1	53,764	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 75,518</u>	<u>3</u>	<u>\$ 158,924</u>	<u>6</u>	<u>\$ 78,087</u>	<u>1</u>	<u>\$ 547,544</u>	<u>7</u>
NET PROFIT								
ATTRIBUTABLE TO								
Shareholders of the Corporation	\$ 3,024	-	\$ 138,085	5	\$ 27,831	-	\$ 487,623	6
Non-controlling interests	1,152	-	1,940	-	4,148	-	6,157	-
	<u>\$ 4,176</u>	<u>-</u>	<u>\$ 140,025</u>	<u>5</u>	<u>\$ 31,979</u>	<u>-</u>	<u>\$ 493,780</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO								
Shareholders of the Corporation	\$ 74,366	3	\$ 156,984	6	\$ 73,939	1	\$ 541,382	7
Non-controlling interests	1,152	-	1,940	-	4,148	-	6,162	-
	<u>\$ 75,518</u>	<u>3</u>	<u>\$ 158,924</u>	<u>6</u>	<u>\$ 78,087</u>	<u>1</u>	<u>\$ 547,544</u>	<u>7</u>
EARNINGS PER SHARE (Note 28)								
Basic	<u>\$ 0.02</u>		<u>\$ 0.71</u>		<u>\$ 0.14</u>		<u>\$ 2.49</u>	
Diluted	<u>\$ 0.02</u>		<u>\$ 0.71</u>		<u>\$ 0.14</u>		<u>\$ 2.49</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)

	Equity Attributable to Shareholders of the Corporation														Non-controlling Interest	Total Equity
											Other Equity					
											Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
	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, 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	-	-	-	-	-	-	-	-	-	-	-	-	-	(100)	(100)	
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	
BALANCE AT JANUARY 1, 2023	195,531	\$ 1,955,312	\$ 234,579	\$ 16,561	\$ 19,150	\$ 270,290	\$ 953,456	\$ 167,859	\$ 1,104,072	\$ 2,225,387	\$ (128,817)	\$ 1,440	\$ 4,323,612	\$ 20,603	\$ 4,344,215	
Appropriation of 2022 earnings																
Legal reserve	-	-	-	-	-	-	49,758	-	(49,758)	-	-	-	-	-	-	
Cash dividends distributed by the Corporation - 18%	-	-	-	-	-	-	-	-	(351,956)	(351,956)	-	-	(351,956)	-	(351,956)	
Special reserve	-	-	-	-	-	-	-	(40,482)	40,482	-	-	-	-	-	-	
Other changes in capital surplus																
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	16,253	-	16,253	-	-	-	-	-	-	16,253	-	16,253	
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	27,831	27,831	-	-	27,831	4,148	31,979	
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	-	-	33,396	12,712	46,108	-	46,108	
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	27,831	27,831	33,396	12,712	73,939	4,148	78,087	
BALANCE AT SEPTEMBER 30, 2023	195,531	\$ 1,955,312	\$ 234,579	\$ 32,814	\$ 19,150	\$ 286,543	\$ 1,003,214	\$ 127,377	\$ 770,671	\$ 1,901,262	\$ (95,421)	\$ 14,152	\$ 4,061,848	\$ 24,751	\$ 4,086,599	

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)

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 52,446	\$ 564,034
Adjustments for:		
Depreciation expense	132,921	121,531
Amortization expense	20,931	25,030
Expected credit loss reversed on trade receivables	(183)	(747)
Net gain on fair value change of financial assets at fair value through profit or loss	(197)	(123)
Finance costs	36,972	13,299
Interest income	(14,991)	(17,100)
Share of loss of associates	32,808	22,730
Loss on disposal of property, plant and equipment	1,376	252
Reclassify property, plant and equipment as expenses	1,010	49
Loss on disposal of other intangible assets	85	-
Write-down of inventories	8,045	6,989
Unrealized gain on transactions with associates	30,884	-
Net gain on foreign currency exchange	(44,099)	(215,098)
Gain on lease modification	(7)	-
Changes in operating assets and liabilities		
Contract assets	86,676	(1,797,113)
Notes receivable	21,311	3,491
Accounts receivable	35,965	194,649
Receivable from related parties	5,846	1,299
Other receivables	49,781	7,611
Other receivables from related parties	(1,073)	(789)
Inventories	331,833	93,364
Other current assets	745	(5,473)
Contract liabilities	(260,485)	(351,257)
Notes payable	(81,264)	(32,434)
Accounts payable	(608,409)	333,147
Accounts payable to related parties	9,177	(10,994)
Provisions	(9,961)	(3,549)
Accrued expenses and other current liabilities	(121,822)	(132,283)
Net defined benefit liabilities	(30,421)	(58,896)
Cash used in operations	(314,100)	(1,238,381)
Income tax paid	(57,657)	(98,437)
Net cash used in operating activities	(371,757)	(1,336,818)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(27,840)	-
Cash returns from capital reduction of investments in financial assets at fair value through other comprehensive income	10,854	1,760
Acquisition of financial assets at amortized cost	-	(134,159)
Acquisition of financial assets at fair value through profit or loss	-	(125,000)
Disposal of financial assets at fair value through profit or loss	5,000	200,184
Acquisition of long-term investments accounted for using the equity method	(108,227)	(58,560)
Acquisition of property, plant and equipment	(101,032)	(449,557)

(Continued)



# MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
Disposal of property, plant and equipment	\$ 109	\$ 273
Increase in refundable deposits	-	(16,384)
Decrease in refundable deposits	12,566	-
Acquisition of intangible assets	(4,475)	(33,759)
Increase other non-current assets	(496)	-
Decrease in prepayments for equipment	319	21,915
Interest received	17,747	25,592
Acquisition of additional interests in subsidiary	-	(100)
Net cash used in investing activities	<u>(195,475)</u>	<u>(567,795)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	6,851,000	1,540,000
Decrease in short-term bank loans	(6,274,000)	(800,000)
Increase in short-term bills payable	149,824	-
Proceeds from long-term bank loans	-	228,960
Repayments of long-term bank loans	(550,144)	(40,677)
Increase in guarantee deposits received	457	-
Decrease in guarantee deposits received	-	(26)
Repayment of the principal portion of lease liabilities	(19,479)	(19,680)
Dividends paid	(351,956)	(430,169)
Interest paid	<u>(36,934)</u>	<u>(12,783)</u>
Net cash (used in) generated from financing activities	<u>(231,232)</u>	<u>465,625</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>8,187</u>	<u>103,177</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(790,277)</u>	<u>(1,335,811)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,977,745</u>	<u>3,152,743</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,187,468</u>	<u>\$ 1,816,932</u>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 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 Corporation’s board of directors on November 9, 2023.

### 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 a 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 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

<b>New, Amended and Revised Standards and Interpretations</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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- 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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Corporation.

See Note 13, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

2) 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.

3) Income tax expense

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material 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, 2022.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 9,651	\$ 9,810	\$ 9,607
Demand deposits	753,220	1,273,329	1,173,981
Checking accounts	59	120	2,215
Cash equivalents			
Time deposits with original maturities of 3 months or less	273,155	172,951	148,614
Time deposits with original maturities of more than 3 months but less than 1 year	<u>151,383</u>	<u>521,535</u>	<u>482,515</u>
	<u>\$ 1,187,468</u>	<u>\$ 1,977,745</u>	<u>\$ 1,816,932</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, 2023	December 31, 2022	September 30, 2022
Bank balance	0.00%-5.40%	0.00%-4.37%	0.001%-3.45%

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through profit or loss (FVTPL) - current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 20,277	\$ 25,080	\$ 25,017

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 85,120	\$ 55,422	\$ 46,937
Domestic investments			
Listed shares	\$ 25,280	\$ -	\$ -
Unlisted shares	10,883	9,955	12,125
Foreign investments			
Unlisted shares	48,957	45,467	34,812
	\$ 85,120	\$ 55,422	\$ 46,937

The Corporation invested in HYE TECHNOLOGY CO., LTD., PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD. and TIEF FUND, L.P. 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, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 1 year	\$ 134,837	\$ -	\$ -
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 1 year	\$ -	\$ 132,283	\$ 134,159

The interest rate for time deposits with original maturities of more than 1 year was approximately 2.6% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Operating	\$ 29,498	\$ 50,809	\$ 59,293
Less: Allowance for impairment loss	<u>(31)</u>	<u>(96)</u>	<u>(239)</u>
	<u>\$ 29,467</u>	<u>\$ 50,713</u>	<u>\$ 59,054</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 375,724	\$ 357,652	\$ 458,651
Less: Allowance for impairment loss	<u>(11,450)</u>	<u>(11,445)</u>	<u>(16,140)</u>
	<u>\$ 364,274</u>	<u>\$ 346,207</u>	<u>\$ 442,511</u>
<u>Other receivables</u>			
Business tax	\$ 11,722	\$ 58,493	\$ 105,897
Others	<u>18,709</u>	<u>21,719</u>	<u>13,528</u>
	30,431	80,212	119,425
Less: Allowance for impairment loss	<u>(3,096)</u>	<u>(3,114)</u>	<u>(3,123)</u>
	<u>\$ 27,335</u>	<u>\$ 77,098</u>	<u>\$ 116,302</u>

## a. Notes receivable and accounts receivable

The average credit period of sales of goods is 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, 2023

	<b>Up to 30 Days Past Due</b>	<b>31 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 106,093	\$ 116,613	\$ 95,967	\$ 86,549	\$ 405,222
Loss allowance (Lifetime ECLs)	<u>(820)</u>	<u>(1,076)</u>	<u>(622)</u>	<u>(8,963)</u>	<u>(11,481)</u>
Amortized cost	<u>\$ 105,273</u>	<u>\$ 115,537</u>	<u>\$ 95,345</u>	<u>\$ 77,586</u>	<u>\$ 393,741</u>

December 31, 2022

	<b>Up to 30 Days Past Due</b>	<b>31 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 82,201	\$ 204,100	\$ 48,894	\$ 73,266	\$ 408,461
Loss allowance (Lifetime ECLs)	<u>(744)</u>	<u>(1,581)</u>	<u>(486)</u>	<u>(8,730)</u>	<u>(11,541)</u>
Amortized cost	<u>\$ 81,457</u>	<u>\$ 202,519</u>	<u>\$ 48,408</u>	<u>\$ 64,536</u>	<u>\$ 396,920</u>

September 30, 2022

	<b>Up to 30 Days Past Due</b>	<b>31 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
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>

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>2023</b>	<b>2022</b>
Balance at January 1	\$ 11,541	\$ 17,122
Less: Net remeasurement of loss allowance	(165)	(931)
Foreign exchange gains and losses	<u>105</u>	<u>188</u>
Balance at September 30	<u>\$ 11,481</u>	<u>\$ 16,379</u>



As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of loss allowance which included individually impaired notes receivable and accounts receivable of debtors in significant financial difficulty were \$5,123 thousand, \$5,123 thousand and \$8,159 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>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,114	\$ 2,939
Add: Net remeasurement of loss allowance	-	184
Less: Net remeasurement of loss allowance	<u>(18)</u>	<u>-</u>
Balance at September 30	<u>\$ 3,096</u>	<u>\$ 3,123</u>

## 11. INVENTORIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Finished goods	\$ 6,155	\$ 14,878	\$ 46,651
Work in progress	701,894	1,056,760	823,975
Raw materials	588,538	523,596	478,708
Inventory in transit	<u>-</u>	<u>49,842</u>	<u>-</u>
	<u>\$ 1,296,587</u>	<u>\$ 1,645,076</u>	<u>\$ 1,349,334</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Cost of inventories sold	<u>\$ 2,006,186</u>	<u>\$ 2,315,744</u>	<u>\$ 5,602,574</u>	<u>\$ 6,599,939</u>
Inventory write-downs (reversed)	<u>\$ 3,076</u>	<u>\$ (972)</u>	<u>\$ 8,045</u>	<u>\$ 6,989</u>
Sale of scraps	<u>\$ (439)</u>	<u>\$ (580)</u>	<u>\$ (886)</u>	<u>\$ (1,735)</u>

## 12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Buildings and Ancillary Equipment held for sale	<u>\$ 27,629</u>	<u>\$ -</u>	<u>\$ -</u>

The Group signed a real estate sales contract with a non-related person in June 2023 and completed the disposal procedure on November 6, 2023. There is no impairment loss that should be recognized when real estate, plant and equipment are classified as non-current assets for sale, and there is no impairment situation for the nine months ended September 30, 2023.

### 13. SUBSIDIARIES

#### Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
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	100	100	1
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Design of computer application package software and sale of computer peripheral equipment	51	51	51	1
	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 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 details.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Investments in associates</u>			
Associates that are not individually material			
MAIN DRIVE CORPORATION	\$ 81,738	\$ 47,772	\$ 56,932
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	21,868	21,983	21,907
SHENZHEN HICHAIN & MIRLE AUTOMATION CO., LTD.	<u>45,527</u>	<u>17,638</u>	<u>17,888</u>
	<u>\$ 149,133</u>	<u>\$ 87,393</u>	<u>\$ 96,727</u>

a. Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Net loss for the period	<u>\$ (13,781)</u>	<u>\$ (7,140)</u>	<u>\$ (32,808)</u>	<u>\$ (22,730)</u>

After approval was obtained from the board of directors on March 17, 2022 and May 11, 2023, the Corporation subscribed for 2,000 thousand and 3,333 ordinary shares of MAIN DRIVE CORPORATION for NT\$30,000 thousand and NT\$49,995 thousand in cash, which decreased the proportion of ownership from 26.85% to 23.43% and 23.43% to 20.67%, respectively.

On March 17, 2022, the board of directors decided to set up a company with HICHAIN LOGISTICS CO., LTD., and on August 26, 2022, HICHAIN LOGISTICS CO., LTD. was transferred to SHENZHEN 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%. The Group subscribed for the cash capital increase of SHENZHEN HICHAIN & MIRLE AUTOMATION CO., LTD. on September 22, 2023 with RMB13,000 thousand. After the capital increase, the shareholding ratio was 36.17%.

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%.

- 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 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 were to be reviewed, they would not have a significant impact on the Group.

#### 15. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2023	December 31, 2022	September 30, 2022
Assets used by the Group	\$ 2,771,762	\$ 2,824,391	\$ 2,977,310
Assets leased under operating leases	<u>149,022</u>	<u>116,690</u>	<u>501</u>
	<u>\$ 2,920,784</u>	<u>\$ 2,941,081</u>	<u>\$ 2,977,811</u>

	Assets Used by the Group							Assets Leased under Operating Leases		Total
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Work In Progress	Buildings and Ancillary Equipment	Machinery Equipment	
<u>Cost</u>										
Balance at January 1, 2023	\$ 179,901	\$ 3,086,358	\$ 327,337	\$ 48,659	\$ 117,642	\$ 3,608	\$ 10,372	\$ 118,072	\$ -	\$ 3,891,949
Additions	-	3,450	6,453	3,368	13,395	472	72,299	-	-	99,437
Disposals	-	(14,801)	(19,466)	(1,026)	(11,351)	(1,060)	-	-	-	(47,704)
Transfers to assets leased under operating leases	-	(47,511)	-	-	-	-	-	47,511	-	-
Transfers from assets leased under operating leases	-	12,547	-	-	-	-	-	(12,547)	-	-
Reclassified	-	(27,703)	40,046	-	(2,757)	-	(40,094)	-	-	(30,508)
Effects of foreign currency exchange differences	-	15,797	1,536	393	656	(4)	590	-	-	18,968
Balance at September 30, 2023	<u>\$ 179,901</u>	<u>\$ 3,028,137</u>	<u>\$ 355,906</u>	<u>\$ 51,394</u>	<u>\$ 117,585</u>	<u>\$ 3,016</u>	<u>\$ 43,167</u>	<u>\$ 153,036</u>	<u>\$ -</u>	<u>\$3,932,142</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2023	\$ -	\$ 668,274	\$ 178,912	\$ 33,079	\$ 63,110	\$ 1,954	\$ -	\$ 1,382	\$ -	\$ 946,711
Depreciation expense	-	62,535	30,718	3,717	11,308	848	-	2,054	-	111,180
Disposals	-	(14,683)	(18,896)	(1,026)	(10,554)	(1,060)	-	-	-	(46,219)
Transfers to assets leased under operating leases	-	(846)	-	-	-	-	-	846	-	-
Transfers from assets leased under operating leases	-	268	-	-	-	-	-	(268)	-	-
Reclassified	-	(7,598)	(622)	-	(1,854)	-	-	-	-	(10,074)
Effects of foreign currency exchange differences	-	3,926	899	291	490	(3)	-	-	-	5,603
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 711,876</u>	<u>\$ 191,011</u>	<u>\$ 36,061</u>	<u>\$ 62,500</u>	<u>\$ 1,739</u>	<u>\$ -</u>	<u>\$ 4,014</u>	<u>\$ -</u>	<u>\$ 1,007,201</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2023 and September 30, 2023	<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, 2023	<u>\$ 179,901</u>	<u>\$ 2,316,261</u>	<u>\$ 160,738</u>	<u>\$ 15,333</u>	<u>\$ 55,085</u>	<u>\$ 1,277</u>	<u>\$ 43,167</u>	<u>\$ 149,022</u>	<u>\$ -</u>	<u>\$ 2,920,784</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 179,901</u>	<u>\$ 2,418,084</u>	<u>\$ 144,268</u>	<u>\$ 15,580</u>	<u>\$ 54,532</u>	<u>\$ 1,654</u>	<u>\$ 10,372</u>	<u>\$ 116,690</u>	<u>\$ -</u>	<u>\$ 2,941,081</u>
<u>Cost</u>										
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>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	\$ -	\$ 593,596	\$ 177,557	\$ 33,838	\$ 58,253	\$ 813	\$ -	\$ 38	\$ 869	\$ 864,964
Depreciation expense	-	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>
<u>Accumulated impairment</u>										
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>

Operating leases relate to leases of buildings and ancillary equipment with lease terms between 3 and 5 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, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 4,630	\$ 3,120	\$ 2,880
Year 2	4,630	2,756	2,756
Year 3	4,158	2,756	2,756
Year 4	3,821	2,756	2,756
Year 5	<u>2,229</u>	<u>1,608</u>	<u>2,297</u>
	<u>\$ 19,468</u>	<u>\$ 12,996</u>	<u>\$ 13,445</u>

No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 2023 and 2022.

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	1-20 years
Transportation equipment	3-8 years
Office equipment	3-30 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 4-15 years, respectively.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 286,034	\$ 304,697	\$ 312,591
Transportation equipment	<u>2,042</u>	<u>2,851</u>	<u>3,528</u>
	<u>\$ 288,076</u>	<u>\$ 307,548</u>	<u>\$ 316,119</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2023	2022	2023
Additions to right-of-use assets			<u>\$ 1,257</u>
Depreciation charge for right-of-use assets			<u>\$ 1,933</u>
Land	\$ 6,726	\$ 3,268	\$ 20,180
Transportation equipment	<u>561</u>	<u>677</u>	<u>2,032</u>
	<u>\$ 7,287</u>	<u>\$ 3,945</u>	<u>\$ 21,741</u>
			<u>\$ 22,222</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, 2023 and 2022.

### b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 25,476</u>	<u>\$ 26,232</u>	<u>\$ 26,288</u>
Non-current	<u>\$ 191,833</u>	<u>\$ 209,845</u>	<u>\$ 216,380</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
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 3-4 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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 5,025	\$ 2,840	\$ 9,942	\$ 9,031
Expenses relating to low-value asset leases	\$ 1	\$ -	\$ 12	\$ 4
Total cash outflow for leases			\$ (32,877)	\$ (32,535)

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.

## 17. GOODWILL

	September 30, 2023	December 31, 2022	September 30, 2022
Goodwill	\$ 42,985	\$ 43,134	\$ 42,521
		For the Nine Months Ended September 30	
		2023	2022
Balance at January 1		\$ 43,134	\$ 42,389
Effect of foreign currency exchange differences		(149)	132
Balance at September 30		\$ 42,985	\$ 42,521

## 18. OTHER INTANGIBLE ASSETS

	Service Concession Arrangements	Computer Software	Licenses and Franchises	Others	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 9,389	\$ 43,900	\$ 8,000	\$ 93,919	\$ 155,208
Additions	-	4,475	-	-	4,475
Disposals	-	(5,007)	-	-	(5,007)
Effect of foreign currency exchange differences	-	243	-	274	517
Balance at September 30, 2023	<u>\$ 9,389</u>	<u>\$ 43,611</u>	<u>\$ 8,000</u>	<u>\$ 94,193</u>	<u>\$ 155,193</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2023	\$ 4,694	\$ 23,661	\$ 216	\$ 60,894	\$ 89,465
Amortization expense	352	7,797	649	12,133	20,931
Disposals	-	(4,922)	-	-	(4,922)
Effect of foreign currency exchange differences	-	185	-	125	310
Balance at September 30, 2023	<u>\$ 5,046</u>	<u>\$ 26,721</u>	<u>\$ 865</u>	<u>\$ 73,152</u>	<u>\$ 105,784</u>
Carrying amount at September 30, 2023	<u>\$ 4,343</u>	<u>\$ 16,890</u>	<u>\$ 7,135</u>	<u>\$ 21,041</u>	<u>\$ 49,409</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 4,695</u>	<u>\$ 20,239</u>	<u>\$ 7,784</u>	<u>\$ 33,025</u>	<u>\$ 65,743</u>
<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	-	399	-	445	844
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	-	281	-	161	442
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>

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, 2023 and 2022, which were recognized as other income, amounted to \$3,899 thousand and \$4,727 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	3-5 years
Licenses and Franchises	10 years
Others	1-10 years

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of amortization by function				
Operating costs	\$ 2,430	\$ 2,552	\$ 7,471	\$ 7,146
Selling and marketing expenses	215	570	1,110	1,401
General and administrative expenses	2,903	4,524	10,182	13,809
Research and development expenses	<u>698</u>	<u>921</u>	<u>2,168</u>	<u>2,674</u>
	<u>\$ 6,246</u>	<u>\$ 8,567</u>	<u>\$ 20,931</u>	<u>\$ 25,030</u>

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

## 19. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Payments in advance	\$ 17,120	\$ 26,189	\$ 65,347
Prepayments for construction	13,948	4,684	3,923
Overpaid VAT	13,783	8,979	17,793
Temporary payments	13,703	13,703	15,733
Prepayments for software maintenance	7,883	6,884	4,613
Prepayments rents	6,539	7,048	9,223
Prepayments foreign travel	5,618	11,851	12,116
Others	<u>36,698</u>	<u>39,455</u>	<u>32,673</u>
	<u>\$ 115,292</u>	<u>\$ 118,793</u>	<u>\$ 161,421</u>
<u>Non-current</u>			
Prepayments for software maintenance	\$ 468	\$ -	\$ -
Prepayments rents	<u>28</u>	<u>-</u>	<u>-</u>
	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ -</u>

## 20. BORROWINGS

### a. Short-term bank loans

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 1,990,000</u>	<u>\$ 1,413,000</u>	<u>\$ 1,040,000</u>

The effective interest rates of the working capital loan were 1.67%-1.79%, 1.28%-1.95% and 1.02%-1.43% as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.



b. Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	\$ 150,000	\$ -	\$ -
Less: Unamortized discounts on bills payable	<u>(126)</u>	<u>-</u>	<u>-</u>
	<u>\$ 149,874</u>	<u>\$ -</u>	<u>\$ -</u>

The effective interest rate of the commercial paper was 1.53% as of September 30, 2023.

c. Long-term bank loans

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
Bank loans - expiring before February 15, 2027	\$ 851,567	\$ 1,401,711	\$ 1,419,650
Less: Current portion	<u>(408,317)</u>	<u>(464,723)</u>	<u>(343,083)</u>
	<u>\$ 443,250</u>	<u>\$ 936,988</u>	<u>\$ 1,076,567</u>

The effective interest rates of the long-term bank loans were 1.10%-1.27%, 0.85%-1.14% and 0.85%-1.00% as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

## 21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Accrued expenses and other current liabilities			
Bonus	\$ 135,198	\$ 260,650	\$ 262,058
Salaries	116,195	145,804	105,712
Temporary receipts	32,612	37,000	24,324
Outsourcing fee	18,523	52,981	24,948
Purchases of equipment	11,277	12,872	26,968
Compensation of employees and remuneration of directors and supervisors	1,407	14,856	14,156
Others	<u>214,438</u>	<u>126,916</u>	<u>148,191</u>
	<u>\$ 529,650</u>	<u>\$ 651,079</u>	<u>\$ 606,357</u>
<u>Non-current</u>			
Other non-current liabilities			
Long-term payables	\$ 2,000	\$ 4,000	\$ 4,000
Others	<u>232</u>	<u>178</u>	<u>168</u>
	<u>\$ 2,232</u>	<u>\$ 4,178</u>	<u>\$ 4,168</u>

## 22. PROVISIONS - CURRENT

	September 30, 2023	December 31, 2022	September 30, 2022
Warranties	<u>\$ 1,340</u>	<u>\$ 11,301</u>	<u>\$ 8,077</u>
		For the Nine Months Ended September 30	
		<u>2023</u>	<u>2022</u>
Balance at January 1		\$ 11,301	\$ 11,626
Additional provisions recognized		11,002	11,099
Amount used		(20,982)	(14,674)
Effect of foreign currency exchange differences		<u>19</u>	<u>26</u>
Balance at September 30		<u>\$ 1,340</u>	<u>\$ 8,077</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.

## 23. RETIREMENT BENEFIT PLANS

For the three months and nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$1,378 thousand, \$995 thousand, \$4,136 thousand and \$2,984 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

## 24. EQUITY

### a. Share capital

#### 1) Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Share authorized (in thousands of shares)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Share authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</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, 2023	December 31, 2022	September 30, 2022
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
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	12	12	12
Share of changes in capital surplus of associates (3)	<u>32,802</u>	<u>16,549</u>	<u>16,549</u>
	<u>\$ 286,543</u>	<u>\$ 270,290</u>	<u>\$ 270,290</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

Under the dividends policy as set forth in the 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 in their meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 26(h).

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 should be distributed to shareholders, and the total cash dividends paid in any given year should be at least 40% of the total dividends distributed.

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.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 49,758	\$ 50,681
Special reserve	\$ (40,482)	\$ 15,809
Cash dividends	\$ 351,956	\$ 430,169
Cash dividends per share (NT\$)	\$ 1.8	\$ 2.2

The above 2022 and 2021 appropriations for cash dividends were resolved by the Corporation's board of directors on March 14, 2023 and March 17, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings on May 30, 2023 and June 9, 2022, respectively.

d. Special reserve

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 167,859	\$ 152,050
Appropriations in respect of Debits to other equity items	-	15,809
Reversals:		
Reversal of the debits to other equity items	(40,482)	-
Balance at September 30	\$ 127,377	\$ 167,859

e. Other equity items

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (128,817)	\$ (160,814)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	33,396	53,759
Other comprehensive income recognized for the period	33,396	53,759
Balance at September 30	\$ (95,421)	\$ (107,055)

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,440	\$ (7,045)
Recognized for the period		
Unrealized gain - equity instruments	<u>12,712</u>	<u>-</u>
Other comprehensive income recognized for the period	<u>12,712</u>	<u>-</u>
Balance at September 30	<u>\$ 14,152</u>	<u>\$ (7,045)</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 20,603	\$ 13,359
Share of profit for the period	4,148	6,157
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign entities	-	5
Acquisition of non-controlling interests in subsidiaries (Note 29)	<u>-</u>	<u>(110)</u>
Balance at September 30	<u>\$ 24,751</u>	<u>\$ 19,411</u>

**25. REVENUE**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers				
Construction contract revenue	\$ 1,874,697	\$ 2,409,557	\$ 5,502,870	\$ 6,782,194
Revenue from the sale of goods	423,998	278,081	919,123	885,052
Revenue from the rendering of services	<u>105,494</u>	<u>124,723</u>	<u>326,415</u>	<u>375,685</u>
	<u>\$ 2,404,189</u>	<u>\$ 2,812,361</u>	<u>\$ 6,748,408</u>	<u>\$ 8,042,931</u>
a. Contract balances				
	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>January 1, 2022</b>
Notes receivable (Note 10)	<u>\$ 29,467</u>	<u>\$ 50,713</u>	<u>\$ 59,054</u>	<u>\$ 62,585</u>
Accounts receivable (Note 10)	<u>\$ 364,274</u>	<u>\$ 346,207</u>	<u>\$ 442,511</u>	<u>\$ 487,299</u>
Receivables from related parties (Note 31)	<u>\$ 110</u>	<u>\$ 5,956</u>	<u>\$ 784</u>	<u>\$ 2,083</u>
Contract assets - current				
Construction contracts	<u>\$ 5,009,134</u>	<u>\$ 5,095,810</u>	<u>\$ 4,747,412</u>	<u>\$ 2,950,299</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract liabilities - current				
Construction contracts	\$ 418,342	\$ 670,670	\$ 715,105	\$ 1,103,158
Sale of goods	<u>399,285</u>	<u>407,442</u>	<u>272,602</u>	<u>235,806</u>
	<u>\$ 817,627</u>	<u>\$ 1,078,112</u>	<u>\$ 987,707</u>	<u>\$ 1,338,964</u>
				(Concluded)

b. Disaggregation of revenue

	Reportable Segments		
	Intelligent Automation System and Equipment	Digital Technology Products and Industrial Controllers	Total
For the nine months ended September 30, 2023			
Type of goods or services			
Construction contract revenue	\$ 5,400,572	\$ 102,298	\$ 5,502,870
Revenue from the sale of goods	423,105	496,018	919,123
Revenue from the rendering of services	<u>132,386</u>	<u>194,029</u>	<u>326,415</u>
	<u>\$ 5,956,063</u>	<u>\$ 792,345</u>	<u>\$ 6,748,408</u>
For the nine months ended September 30, 2022			
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>

## 26. NET PROFIT FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Loss on disposal of property, plant and equipment	\$ (88)	\$ (227)	\$ (1,376)	\$ (252)
Loss on disposal of other intangible assets	<u>-</u>	<u>-</u>	<u>(85)</u>	<u>-</u>
	<u>\$ (88)</u>	<u>\$ (227)</u>	<u>\$ (1,461)</u>	<u>\$ (252)</u>

b. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 3,154	\$ 5,421	\$ 14,958	\$ 17,074
Others	<u>10</u>	<u>3</u>	<u>33</u>	<u>26</u>
	<u>\$ 3,164</u>	<u>\$ 5,424</u>	<u>\$ 14,991</u>	<u>\$ 17,100</u>

c. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Concession income (Note 18)	\$ 1,423	\$ 1,560	\$ 3,899	\$ 4,727
Rental income	1,264	1,202	4,626	3,599
Grants income	447	-	7,413	110
Dividends	-	-	464	1,442
Litigation settlement gain	-	-	-	3,810
Others	<u>4,238</u>	<u>1,167</u>	<u>8,061</u>	<u>3,106</u>
	<u>\$ 7,372</u>	<u>\$ 3,929</u>	<u>\$ 24,463</u>	<u>\$ 16,794</u>

d. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net gain on fair value changes of financial instruments at fair value through profit or loss	\$ 62	\$ 31	\$ 197	\$ 123
Gain on lease modification	-	-	7	-
Other net loss	<u>(3,883)</u>	<u>(2,967)</u>	<u>(8,064)</u>	<u>(5,445)</u>
	<u>\$ (3,821)</u>	<u>\$ (2,936)</u>	<u>\$ (7,860)</u>	<u>\$ (5,322)</u>

e. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 11,059	\$ 4,788	\$ 33,528	\$ 9,479
Interest on lease liabilities	<u>1,119</u>	<u>1,242</u>	<u>3,444</u>	<u>3,820</u>
	<u>\$ 12,178</u>	<u>\$ 6,030</u>	<u>\$ 36,972</u>	<u>\$ 13,299</u>

f. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 36,932	\$ 35,719	\$ 111,180	\$ 99,309
Right-of-use assets	7,287	3,945	21,741	22,222
Other intangible assets	<u>6,246</u>	<u>8,567</u>	<u>20,931</u>	<u>25,030</u>
	<u>\$ 50,465</u>	<u>\$ 48,231</u>	<u>\$ 153,852</u>	<u>\$ 146,561</u>
An analysis of depreciation by function				
Operating costs	\$ 14,948	\$ 13,479	\$ 44,412	\$ 37,890
Operating expense	<u>29,271</u>	<u>26,185</u>	<u>88,509</u>	<u>83,641</u>
	<u>\$ 44,219</u>	<u>\$ 39,664</u>	<u>\$ 132,921</u>	<u>\$ 121,531</u>
An analysis of amortization by function				
Operating costs	\$ 2,430	\$ 2,552	\$ 7,471	\$ 7,146
Operating expense	<u>3,816</u>	<u>6,015</u>	<u>13,460</u>	<u>17,884</u>
	<u>\$ 6,246</u>	<u>\$ 8,567</u>	<u>\$ 20,931</u>	<u>\$ 25,030</u>

Refer to Note 18 for information relating to the line items in which any amortization of intangible assets is included.

g. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Post-employment benefits				
Defined contribution plans	\$ 14,769	\$ 14,306	\$ 44,940	\$ 41,660
Defined benefit plans (Note 23)	<u>1,378</u>	<u>995</u>	<u>4,136</u>	<u>2,984</u>
	16,147	15,301	49,076	44,644
Termination benefits	2,908	30	14,898	1,034
Other employee benefits	<u>396,071</u>	<u>484,275</u>	<u>1,229,306</u>	<u>1,310,232</u>
Total employee benefits expense	<u>\$ 415,126</u>	<u>\$ 499,606</u>	<u>\$ 1,293,280</u>	<u>\$ 1,355,910</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 221,164	\$ 325,379	\$ 710,970	\$ 830,490
Operating expenses	<u>193,962</u>	<u>174,227</u>	<u>582,310</u>	<u>525,420</u>
	<u>\$ 415,126</u>	<u>\$ 499,606</u>	<u>\$ 1,293,280</u>	<u>\$ 1,355,910</u>



h. Compensation of employees and remuneration of directors and supervisors

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, 2023 and 2022 are as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ <u>193</u>	\$ <u>1,632</u>	\$ <u>553</u>	\$ <u>5,653</u>
Remuneration of directors and supervisors	\$ <u>291</u>	\$ <u>2,447</u>	\$ <u>830</u>	\$ <u>8,479</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 2022 and 2021 that were resolved by the board of directors on March 14, 2023 and March 17, 2022, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ <u>5,933</u>	\$ <u>6,254</u>
Remuneration of directors and supervisors	\$ <u>8,899</u>	\$ <u>9,382</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, 2022 and 2021.

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.

## 27. 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	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 10,835	\$ 20,102	\$ 19,096	\$ 70,254
Adjustments for prior year	-	-	(8,113)	-
Deferred tax				
In respect of the current period	<u>5,655</u>	<u>-</u>	<u>9,484</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 16,490</u>	<u>\$ 20,102</u>	<u>\$ 20,467</u>	<u>\$ 70,254</u>

### b. Income tax assessments

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

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 0.02</u>	<u>\$ 0.71</u>	<u>\$ 0.14</u>	<u>\$ 2.49</u>
Diluted earnings per share	<u>\$ 0.02</u>	<u>\$ 0.71</u>	<u>\$ 0.14</u>	<u>\$ 2.49</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	
	2023	2022	2023	2022
Profit for the period attributable to shareholders of the Corporation	<u>\$ 3,024</u>	<u>\$ 138,085</u>	<u>\$ 27,831</u>	<u>\$ 487,623</u>
Earnings used in the computation of basic earnings per share	3,024	138,085	27,831	487,623
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>\$ 3,024</u>	<u>\$ 138,085</u>	<u>\$ 27,831</u>	<u>\$ 487,623</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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</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>15</u>	<u>150</u>	<u>55</u>	<u>193</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>195,546</u>	<u>195,681</u>	<u>195,586</u>	<u>195,724</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.

## 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 20,277	\$ -	\$ -	\$ 20,277
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ -	\$ 25,280	\$ -	\$ 25,280
Domestic unlisted shares	-	-	10,883	10,883
Foreign unlisted shares	-	-	48,957	48,957
	\$ -	\$ 25,280	\$ 59,840	\$ 85,120

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 25,080	\$ -	\$ -	\$ 25,080
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 9,955	\$ 9,955
Foreign unlisted shares	-	-	45,467	45,467
	\$ -	\$ -	\$ 55,422	\$ 55,422

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

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

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

Financial Instrument	Valuation Technique and Inputs
Investment in equity instruments	Equity instruments measured at fair value through other comprehensive income or loss in Level 2 of the fair value hierarchy are subject to restrictions on transfer or sale, and their fair values are based on quoted prices in active markets for similar unrestricted equity instruments, after discounted prices are taken into account.

### 3) 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, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 20,277	\$ 25,808	\$ 25,017
Amortized cost			
Cash and cash equivalents	1,187,468	1,977,745	1,816,932
Financial assets at amortized cost - current	134,837	-	-
Notes receivable (including related parties)	29,467	50,911	59,054
Accounts receivable (including related parties)	364,384	351,965	443,295
Other receivables (including related parties)	17,795	19,714	11,574
Financial assets at amortized cost - non-current	-	132,283	134,159
Refundable deposits	105,356	117,922	118,478
Financial assets at FVTOCI			
Equity instruments	85,120	55,422	46,937
<u>Financial liabilities</u>			
Amortized cost			
Short-term bank loans	1,990,000	1,413,000	1,040,000
Short-term bills payable	149,874	-	-
Notes payable	11,952	93,216	75,352
Accounts payable (including related parties)	2,880,684	3,477,272	3,424,240
Accrued expenses and other current liabilities	231,238	180,289	187,196
Long-term bank loans (including current portion)	851,567	1,401,711	1,419,650
Guarantee deposits received	748	291	292
Long-term payables	2,000	4,000	4,000

#### 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 management in accordance with relevant regulations and internal control system. During the execution of the financial plans, the Group strictly complied with the 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 has 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 (i.e., 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, refundable deposits 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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ (75,113)	\$ (87,568)	\$ 6,587	\$ 2,317	\$ 931	\$ 828

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

##### 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, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 559,375	\$ 826,769	\$ 765,288
Financial liabilities	1,617,183	1,349,077	832,668
Cash flow interest rate risk			
Financial assets	753,220	1,273,329	1,173,981
Financial liabilities	1,591,567	1,701,711	1,869,650

#### 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 1% 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, 2023 and 2022 would have decreased by \$11,937 thousand and \$14,022 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 the 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 of 49.29%, 53.27% and 55.54% of total amounts of accounts receivable and contract assets as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, 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 and contract assets 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, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 295,934	\$ 390,563	\$ 193,842	\$ -
Lease liabilities	2,561	5,027	22,052	211,860
Variable interest rate liabilities	275,023	270,080	616,178	448,115
Fixed interest rate liabilities	<u>800,652</u>	<u>601,878</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,374,170</u>	<u>\$ 1,267,548</u>	<u>\$ 832,072</u>	<u>\$ 659,975</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	\$ 29,640	\$ 113,949	\$ 59,084	\$ 38,827	\$ -	\$ -
Variable interest rate liabilities	<u>1,161,281</u>	<u>448,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,190,921</u>	<u>\$ 562,064</u>	<u>\$ 59,084</u>	<u>\$ 38,827</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 582,370	\$ 838,941	\$ 428,860	\$ -
Lease liabilities	2,571	5,141	23,046	232,924
Variable interest rate liabilities	7,079	42,188	729,699	946,179
Fixed interest rate liabilities	<u>528,202</u>	<u>536,676</u>	<u>50,337</u>	<u>-</u>
	<u>\$ 1,120,222</u>	<u>\$ 1,422,946</u>	<u>\$ 1,231,942</u>	<u>\$ 1,179,103</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	\$ 30,758	\$ 114,348	\$ 74,202	\$ 44,374	\$ -	\$ -
Variable interest rate liabilities	<u>778,966</u>	<u>946,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 809,724</u>	<u>\$ 1,060,527</u>	<u>\$ 74,202</u>	<u>\$ 44,374</u>	<u>\$ -</u>	<u>\$ -</u>



September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 655,781	\$ 1,069,650	\$ 250,037	\$ -
Lease liabilities	2,601	5,201	23,139	240,542
Variable interest rate liabilities	156,176	12,226	634,529	1,087,779
Fixed interest rate liabilities	<u>300,187</u>	<u>150,237</u>	<u>140,840</u>	<u>-</u>
	<u>\$ 1,114,745</u>	<u>\$ 1,237,314</u>	<u>\$ 1,048,545</u>	<u>\$ 1,328,321</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	\$ 30,941	\$ 114,857	\$ 79,462	\$ 46,223	\$ -	\$ -
Variable interest rate liabilities	<u>802,931</u>	<u>1,087,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 833,872</u>	<u>\$1,202,636</u>	<u>\$ 79,462</u>	<u>\$ 46,223</u>	<u>\$ -</u>	<u>\$ -</u>

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

b) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Long-term bank loan facilities:			
Amount used	\$ 851,566	\$ 1,401,711	\$ 1,419,650
Amount unused	<u>1,103,404</u>	<u>836,099</u>	<u>829,600</u>
	<u>\$ 1,954,970</u>	<u>\$ 2,237,810</u>	<u>\$ 2,249,250</u>
Short-term bank loan facilities:			
Amount used	\$ 2,879,258	\$ 2,292,003	\$ 1,843,672
Amount unused	<u>3,227,862</u>	<u>3,365,567</u>	<u>3,883,578</u>
	<u>\$ 6,107,120</u>	<u>\$ 5,657,570</u>	<u>\$ 5,727,250</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

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
SHENZHEN HICHAIN & MIRLE AUTOMATION CO., LTD.	Associate
JIANGSU HAIKUNMENG INTELLIGENT TECHNOLOGY CO., LTD.	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Substantive related party
I-MEI BIOMEDICINE CO., LTD.	Substantive related party
I-MEI MACROBIOTICS CO., LTD.	Substantive related party
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
FU MEI CO., LTD.	Substantive related party

(Concluded)

b. Operating transaction

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Sales</u>				
Associates	\$ 311,343	\$ 19,249	\$ 321,718	\$ 77,993
Substantive related parties	127	522	5,356	2,045
Key management personnel	<u>70</u>	<u>258</u>	<u>200</u>	<u>5,416</u>
	<u>\$ 311,540</u>	<u>\$ 20,029</u>	<u>\$ 327,274</u>	<u>\$ 85,454</u>
<u>Purchases</u>				
Associates	<u>\$ 12,908</u>	<u>\$ 598</u>	<u>\$ 18,659</u>	<u>\$ 9,398</u>
<u>Manufacturing expenses</u>				
Associates	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 99</u>
<u>Operating expenses</u>				
Substantive related parties	\$ 20	\$ 40	\$ 58	\$ 102
Associates	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 68</u>	<u>\$ 112</u>
<u>Other income</u>				
Associates	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ -</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Other gains and losses</u>				
Substantive related parties				
I-MEI STORE COMPANY LTD.	\$ -	\$ -	\$ 585	\$ 585
				(Concluded)

Lease arrangements - the Group is lessor

Lease arrangements - the Group is lessor under operating leases

The Group leases out its plant and dormitory to its associate, MAIN DRIVE CORPORATION, under operating leases with lease terms of 3-5 years. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of the operating lease receivable was \$19,468 thousand, \$12,632 thousand and \$13,321 thousand, respectively. The amounts of lease income recognized for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
Related Party Category/Name	2023	2022	2023	2022
Associates				
MAIN DRIVE CORPORATION	\$ 1,169	\$ 821	\$ 3,272	\$ 2,995

Acquisition of other assets

		Purchase Price For the Nine Months Ended September 30	
Related Party Category/Name	Line Item	2023	2022
Substantive related parties	Other intangible assets	\$ -	\$ 60

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 outsourcing fee, 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, 2023	December 31, 2022	September 30, 2022
<u>Contract assets</u>			
Associates	\$ 80,879	\$ -	\$ -
			(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Contract liabilities</u>			
Substantive related parties	\$ 591	\$ -	\$ -
Associates	<u>242</u>	<u>9,235</u>	<u>2,002</u>
	<u>\$ 833</u>	<u>\$ 9,235</u>	<u>\$ 2,002</u>
<u>Notes receivable from related parties</u>			
Substantive related parties	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ -</u>
<u>Accounts receivable from related parties</u>			
Key management personnel			
I-MEI FOODS CO., LTD.	\$ 74	\$ 182	\$ 246
Associates			
MAIN DRIVE CORPORATION	36	69	-
Substantive related parties			
I-MEI STORE COMPANY LTD.	-	5,201	399
GOLDEN SADDLE MACHINERY CO., LTD.	-	174	99
Others	<u>-</u>	<u>132</u>	<u>40</u>
	<u>\$ 110</u>	<u>\$ 5,758</u>	<u>\$ 784</u>
<u>Accounts payable to related parties</u>			
Associates			
MAIN DRIVE CORPORATION	<u>\$ 10,665</u>	<u>\$ 1,488</u>	<u>\$ 2,139</u>
<u>Other receivables from related parties</u>			
Associates			
MAIN DRIVE CORPORATION	<u>\$ 2,182</u>	<u>\$ 1,109</u>	<u>\$ 1,169</u>
<u>Prepayments</u>			
Substantive related parties	<u>\$ 123</u>	<u>\$ 17</u>	<u>\$ 57</u>
<u>Accrued expenses and other current liabilities</u>			
Substantive related parties	\$ 28	\$ -	\$ -
Associates	<u>-</u>	<u>104</u>	<u>104</u>
	<u>\$ 28</u>	<u>\$ 104</u>	<u>\$ 104</u>
<u>Guarantee deposits received</u>			
Associates			
MAIN DRIVE CORPORATION	<u>\$ 748</u>	<u>\$ -</u>	<u>\$ -</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, 2023 and 2022, 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, 2023 and 2022 was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 22,226	\$ 15,847	\$ 44,584	\$ 45,478
Post-employment benefits	<u>877</u>	<u>352</u>	<u>1,932</u>	<u>1,194</u>
	<u>\$ 23,103</u>	<u>\$ 16,199</u>	<u>\$ 46,516</u>	<u>\$ 46,672</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 credit lines:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Other intangible assets	<u>\$ -</u>	<u>\$ 4,695</u>	<u>\$ 4,812</u>

### 33. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group's significant commitments and contingencies as of September 30, 2023 were as follows:

The endorsements/guarantees provided by the Corporation for MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD and MIRLE AUTOMATION INTER CORP. LTD. amounted to \$322,700 thousand and \$96,810 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 the foreign currencies and the respective functional currencies were as follows:

(In thousands of foreign currencies)

<b>September 30, 2023</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>
<u>Financial assets</u>		
Monetary items		
USD	\$ 49,718	32.270 (USD:NTD)
USD	151	7.1798 (USD:RMB)
RMB	57,074	4.415 (RMB:NTD)
JPY	25,258	0.2162 (JPY:NTD)
<u>Financial liabilities</u>		
Monetary items		
USD	3,150	32.270 (USD:NTD)
USD	166	7.1798 (USD:RMB)
RMB	86,911	4.415 (RMB:NTD)
JPY	111,389	0.2162 (JPY:NTD)
<b>December 31, 2022</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>
<u>Financial assets</u>		
Monetary items		
USD	\$ 54,737	30.710 (USD:NTD)
USD	105	6.9646 (USD:RMB)
RMB	22,504	4.408 (RMB:NTD)
JPY	776,039	0.2324 (JPY:NTD)
<u>Financial liabilities</u>		
Monetary items		
USD	2,041	30.710 (USD:NTD)
USD	117	6.9646 (USD:RMB)
RMB	34,522	4.408 (RMB:NTD)
JPY	273,199	0.2324 (JPY:NTD)

	<b>September 30, 2022</b>	
	<b>Foreign Currency</b>	<b>Exchange Rate</b>
<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)
RMB	9,038	4.473 (RMB:NTD)
JPY	74,750	0.2201 (JPY:NTD)

Financial liabilities

Monetary items		
USD	629	31.750 (USD:NTD)
USD	128	7.0998 (USD:RMB)
RMB	19,399	4.473 (RMB:NTD)
JPY	149,960	0.2201 (JPY:NTD)

For the nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains were \$59,258 thousand and \$265,139 thousand, respectively. It is impractical to disclose net foreign exchange gains 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 (Table 4)
- 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 5)
- b. Information on investees (Table 6)
  - 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 7)
    - 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 8)
  - 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 9)

### 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 are measured on the same basis as the Group's consolidated financial statements. The reported segments of the consolidated financial statements are the intelligent automation system and equipment segment and the digital technology products and industrial controller segment.

#### a. Segment revenue and results

	<b>Segment Revenue</b>		<b>Segment Income</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Intelligent automation system and equipment segment	\$ 5,956,063	\$ 6,719,077	\$ 959,264	\$ 1,066,623
Digital technology products and industrial controller segment	<u>792,345</u>	<u>1,323,854</u>	<u>155,686</u>	<u>376,369</u>
Total amounts from continuing operations	<u>\$ 6,748,408</u>	<u>\$ 8,042,931</u>	1,114,950	1,442,992
Unallocated amount:				
Operating expenses			(1,082,065)	(1,136,388)
Other gains and losses			(1,511)	(252)
Non-operating income and expenses			<u>21,072</u>	<u>257,682</u>
Income before income tax			<u>\$ 52,446</u>	<u>\$ 564,034</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, 2023 and 2022.



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, 2023  
(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	\$ 291,390	\$ -	\$ -	3	2	\$ -	Working capital	\$ -	-	\$ -	\$ 1,624,739	\$ 1,624,739	-
1	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	The Corporation	Other current assets	Yes	264,900	264,900	-	-	2	-	Working capital	-	-	-	527,777	527,777	-
		MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Other current assets	Yes	176,600	176,600	-	-	2	-	Working capital	-	-	-	527,777	527,777	-
1	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Other current assets	Yes	132,450	132,450	-	-	2	-	Working capital	-	-	-	185,676	185,676	-

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, The total amount of financing provided by MIRLE AUTOMATION (KUNSHAN) CO., LTD. to others shall not exceed 40% 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, 2023  
(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	\$ 1,218,554	\$ 484,050	\$ 322,700	\$ -	\$ -	8	\$ 2,030,924	Yes	No	Yes
	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Note 1	1,218,554	129,080	-	-	-	-	2,030,924	Yes	No	Yes
	MIRLE AUTOMATION INTER CORP. LTD.	Note 2	1,218,554	96,810	96,810	27,591	-	2	2,030,924	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, 2023**  
**(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, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500,000	\$ 48,957	7	\$ 48,957	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143,000	-	4	-	Note 1
	PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,000,000	10,883	2	10,883	Note 1
	HYE TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	800,000	25,280	2	25,280	Note 1
MIRTEK (BVI) CORP. LTD.	AMERICAN MERCHANTS HEAT CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,654,044	-	6	-	Note 1
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	UNION MONEY MARKET FUND	-	Financial assets as fair value through profit or loss - current	1,498,441	20,277	-	20,277	Note 2

Note 1: The market value was based on the fair value as of September 30, 2023.

Note 2: The fair value was based on the net assets value of the fund as of September 30, 2023.

Note 3: As of September 30, 2023, the above marketable securities had not been pledged or mortgaged.

Note 4: See Tables 6 and 7 for detailed information on subsidiaries and associates.

**TABLE 4**

**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	JIANGSU HAIKUNMENG INTELLIGENT TECHNOLOGY CO., LTD.	Associate	Sales	\$ 244,200	4.15	Net 90 days	\$ -	-	\$ -	-	-

Note: The actual capital amount is the actual amount from the parent company; the issuer of no par stock or par value stock less than \$10 New Taiwan dollars shall follow the actual capital amount as 20% of the transaction amount rule; equity is calculated at 10% of the equity in the parent company’s balance sheet.

TABLE 5

## MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(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	\$ 23,275	-	-
			1	Purchases	79,448	-	1
			1	Manufacturing expenses	5,833	-	-
			1	Operating expenses	29	-	-
			1	Contract assets	82	-	-
			1	Contract liabilities	8,176	-	-
			1	Accounts receivable from related parties	7,799	-	-
			1	Accounts payable to related parties	186,946	-	2
			1	Other receivables from related parties	6	-	-
			1	Accrued expenses and other current liabilities	19,552	-	-
		IOT SERVICES INFORMATION SYSTEM CORPORATION	1	Sales	4,940	-	-
			1	Purchases	9,411	-	-
			1	Manufacturing expenses	19,537	-	-
			1	Operating expenses	98	-	-
			1	Acquisition of property, plant and equipment	92	-	-
			1	Accounts receivable from related parties	4,247	-	-
			1	Accounts payable to related parties	893	-	-
			1	Prepayments	30,000	-	-
			1	Accrued expenses and other current liabilities	11,167	-	-
		MIRLE AUTOMATION (KUNSHAN) CO., LTD.	1	Sales	2,810	-	-
			1	Contract assets	518	-	-
			1	Accounts receivable from related parties	14	-	-
			1	Other receivables from related parties	25	-	-
		MIRLE AUTOMATION INTER CORP. LTD.	1	Sales	31	-	-
			1	Accounts receivable from related parties	1,190	-	-
		FACTORY AUTOMATION INTERNATIONAL CO., LTD.	1	Purchases	16,789	-	-
			1	Accounts payable to related parties	7,239	-	-
			1	Other receivables from related parties	123	-	-
1	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	3	Sales	12,658	-	-
			3	Accounts receivable from related parties	1,507	-	-
			3	Accrued expenses and other current liabilities	45	-	-
		FACTORY AUTOMATION INTERNATIONAL CO., LTD.	3	Sales	121	-	-
			3	Accounts receivable from related parties	126	-	-
			3	Other receivables from related parties	584	-	-
2	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	3	Sales	46,539	-	1
		MIRLE AUTOMATION INTER CORP. LTD.	3	Accounts payable to related parties	1,317	-	-

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 6

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	\$ 951,348	\$ 951,348	29,640,688	100	\$ 1,750,969	\$ (29,623)	\$ (29,540)	Subsidiary
	DAVID INVESTMENT CO., LTD.	Taipei City	Investment	76,100	76,100	-	100	81,883	(3,412)	(3,412)	Subsidiary
	MIRLE AUTOMATION INTER CORP. LTD.	Thailand	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	103,921	103,921	10,299,998	100	69,793	(3,159)	(3,159)	Subsidiary
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Taipei City	Computer application package software design, computer and peripheral equipment sales	42,075	42,075	1,275,000	51	57,682	8,464	4,316	Subsidiary
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,522,978	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	177,125	127,130	15,046,000	20.67	81,738	(150,513)	(32,282)	Associate
	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000,000	100	463,508	8,160	8,243	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	7,610,000	100	81,879	(3,412)	(3,412)	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	31,504	1,177	1,177	Third-tier subsidiary

Note 1: Refer to Table 7 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 been completed, yet.

TABLE 7

## MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					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	\$ (37,653)	100	\$ (37,653) (Note 5)	\$ 1,319,444	\$ -
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	8,160	100	8,243 (Note 6)	463,508	-
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	RMB 4,900 thousand (Note 2)	Note 1	-	-	-	-	(1,713)	49	(530) (Note 6)	21,868	-

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
SHENZHEN 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	RMB 17,000 thousand (Note 2)	Note 1	\$ -	\$ -	\$ -	\$ -	\$ (201)	36.17	\$ 3 (Note 6)	\$ 76,411	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2023	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	\$ 2,437,108

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 36.17% ownership of SHENZHEN HICHAIN & 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 8**

**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, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchases/Sales		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	\$ 23,275	0.40	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	\$ 7,799	7.47	\$ -	None
	Purchases	79,448	2.14	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	(186,946)	7.21	-	None
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Sales	2,810	0.05	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	14	0.01	-	None
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Sales	31,689	0.54	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
SHENZHEN HICHAIN & MIRLE AUTOMATION CO., LTD.	Sales	45,581	0.78	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
JIANGSU HAIKUNMENG INTELLIGENT TECHNOLOGY CO., LTD.	Sales	244,200	4.15	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	30,884	None

**TABLE 9****MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2023**

No.	Name of Major Shareholder	Shares	
		Number of Shares Held	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.