Sports Gear Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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Table of contents

Independent Auditor's Report

The Board of Directors and Shareholders
Sports Gear Co., Ltd.

Opinions

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022, is as follows:

Inventory valuation

As of the date of the balance sheet, the Group’s inventory was NT$1,817,958 thousand, which is significant to the overall consolidated financial statements. Inventories are stated at the lower of cost or net realizable value. As the determination of the net realizable value and estimation of the consumption of inventory based on aging is involved with subjective estimation and judgment, inventory valuation was identified as a key audit matter. Refer to Notes 4, 5, and 8 to the consolidated financial statements for accounting policies and disclosures related to inventory.

Our main audit procedures performed in respect of the key audit matter were as follows:

1. We understood and assessed the risks related to the design and implementation of internal control and the assessment of the net realizable value of inventories.
2. We assessed the reasonableness of management's accounting policies for estimating the net realizable value of inventories.
3. We obtained the assessment data of the net realizable value of inventories from the management. We also checked and re-calculated to confirm the correctness of the net realizable value of inventories and the provision of impairment losses.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Chin, Chiang, and Shao-Chun, Wu.

March 9th, 2023.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
CODE	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 5,566,630	28	$ 6,041,954	37
1170	Accounts receivable, net (Note 7)	3,351,556	17	1,764,362	11
1200	Other receivables (Note 22)	54,126	-	34,589	-
1220	Current tax assets (Note 18)	30,018	-	53,380	-
130X	Inventories (Note 8)	1,817,958	9	1,548,998	9
1476	Other financial assets - current (Notes 6 and 23)	2,074,839	10	1,179,429	7
1479	Other current assets	938,780	5	575,936	4
11XX	Total current assets	13,833,907	69	11,198,648	68
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes 10 and 23)	4,682,878	23	3,802,750	23
1755	Right-of-use assets (Note 11)	1,244,724	6	1,183,934	7
1780	Intangible assets	35,558	-	29,400	-
1840	Deferred income tax assets (Note 18)	103,260	1	46,501	-
1920	Refundable deposits	54,185	-	48,759	1
1980	Other financial assets - non-current (Notes 6 and 23)	11,827	-	93,924	1
1990	Other non-current assets	75,378	1	73,274	-
15XX	Total non-current assets	6,207,810	31	5,278,542	32
1XXX	TOTAL	$20,041,717	100	$16,477,190	100

CODE	LIABILITIES AND EQUITY	Amount	%	Amount	%
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes 12 and 23)	$ 780,597	4	$ 406,156	3
2150	Note payables	4,565	-	618	-
2170	Account payables	1,612,956	8	1,329,468	8
2200	Other payables (Notes 13 and 22)	977,682	5	755,195	5
2230	Current tax liabilities (Note 18)	593,046	3	313,856	2
2280	Lease liabilities-current (Notes 11 and 22)	88,326	-	70,942	-
2320	Current portion of long-term bank loans (Notes 12 and 23)	174,417	1	210,883	1
2399	Other current liabilities	13,403	-	8,569	-
21XX	Total current liabilities	4,244,992	21	3,095,687	19
	NON-CURRENT LIABILITIES				
2541	Long-term bank loans (Notes 12 and 23)	861,611	4	530,079	3
2560	Current tax liabilities - non-current (Note 18)	51,747	-	86,371	1
2570	Deferred tax liabilities (Note 18)	869	-	12,723	-
2580	Lease liabilities - non-current (Notes 11 and 22)	742,531	4	696,172	4
25XX	Total non-current liabilities	1,656,758	8	1,325,345	8
2XXX	Total liabilities	5,901,750	29	4,421,032	27
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
3110	Share capital	1,960,456	10	1,960,456	12
3211	Capital surplus	7,954,196	40	8,444,311	51
	Retained earnings				
3310	Legal reserve	210,263	1	145,770	1
3320	Special reserve	794,855	4	549,790	3
3350	Unappropriated earnings	3,053,312	15	1,750,824	11
3400	Other euity	173,461	1	(794,855)	(5)
31XX	Total equity attributable to owners of the Company	14,146,543	71	12,056,296	73
36XX	Non-controlling interests	(6,576)	-	(138)	-
3XXX	Total equity	14,139,967	71	12,056,158	73
	TOTAL	$20,041,717	100	$16,477,190	100

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Wei-Chia Chen Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
CODE		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 16 and 22)	$ 18,524,986	100	$ 12,335,924	100
5000	OPERATING COSTS (Notes 8 and 17)	14,240,644	77	9,901,350	80
5900	GROSS PROFIT	4,284,342	23	2,434,574	20
	OPERATING EXPENSES (Notes 17 and 22)				
6100	Selling and marketing expenses	369,522	2	270,022	2
6200	General and administrative expenses	1,279,005	7	1,068,182	9
6300	Research and development expenses	381,738	2	300,856	3
6450	Expected credit losses (reversal gains)	1,003	-	(31)	-
6000	Total operating expenses	2,031,268	11	1,639,029	14
6900	PROFIT FROM OPERATIONS	2,253,074	12	795,545	6
	NON-OPERATING INCOME AND EXPENSES (Notes 17 and 22)				
7010	Other income	25,722	-	15,375	-
7020	Other gains and losses	59,778	-	69,402	1
7050	Finance costs	(74,614)	-	(79,555)	(1)
7100	Interest income	99,937	1	63,139	1
7000	Total non-operating income and expenses	110,823	1	68,361	1
7900	PROFIT BEFORE INCOME	2,363,897	13	863,906	7
7950	INCOME TAX EXPENSE (Note 18)	561,873	3	217,716	2
8200	NET PROFIT FOR THE YEAR	1,802,024	10	646,190	5

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CODE		2022 Amount	2022 %	2021 Amount	2021 %
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8341	Exchange difference of translation to the presentation currency	$ 1,329,485	7	($ 333,806)	(3)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences in translating the financial statements of foreign operations	(361,539)	(2)	88,733	1
8300	Other comprehensive income (loss)	967,946	5	(245,073)	(2)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,769,970	15	$ 401,117	3
	Net profit attributable to:				
8610	Owners of the Company	1,808,092	10	$ 647,299	5
8620	Non-controlling interest	(6,068)	-	(1,109)	-
8600		$ 1,802,024	10	$ 646,190	5
	Comprehensive income attributable to:				
8710	Owners of the Company	2,776,408	15	$ 402,234	3
8720	Non-controlling interest	(6,438)	-	(1,117)	-
8700		$ 2,769,970	15	$ 401,117	3
	EARNINGS PER SHARE (Note 19)				
9750	Basic	$ 9.22		$ 3.42	
9850	Dilution	$ 9.17		$ 3.41	

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Wei-Chia Chen Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 15)								
				Retained Earnings			Other Equity			
CODE		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Note 9)	Exchange differences in translation of the financial statements of foreign operations	Total	Non-controlling Interests (Note 9)	Total Equity
A1	Balance on January 1, 2021	$ 1,742,606	$ 7,493,674	$ 104,859	$ 118,349	$ 1,872,310	($ 549,790)	$ 10,782,008	$ -	$ 10,782,008
	Appropriation of 2020 earnings									
B1	Legal Reserve	-	-	40,911	-	(40,911)	-	-	-	-
B3	Special Reserve	-	-	-	431,441	(431,441)	-	-	-	-
B5	Cash dividends distributed by the Company	-	(294,068)	-	-	(294,068)	-	(588,136)	-	(588,136)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	647,299	-	647,299	(1,109)	646,190
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(245,065)	(245,065)	(8)	(245,073)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	647,299	(245,065)	402,234	(1,117)	401,117
E1	Issuance of ordinary shares for cash	217,850	1,224,644	-	-	-	-	1,442,494	-	1,442,494
N1	Issuance of ordinary shares under employee share options	-	20,061	-	-	-	-	20,061	-	20,061
M7	Changes in the percentage of ownership interests in subsidiaries	-	-	-	-	(2,365)	-	(2,365)	2,365	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	(1,386)	(1,386)
Z1	Balance at December 31, 2021	1,960,456	8,444,311	145,770	549,790	1,750,824	(794,855)	12,056,296	(138)	12,056,158
	Appropriation of 2021 earnings									
B1	Legal Reserve	-	-	64,493	-	(64,493)	-	-	-	-
B3	Special Reserve	-	-	-	245,065	(245,065)	-	-	-	-
B5	Cash dividends distributed by the Company	-	(490,115)	-	-	(196,046)	-	(686,161)	-	(686,161)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	1,808,092	-	1,808,092	(6,068)	1,802,024
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	968,316	968,316	(370)	967,946
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,808,092	968,316	2,776,408	(6,438)	2,769,970
Z1	Balance at December 31, 2022	$ 1,960,456	$ 7,954,196	$ 210,263	$ 794,855	$ 3,053,312	$ 173,461	$ 14,146,543	($ 6,576)	$ 14,139,967

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Wei-Chia Chen Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CODE		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	$ 2,363,897	$ 863,906
A20010	Adjustments for:		
A20100	Depreciation expenses	746,855	757,329
A20200	Amortization expenses	7,998	10,895
A20300	Expected credit losses (reversal gains)	1,003	(31)
A20900	Interest expenses	74,614	79,555
A21200	Interest income	(99,937)	(63,139)
A21900	Compensation cost of employee share options	-	20,061
A22500	Losses (gains) on disposal of property, plant, and equipment	13,952	(2,159)
A23800	Impairment gains on non-financial assets	(4,663)	(23,882)
A24100	Net losses on foreign currency exchange	60,837	23,353
A29900	Profit from lease modification	(76)	(39,133)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	(1,410,991)	795,339
A31180	Other accounts receivable	10,222	(1,373)
A31200	Inventories	(131,526)	142,376
A31240	Other current assets	(354,538)	(178,435)
A32150	Accounts payable	176,494	(71,155)
A32180	Other payables	151,719	68,704
A32230	Other current liabilities	3,861	4,340
A33000	Cash generated from operations	1,609,721	2,386,551
A33100	Interest received	73,013	47,146
A33300	Interest paid	(72,639)	(79,657)
A33500	Income tax paid	(395,316)	(143,635)
AAAA	Net cash generated from operating activities	1,214,779	2,210,405
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02200	Acquisition of subsidiaries	-	(6,336)
B02700	Acquisition of property, plant, and equipment	(1,231,989)	(707,186)
B02800	Proceeds from disposal of property, plant, and equipment	11,006	17,349
B03700	Decrease (increase) in refundable deposits	(627)	23,610
B04500	Acquisition of intangible assets	(14,781)	(7,850)

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Code		2022	2021
B05350	Acquisition of use-of-right assets	$ -	($ 28,528)
B06500	Increase in other financial assets	(682,806)	(260,952)
B06800	Decrease (increase) in other non-current assets	9,570	(79,986)
BBBB	Net cash used in investing activities	(1,909,627)	(1,049,879)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term bank loans	2,301,747	3,711,215
C00200	Decrease in short-term bank loans	(1,959,418)	(4,139,437)
C01600	Proceeds from long-term bank loans	1,590,755	250,000
C01700	Repayments of long-term bank loans	(1,332,399)	(389,313)
C04020	Repayment of the principal portion of lease liabilities	(77,595)	(83,370)
C04500	Dividends paid to owners of the Company	(686,161)	(588,136)
C04600	Proceeds from issuance of ordinary shares	-	1,442,494
CCCC	Net cash from (used in) financing activities	(163,071)	203,453
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	382,595	(223,424)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(475,324)	1,140,555
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,041,954	4,901,399
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,566,630	$ 6,041,954

The accompanying note is an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Wei-Chia Chen Accounting Supervisor: Vincent Kang

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. COMPANY HISTORY

Sports Gear Co., Ltd. (the "Company") was established in the British Cayman Islands on March 28, 2017, mainly for organization structure reengineering of applying for the listing to the Taiwan Stock Exchange Corporation. On December 27, 2017, the Company completed the reorganization with Insport International Co., Ltd. (hereinafter referred to as "Insport") by exchanging shares and became the ultimate holding company.

The above-mentioned exchanging shares is a reorganization under common control. The Company is a continuation of Insport. It is regarded as a merger from the beginning and the preparation of financial statements for the comparison period is not limited by the date of establishment.

The company and its subsidiaries (collectively as the "Group") are mainly engaged in the manufacture and sales of various sports shoes and supplies.

The company's shares have been listed and traded on the TWSE since April 2021.

The functional currency is the US dollar. As the Company is listed on TWSE, to enhance the comparability and consistency of financial statements, the consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 9, 2023.

3. NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED:

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (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 would not have a significant effect on the Group’s accounting policies.

(2) IFRSs endorsed by the Financial Supervisory Commission (FSC) with an effective date starting 2023

New, Amended, or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

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

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

As of the date of issuance of the consolidated financial report, the amendments to other standards and interpretations for the evaluation of the Group will not have a significant impact on the financial position and financial performance.

(3) The IFRSs issued by IASB in issue but not yet endorsed and issued into effect by the FSC

New, Amended, or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 16 "Lease liability in a Sale and Leaseback"	January 1, 2024（Note 2）
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above 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 the initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis.

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.

(3) Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-company transactions, balances, income, and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and 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 owners of the Company.

Refer to Note 9 and Table 7 for detailed information, percentage of ownership, and main businesses of subsidiaries.

(5) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Noncontrolling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation measured at the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

(6) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting consolidated financial statements, the assets, and liabilities of the Group and its foreign operations (including subsidiaries in other countries that use currencies different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange difference arising from the conversion of a functional currency into a presentation currency is not subsequently reclassified to profit or loss.

(7) Inventories

Inventories consist of raw materials, supplies, work-in-progress, and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at their weighted-average costs on the balance sheet date.

(8) Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment in the course of construction are measured at cost less any recognized impairment loss. Costs include professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified into the appropriate categories of property, plant, and equipment when completed and ready for their intended uses.

Depreciation on property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant, and equipment, the difference between the sales proceeds and the carrying amount of the asset, and is recognized in profit or loss.

(9) Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less the accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(10) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

3. Derecognition of intangible assets

Gains or losses from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(11) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount
of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized in balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost: :

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at the amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (net), and other receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for: ：

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets refer to the issuer or the borrower having significant financial difficulties, breach of contract, the borrower will enter bankruptcy or undergoing a financial reorganization, or the active market of financial assets disappearing due to financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month

ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

a. Internal or external information shows that the debtor is unlikely to pay its creditors.

b. When a financial asset is more than 1 day past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

C. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(13) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized as revenue when the goods are delivered to the customers’ specified location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and bears the risks of obsolescence. Sales revenue and accounts receivables are recognized at the point in time.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(14) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted to applying for a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for services rendered by employees.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(17) Employee share options

Employee share options granted to employees are measured at the fair value at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of the number of options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The grant date is the date that employees and the Group have a shared understanding of the terms and conditions of the share-based payment arrangements.

At each balance sheet date, the Group reviews its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

(18) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that taxable profits will probably be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and, probably, the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through a sale.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 13,732	$ 18,337
Checking accounts and demand deposits	4,530,728	5,253,274
Time deposits	3,108,836	2,043,696
	7,653,296	7,315,307
Less: Pledge time deposits	(12,307)	(10,563)
Time deposits with original maturities of less than 3 months	(1,987,000)	(1,262,790)
Restricted bank deposit	(87,359)	-
	$ 5,566,630	$ 6,041,954

The restricted bank deposits, term time deposits and pledge time deposits with original maturities of more than 3 months are listed under other financial assets - current and non-current items. The restricted bank deposits refer to the amount of disbursed loans under the syndicated loans contract (as stated in Note 12) while information on other pledged assets can be found in Note 23.

The market interest rate range for bank deposits as of the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Demand deposits	0.01%-1.9%	0.0005%-1.9%
Time deposits	0.3%-7.2%	0.05%-5.35%

7. ACCOUNTS NET RECEIVABLES, NET

	December 31, 2022	December 31, 2021
Accounts receivables	$ 3,352,649	$ 1,764,423
Less: Allowance for impairment loss	(1,093)	(61)
	$ 3,351,556	$ 1,764,362

The average credit period for the sale of goods was 30-75 days. No interest was charged on accounts receivables. The Group uses other publicly available financial information or its trading records to rate its customers. The Group set up the decision of dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. To minimize credit risk, the management of the Group has been delegated for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each 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 applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit loss on trade receivables is based on the past default experience and the current financial position of the debtor, the economic situation of the industry, as well as the GDP forecast, and the industry outlook. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer groups are not further differentiated, and the expected credit loss rate is determined only by the overdue days of receivables.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables 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 trade receivables of the Group:

December 31, 2022	Not Past Due	Past Due 1 to 90 days	Past Due 91 to 180 days	Past Due over 181 days	Total
Expected credit loss rate	0%	1%	20%	100%	
Gross carrying amount	$ 3,267,731	$ 83,637	$ 1,281	$ -	$ 3,352,649
Loss allowance (Lifetime ECL)	-	(837)	(256)	-	(1,093)
Amortized cost	$ 3,267,731	$ 82,800	$ 1,025	$ -	$ 3,351,556
December 31, 2021					
Expected credit loss rate	0%	1%	20%	100%	
Gross carrying amount	$ 1,761,807	$ 2,580	$ 1	$ 35	$ 1,764,423
Loss allowance (Lifetime ECL)	-	(26)	-	(35)	(61)
Amortized cost	$ 1,761,807	$ 2,554	$ 1	$ -	$ 1,764,362

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

	2022	2021
Balance at January 1	$ 61	$ 79
Acquired in a business combination (Note 9)	-	13
Net remeasurement of loss allowance (reversal gains)	1,003	(31)
Foreign exchange gains and losses	29	-
Balance at December 31	$ 1,093	$ 61

8. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 773,519	$ 408,522
Work in progress	348,274	374,638
Raw materials and supplies	696,165	765,838
	$ 1,817,958	$ 1,548,998

The nature of the cost of goods sold is as follows:

	2022	2021
Cost of inventories sold	$14,196,908	$ 9,459,271
Losses on inventory valuation loss (gains recoveries) (1)	(4,663)	(23,882)
Unallocated production overheads (2)	39,018	475,840
Others	9,381	(9,879)
	$ 14,240,644	$ 9,901,350

(1) The rise in the net realizable value of inventories was due to the destocking of inventories.

(2) The unallocated production overheads in 2021 include the costs related to the fact that the actual production is lower than the normal production due to the COVID-19 epidemic.

9. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were summarized as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2022	Proportion of Ownership December 31, 2021	Remark
The Company	Sports Gear Co., Ltd. (Samoa) ("SPG (Samoa) ")	Sporting goods trading and international investment	100%	100%	
	Elephant Step Co., Ltd. ("Elephant")	International investment	100%	100%	
	Fongyuan International Co., Ltd. 、 ("Fongyuan")	International investment	100%	100%	
	All Wells International Co., Ltd. ("All Wells")	International investment	100%	100%	

(Continued)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership 2022 December 31	Proportion of Ownership 2021 December 31	Remark
SPG (Samoa)	Silk Invest International Co., Ltd. ("Silk Invest ")	Investment and real estate development, rental, and sales	100%	100%	
Elephant	Can Sports Vietnam Co., Ltd. ("VG")	Manufacturing, processing and trading of sporting goods	100%	100%	
	PT Can Sports Industrial Indonesia ("SPG Indonesia")	Manufacturing, processing and trading of sporting goods	90%	90%	
	SGP-Sports Gear Portugal, S.A. ("SGP")	Research center for sporting goods	2.78%	6.25%	Note 1
Fongyuan	All Wells International Co., Ltd. ("AW")	Manufacturing, processing and trading of sporting goods	90%	90%	
	SPG Indonesia	Manufacturing, processing and trading of sporting goods	10%	10%	
All Wells	Chi Hung Co., Ltd. ("SPG")	Manufacturing, processing and trading of sporting goods	100%	100%	
	Dai Hoa Co., Ltd. ("DH")	Manufacturing, processing and trading of sporting goods	100%	100%	
	AW	Manufacturing, processing and trading of sporting goods	10%	10%	
	Fireman Factory Co., Ltd. ("Fireman")	Manufacturing, processing and trading of sporting goods	100%	100%	Note 3
	Can Sports Shoes Co., Ltd. ("SGC")	Manufacturing, processing and trading of sporting goods	100%	100%	
	Sports Gear (Myanmar) Co., Ltd. ("SPG Myanmar")	Manufacturing, processing and trading of sporting goods	100%	100%	
	August Sports Co., Ltd. ("ASP")	Manufacturing, processing and trading of sporting goods	100%	100%	
Silk Invest	SGP	Research center for sporting goods	97.22%	93.75%	Note 1
	Footwear Innovation Lab GmbH ("FIL")	Manufacturing, processing and trading of sporting goods	87.45%	87.45%	Note 2

Note 1: SGP conducted cash capital increases of EUR 200 thousand and EUR 3,750 thousand in March and May 2021, respectively, with subscriptions from Elephant and Silk Invest. Elephant and Silk Invest obtained a shareholding ratio of 6.25% and 93.75%, respectively, after subscription. SGP also conducted a cash capital increase of EUR 5,000 thousand in June 2022, which was fully subscribed by Silk Invest, resulting in an increased shareholding ratio of 97.22% after subscription.

Note 2: The board of directors of the Group approved the acquisition and cash capital increase of FIL by Silk Invest in August 2021, and completed the acquisition in October 2021. The transfer consideration was EUR 200 thousand, and the shareholding ratio was 83.4%. The goodwill generated by the acquisition was NT$ 13,540 thousand. In October 2021, issued a cash capital increase by EUR 500 thousand, and increased the shareholding ratio to 87.45%.

Note 3: In July 2021, the board of directors decided to dissolve Fireman to simplify the investment structure and effectively integrate resources. However, in response to the group's operation policy, the board of directors canceled the previous resolution in December 2021. In the future, Fireman will continue to operate and is expected to issue a cash capital increase of USD 11.25 million. The aforementioned capital increase was completed in April 2022.

10. PROPERTY, PLANT, AND EQUIPMENT

2022	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress and equipment under inspection	Total
Cost								
Balance at January 1	$ 828,110	$ 3,071,311	$ 4,079,247	$ 58,858	$ 118,654	$ 814,471	$ 95,564	$ 9,066,215
Increase	243,057	13,156	279,793	378	15,680	81,637	598,288	1,231,989
Decrease	-	(16,963)	(88,819)	(1,213)	(687)	(28,561)	-	(136,243)
Reclassifications	65,024	109,174	99,078	1,376	527	25,671	(241,632)	59,218
Effect of foreign currency exchange difference	(1,395)	277,171	339,609	3,340	8,498	67,917	(17,546)	677,594
Balance at December 31	1,134,796	3,453,849	4,708,908	62,739	142,672	961,135	434,674	10,898,773
Accumulated depreciation								
Balance at January 1	-	1,309,686	3,231,109	45,964	83,050	593,656	-	5,263,465
Increase	-	156,754	350,385	4,748	13,336	111,325	-	636,548
Decrease	-	(5,784)	(85,878)	(1,213)	(687)	(17,723)	-	(111,285)
Reclassifications	-	-	(257)	-	-	257	-	-
Effect of foreign currency exchange difference	-	103,526	264,967	2,896	5,820	49,958	-	427,167
Balance at December 31	-	1,564,182	3,760,326	52,395	101,519	737,473	-	6,215,895
Carrying amount at January 1	$ 828,110	$ 1,761,625	$ 848,138	$ 12,894	$ 35,604	$ 220,815	$ 95,564	$ 3,802,750
Carrying amount at December 31	$ 1,134,796	$ 1,889,667	$ 948,582	$ 10,344	$ 41,153	$ 223,662	$ 434,674	$ 4,682,878
2021								
Cost								
Balance at January 1	$ 502,686	$ 2,765,773	$ 3,872,596	$ 59,958	$ 100,736	$ 770,515	$ 349,803	$ 8,422,067
Acquired in a business combination (Note 9)	-	-	28,576	-	1,205	7,585	-	37,366
Increase	228,991	12,613	268,575	1,483	12,729	65,284	117,511	707,186
Decrease	-	(3,793)	(51,232)	(2,078)	(797)	(24,508)	-	(82,408)
Reclassifications	96,465	333,237	15,970	-	5,776	6,808	(364,062)	94,194
Effect of foreign currency exchange difference	(32)	(36,519)	(55,238)	(505)	(995)	(11,213)	(7,688)	(112,190)
Balance at December 31	828,110	3,071,311	4,079,247	58,858	118,654	814,471	95,564	9,066,215
Accumulated depreciation								
Balance at January 1	-	1,170,174	2,961,344	40,904	72,118	491,017	-	4,735,557
Acquired in a business combination (Note 9)	-	-	10,983	-	878	3,198	-	15,059
Increase	-	141,229	354,104	6,213	11,793	125,373	-	638,712
Decrease	-	(398)	(46,396)	(739)	(777)	(18,908)	-	(67,218)
Reclassifications	-	10,512	(10,652)	-	(236)	376	-	-
Effect of foreign currency exchange difference	-	(11,831)	(38,274)	(414)	(726)	(7,400)	-	(58,645)
Balance at December 31	-	1,309,686	3,231,109	45,964	83,050	593,656	-	5,263,465
Carrying amount at January 1	$ 502,686	$ 1,595,599	$ 911,252	$ 19,054	$ 28,618	$ 279,498	$ 349,803	$ 3,686,510
Carrying amount at December 31	$ 828,110	$ 1,761,625	$ 848,138	$ 12,894	$ 35,604	$ 220,815	$ 95,564	$ 3,802,750

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

Buildings	4 to 45 years
Machinery and equipment	2 to 12 years
Transportation equipment	4 to 12 years
Office equipment	2 to 9 years
Miscellaneous equipment	2 to 10 years

Property, plant, and equipment pledged as collateral for bank borrowings are set out in Note 23.

11. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount		
Land	$ 620,371	$ 594,742
Buildings	624,353	589,192
	$ 1,244,724	$ 1,183,934

	2022	2021
Additions to right-of-use assets	$ 63,208	$ 28,528
Depreciation expenses for right-of-use assets		
Land	$ 18,979	$ 12,585
Buildings	91,328	106,032
	$ 110,307	$ 118,617

According to future operation planning, some plant leases are terminated. The consolidated company recognized the lease modification interest of NT$39,133 thousand in September 2021. Except for the addition and depreciation listed above, there is no significant sublease or impairment of the right-of-use assets of the Group in 2022 and 2021.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	$ 88,326	$ 70,942
Non-current	$ 742,531	$ 696,172

The range of discount rates for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Land	4.94%-5.12%	4.94%-5.12%
Buildings	1.7%-4.82%	1.7%-4.82%

(3) Material lease-in activities and terms

The Group leases buildings for office uses in Taiwan with lease terms of 3 years. The Group has the priority to renew the lease of the buildings at the end of the lease terms.

The Group leases certain, land and buildings, for plant and office uses in Cambodia and Germany with lease terms of 7 to 25 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group also promises certain, land and buildings, for plant and office uses in Vietnam, Indonesia, and Myanmar with lease terms of 10 to 50 years. Part of the land lease payment was paid at that time. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

(4) Other lease information

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

12. LOANS

(1) Short-term loans

	December 31, 2022	December 31, 2021
Line of credit loans	$ 780,597	$ 203,719
Secured loans	-	202,437
	$ 780,597	$ 406,156
Interest Rates (%)		
Line of credit loans	1.39-5.14	0.65-1.2
Secured loans	-	0.82-1.4

(2) Long-term loans

	December 31, 2022	December 31, 2021
Mortgaged loans		
Bank loan	$ 646,004	$ 708,962
Unsecured loans		
Syndicated loan	322,350	-
Bank loan	68,983	32,000
	1,037,337	740,962
Less: Arrangement fees for a syndicated loan	(1,309)	-
Less: Classified as current portion due within one year	(174,417)	(210,883)
	$ 861,611	$ 530,079
Interest Rates（%）		
Mortgaged loans		
Bank loan	2.35-5.13	1.43-1.8
Unsecured loans		
Syndicated loan	5.16-5.58	-
Bank loan	3.41	1.43

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	December 31, 2022	December 31, 2021
Due date		
Mortgaged loans		
Bank loan	Due before January 2025	Due before December 2024
Unsecured loans		
Syndicated loan	Due before May 2029	-
Bank loan	Due before January 2023	Due before January 2023

The Group pledged its property, plant, equipment, and bank deposit as collateral for bank loans. (Note 23).

In December 2021, the Group signed a syndicated loan contract with the syndicated loan bank group composed of the Mega International Commercial Bank and other financial facilities to support the plant construction investment plan and enrich the operating capital.

The Company undertakes and ensures that the assets of related enterprises shall not be transferred, sold, encumbered, entrusted, or disposed of in any other manner, in whole or in part unless otherwise stipulated in the joint credit contract.

According to the provisions of the syndicated loan contract, the Group shall maintain the following financial ratios in each quarter and annual consolidated financial statements during the duration of the contract:

1) Debt ratio (debt / net tangible asset): maintain below 120% (included);
2) Net tangible asset (net value - intangible assets) : Maintain more than 10 billion (included).

If the Group fails to meet any of the above ratios, it should make improvements and adjustments through cash capital increase or other means within 6 months from the date of presentation of the financial statements. If the adjusted financial ratios meet the above provisions, it will not be deemed a violation of this commitment. However, from the day after the presentation of the financial statement in violation of the financial ratio to the day after the presentation of the financial statement in line with the financial ratio, the compensation fee shall be calculated and paid monthly at the annual interest rate of 0.1% for the total balance of the credit.

All financial ratios of the Group comply with the contractual requirements.

13. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payables for salaries and bonuses	$ 582,696	$ 520,362
Others	394,986	234,833
	$ 977,682	$ 755,195

14. RETIREMENT BENEFIT PLANS

SPG (Samoa) Taiwan Branch and Silk Invest of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employee of the Group subsidiaries in Vietnam, Cambodia, and Myanmar are members of the retirement benefit plans operated by the respective governments. The subsidiaries are required to fund a pension benefit plan with a specific proportion of salary. The obligation of the Group to the government-operated retirement benefit plan is only to allocate a specific amount, and the relevant expenses are recorded under other employee benefits.

15. EQUITY

(1) Common shares

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	196,046	196,046
Shares issued	$ 1,960,456	$ 1,960,456

On December 16, 2020, the Company was resolved the board of directors to issue a cash capital increase and 21,785 thousand new common shares with a par value of NT$10 per share before IPO. The record date of the capital increase is April 21, 2021. The minimum offering price of the bidding auction method is NT$ 42.61 per share. The bidder with the highest bid price shall have priority to win the bid, and each winning bidder shall subscribe according to its bid price. The price of each winning bid and its quantity-weighted average price is NT$ 73.30; The offering price of the public subscription was NT$ 49 per share; the total fundraising amount of NT$ 1,448,542 thousand has been fully paid. In addition to the share capital listed in the account of NT$ 217,850 thousand and deducting the direct issuance cost, the total amount of the above-mentioned fund-raising is NT$ 1,224,644 thousand, listed in the capital reserve - share premium. The capital increase has been approved by the FSC, and the relevant legal registration procedures have been completed.

Due to the above cash capital increase, the Company reserves 2,179 thousand common shares for employees' subscription, and 1,631 thousand shares are given on the date when the number and price of shares subscribed by employees are determined (April 8, 2021, is the giving date) and acquired immediately. If the employee abandons the shares subscribed, the chairman is authorized to contact a specific person to subscribe. The Black-Scholes model evaluates the fair value of each share option as NT$12.3. In 2021, the cost of employee compensation of NT$20,061 thousand was originally recorded as a capital reserve - employee stock options and transferred to capital reserve - share premium after the cash capital increase was completed.

The parameters used in the evaluation model are as follows:

Weighted average share price	NT$ 61.3
Exercise price	NT$ 49
Expected volatility	34.27%
Expected duration	7 days
Risk-free rate of interest	0.35%

The expected volatility is the average of the annualized standard deviation of the daily rate of return of the Company's peers for the most recent year.

(2) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital (Note)	$ 7,677,994	$ 8,168,109
From differences between the equity purchase price and carrying amount arising from the actual acquisition or disposal of subsidiaries	276,202	276,202
	$ 7,954,196	$ 8,444,311

Note: Including the amount of issued share capital during the reorganization, which exceeds the amount in equity obtained, and the difference between the denomination of the Company's value per share changed from US dollars to New Taiwan dollars. When the Company has no deficit, the such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the paid-in capital.

(3) Retained earnings and dividend policy

In accordance with the earnings distribution policy of the articles of association of the company, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a 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 Company’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 to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors and supervisors after the amendment, refer to Note 17(5).

According to the articles of association of the company, shareholders' dividends can be distributed by cash dividends or stock dividends, and the proportion of cash dividends shall not be less than 10%.

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.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings in May 2022 and July 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal Reserve	$ 64,493	$ 40,911		
Special Reserve	245,065	431,441		
Cash dividends	196,046	294,068	$ 1	$ 1.6875

In May 2022 and July 2021, the meeting of shareholders decided to distribute NT$ 2.5 and NT$ 1.6875 per share with NT$ 490,115 thousand NT$ 294,068 thousand of capital reserve.

The board of directors of the Company proposed the appropriation of 2022 earnings as follows in March 2023:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal Reserve	$ 180,809	
Reversal Special Reserve	794,855	
Cash dividends	980,228	$ 5

The appropriation of 2022 earnings is subject to the resolution of the shareholders in the regular shareholders' meetings to be held in May 2023.

16. REVENUE

	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	$ 18,278,428	$ 12,234,309
Others	246,558	101,615
	$ 18,524,986	$ 12,335,924

(1) Contract balances

	111年12月31日	110年12月31日
Accounts receivables (Note 7)	$ 3,352,649	$ 1,764,423

(2) Disaggregation of customer contract revenue

	2022	2021
Types of goods or services		
Casual shoes	$ 6,929,686	$ 6,129,489
Sports shoes	11,321,305	6,087,012
Others	273,995	119,423
	$ 18,524,986	$ 12,335,924

17. NET PROFIT FROM CONTINUING OPERATIONS

(1) Other gains and losses

	2022	2021
Gains (losses) on disposal of property, plant, and equipment	($ 13,952)	$ 2,159
Net gains on foreign currency exchange	101,151	9,192
Profit from lease modification (Note 11)	76	39,133
Others	(27,497)	18,918
	$ 59,778	$ 69,402

(2) Finance costs

	2022	2021
Interest expenses	$ 40,634	$ 25,080
Interest on lease liabilities	38,669	54,475
Less: Amount included in the cost of qualifying asset	(4,689)	-
	$ 74,614	$ 79,555

The information related to interest capitalization is as follows:

	2022	2021
Amount of interest capitalized	$ 4,689	$ -
Rate of interest capitalized	5.16%-5.58%	-

(3) Depreciation and amortization

	2022	2021
An analysis of depreciation by function		
Operating costs	$ 534,666	$ 530,280
Operating expenses	212,189	227,049
	$ 746,855	$ 757,329
An analysis of amortization by function		
Operating costs	$ 2,923	$ 1,091
Operating expenses	5,075	9,804
	$ 7,998	$ 10,895

(4) Employee benefits expense

	2022	2021
Short-term benefits	$ 4,277,957	$ 3,183,685
Equity-settled share-based payment transaction (Note 15)	-	20,061
Post-employment benefits	15,956	11,904
Other employee benefits	1,153,485	926,300
Total employee benefits expense	$ 5,447,398	$ 4,141,950
An analysis of employee benefits expense by function		
Operating costs	$ 4,307,850	$ 3,229,710
Operating expenses	1,139,548	912,240
	$ 5,447,398	$ 4,141,950

(5) Compensation of employees and remuneration of directors

According to the amended Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax. The estimated remuneration of employees and directors in 2022 and 2021 were resolved by the board of directors in March 2023 and March 2022 as follows:

Estimation ratio

	2022	2021
Remuneration of employees	3.03%	3.11%
Remuneration of directors	0.97%	1.49%

Cash Amount

	2022	2021
Remuneration of employees	$ 74,450	$ 27,799
Remuneration of directors	$ 23,824	$ 13,315

If the amount still changes after the date of issuance of the annual consolidated financial report, it shall be adjusted and carried in the next year according to the changes in accounting estimates.

The actual distribution amounts of employee remuneration and director remuneration for the year 2021 are not different from the recognized amounts in the 2021 consolidated financial statements.

Information on the earnings appropriation resolved by the board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

18. INCOME TAXES

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	2022	2021
Current tax		
In respect of the current year	$ 589,267	$ 199,200
Adjustments for prior years	36,422	4,317
	625,689	203,517
Deferred tax		
In respect of the current year	(63,816)	14,199
Income tax expense recognized in profit or loss	$ 561,873	$ 217,716

A reconciliation of accounting profit and income tax expense is as follows:

	2022	2021
Profit before tax	$ 2,363,897	$ 863,906
Income tax expense calculated at the statutory rate	$ 492,555	$ 191,012
Nondeductible expenses in determining taxable income	20,890	5,821
Unrecognized loss carryforwards and deductible temporary differences	12,006	16,566
Adjustments for prior years' tax	36,422	4,317
Income tax expense recognized in profit or loss	$ 561,873	$ 217,716

The Group applies to the individual of the Income Tax Act of the R.O.C, the rate for profit-seeking enterprise income tax is 20%; the tax amount generated from other districts is calculated by the tax rates applicable in each relevant district.

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2022	Balance at January 1	Recognized in Profit or Loss	Foreign Currency Exchange Differences	Balance at December 31
Deferred tax assets				
Temporary differences				
Property, plant, and equipment	$ 19,103	$ 8,063	$ 2,341	$ 29,507
Expenses payable	14,080	203	1,033	15,316
Provision for loss on inventory	8,040	(149)	606	8,497
Unrealized net loss on foreign currency	-	31,885	886	32,771
Others	5,278	11,008	883	17,169
	$ 46,501	$ 51,010	$ 5,749	$ 103,260

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2022	Balance at January 1	Recognized in Profit or Loss	Foreign Currency Exchange Differences	Balance at December 31
Deferred tax liabilities				
Temporary differences				
Unrealized net gain on foreign currency	$ 11,541	($ 12,416)	$ 875	$ -
Others	1,182	(390)	77	869
	$ 12,723	($ 12,806)	$ 952	$ 869
2021				
Deferred tax assets				
Temporary differences				
Property, plant, and equipment	$ 19,135	$ 519	($ 551)	$ 19,103
Expenses payable	16,912	(2,687)	(145)	14,080
Provision for loss on inventory	12,831	(4,636)	(155)	8,040
Others	11,210	(5,530)	(402)	5,278
	$ 60,088	($ 12,334)	($ 1,253)	$ 46,501
Deferred tax liabilities				
Temporary differences				
Unrealized net gain on foreign currency	$ 10,307	$ 1,244	($ 10)	$ 11,541
Others	567	621	(6)	1,182
	$ 10,874	$ 1,865	($ 16)	$ 12,723

(3) The information of the unused operating loss carries forward for which no deferred tax assets have been recognized

	December 31, 2022	December 31, 2021
Loss carryforwards		
Due in 2023	$ 9,685	$ 9,026
Due in 2024	39,786	37,079
Due in 2025	14,823	13,815
Due in 2026	48,809	45,489
Due in 2028	149	149
Due in 2029	1,557	1,557
Due in 2030	1,485	1,485
Due in 2031	6,475	6,475
Due in 2032	10,975	-
	$ 133,744	$ 115,075

(4) Income tax examination

The tax authorities have examined the income tax returns of SPG(Samoa) Taiwan Branch and Silk Invest through 2020.

19. EARNINGS PER SHARE

	Net profit attributable to owners of the Company	Number of shares (thousands)	Earnings per share (NT$)
2022			
Basic EPS			
Net profit attributable to owners of the Company	$1,808,092	196,046	$ 9.22
Effect of dilutive potential common shares			
Employee compensation	-	1,116	
Diluted EPS			
Net profit attributable to owners of the Company plus the effect of dilutive potential common shares	$1,808,092	197,162	$ 9.17
2021			
Basic EPS			
Net profit attributable to owners of the Company	$ 647,299	189,480	$ 3.42
Effect of dilutive potential common shares			
Employee compensation	-	411	
Diluted EPS			
Net profit attributable to owners of the Company plus the effect of dilutive potential common shares	$ 647,299	189,891	$ 3.41

If the Group may choose to pay employees ammunition by cash, or by issuing shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in the calculation of diluted EPS if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until profit sharing to employees to be settled in the form of common stocks is approved by the shareholders in the following year.

20. CAPITAL RISKS MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The overall strategy has not changed.

The capital structure of the Group consists of net debt (loans offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings, and other equity).

Key management personnel of the Group reviews the capital structure on an annual basis. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

21. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments not measured at fair value

The carrying amounts of the Group's financial assets and liabilities that are not measured at fair value approximated their fair values.

(2) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
At amortized cost (Note 1)	$ 11,113,163	$ 9,163,017
Financial liabilities		
At amortized cost (Note 2)	4,411,828	3,232,399

Note 1: The balances, comprise cash and cash equivalents, notes and accounts receivables, other receivables, and refundable deposits.

Note 2: The balances, which comprise short-term and long-term loans, notes, and accounts payables, other payables, and the current portion of long-term loans.

(3) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

The Group sought to minimize the effects of these risks by maintaining a flexible portfolio of financial instruments and using limited derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors and compliance with policies and exposure limits was reviewed according to the internal control policies on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. By maintaining a flexible portfolio of financial instruments and using limited derivative financial instruments, the Group can avoid the risk of some foreign currency net assets or liabilities arising from exchange rate or interest rate fluctuations.

There is no change in the exposure of the Group to market risks of financial instruments and the management and measurement of such exposure. The main financial risks are as follows:

A. Foreign currency risk

The Group has foreign currency-denominated sales and purchases, which expose the group to foreign currency risk.

The carrying amounts (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements) of the Group's foreign currency-denominated monetary assets and liabilities at the end of the reporting period are set out in Note 25.

Sensitivity analysis

Assuming a 1% change in the NTD against the USD, the pre-tax profit(loss) for the years ended December 31, 2022, and 2021 would have changed by NT$34,311 thousand and NT$(1,592) thousand, respectively.

B. Interest rate risk

The Group is exposed to interest rate risk mainly caused by deposits and loans with floating interest rates. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates on the day of the balance sheet were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	$ 3,108,836	$ 2,043,696
Financial liabilities	830,857	767,114
Cash flow interest rate risk		
Financial assets	4,530,728	5,253,274
Financial liabilities	1,816,625	1,147,118

Sensitivity analysis

For the Group's financial assets and liabilities with floating interest rates, if interest rates had been 4 quarter percentage points (1%) higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022, and 2021 would have changed by $27,141 thousand and $41,062 thousand, respectively.

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 guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group's concentration of credit risk was mainly from the major customer, which accounted for 68% and 64% of the total trade receivables as of December 31, 2022, and 2021, respectively.

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.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022, and 2021, the Group had available unutilized bank loan facilities of NT$9,751,185 thousand and NT$9,088,679 thousand, respectively.

The liquidity and interest rate risk table below illustrates the maturity analysis of the financial liabilities of the Group within the repayment period. Non-derivative financial liabilities are prepared in terms of undiscounted cash flow on the earliest date when the Group may be required to satisfy the liabilities.

Classification	Less than 3 months	3 months to 1 year	1+ years
December 31, 2022			
Non-interest bearing liabilities	$ 2,595,203	$ -	$ -
Lease liabilities	29,541	94,229	974,734
Variable interest rate liabilities	361,174	593,840	861,611
	$ 2,985,918	$ 688,069	$ 1,836,345
December 31, 2021			
Non-interest bearing liabilities	$ 2,085,281	$ -	$ -
Lease liabilities	24,865	79,884	933,506
Variable interest rate liabilities	134,387	482,652	530,079
	$ 2,244,533	$ 562,536	$ 1,463,585

The additional information about the maturity analysis for derivative financial liabilities is as follows :

	Less than 5 Years	5-10 Years	11-50 Years	16-20 Years	20+ years
December 31, 2022					
Lease liabilities	$ 543,983	$ 375,428	$ 49,179	$ 39,524	$ 90,390
Variable interest rate liabilities:	1,635,495	181,130	-	-	-
	$2,179,478	$ 556,558	$ 49,179	$ 39,524	$ 90,390

	Less than 5 Years	5-10 Years	11-50 Years	16-20 Years	20+ years
December 31, 2021					
Lease liabilities	$ 487,504	$ 328,497	$ 92,780	$ 38,385	$ 91,089
Variable interest rate liabilities	1,147,118	-	-	-	-
	$1,634,622	$ 328,497	$ 92,780	$ 38,385	$ 91,089

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been disclosed on consolidation and are not disclosed in this note.

(1) Related party name and relationship

Related Party Name	Relationship with the Group
Much More Co., Ltd. (″Much More″)	The key management is the same person
Spread Idea Co., Ltd. (″Spread Idea″)	The key management is the same person
Sports Gear Social welfare foundation (″SPG Foundation″)	The key management is the same person
Wei-Chia Chen	The key management
Sunyin (Vietnam) Co., Ltd. (″Sunyin″)	The key management is the same person
Power Rich International Ltd. (″Power Rich″)	The key management is the same person

(2) Operating revenue

Related Party Category	2022	2021
The key management is the same person	$ 17	$ -

There is no significant difference in the purchase price and conditions between related parties and non-related parties.

(3) Receivables to related parties

Line Item	Related Party Category	December 31, 2022	December 31, 2021
Other accounts receivables	The key management is the same person	$ -	$ 2,659

The outstanding accounts receivable from related parties in circulation have not been reserved for doubtful debts as there is no guarantee for their collection.

(4) Payables to related parties

Line Item	Related Party Category	December 31, 2022	December 31, 2021
Accounts payables	The key management is the same person	$ 538	$ -

The outstanding accounts payable to related parties in circulation are not guaranteed.

(5) Other transactions with related parties

Line Item	Related Party Category/Name	2022	2021
Donation expense	SPG Foundation	$ 6,000	$ 8,500
Rental income	The key management is the same person	$ 229	$ -
Operating expenses	The key management is the same person	$ 537	$ -

(6) Disposal of properties, plants, and equipment

Related Party Category	Disposal proceeds		Disposal gains	
	2022	2021	2022	2021
The key management is the same person	$ -	$ 2,408	$ -	$ 2,408

(7) Lease arrangements

Line Item	Related Party Category	December 31, 2022	December 31, 2021
Lease liabilities	The key management is the same person	$ 26,562	$ 31,252
	The key management	95,069	101,709
		$ 121,631	$ 132,961

Line Item	Related Party Category	2022	2021
Interest expense	The key management is the same person	$ 1,035	$ 1,109
	The key management	4,749	5,215
		$ 5,784	$ 6,324

The main operating expenses are lease payments for land and buildings, which are determined through a mutual agreement based on the neighboring market prices and the leased area. Payment is made once a month.

(8) Remuneration of key management personnel

	2022	2021
Short-term employee benefits	$ 124,478	$ 84,910
Post-employment benefits	709	672
	$ 125,187	$ 85,582

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for power company deposits and bank loans:

	December 31, 2022	December 31, 2021
Pledged time deposits (classified as other financial assets)	$ 12,307	$ 10,563
Property, plant, and equipment	1,694,338	1,422,025
	$ 1,706,645	$ 1,432,588

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

	December 31, 2022	December 31, 2021
Purchase of property, plant, and equipment and software service contract	$ 730,465	$ 274,208

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2022			December 31, 2021		
Financial assets	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items						
USD(USD: TWD)	$ 175,785	30.7	$ 5,396,604	$ 131,537	27.67	$ 3,639,638
USD(USD: VND)	78,362	23,400	2,405,701	56,599	22,630	1,566,099
Financial liabilities						
Monetary items						
USD (USD: TWD)	103,097	30.7	3,165,079	112,681	27.67	3,117,875
USD (USD: VND)	39,287	23,400	1,206,102	81,209	22,630	2,247,051

The Group is mainly exposed to the USD. The following information was aggregated by functional currencies of group entities, and the exchange rates between respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	2022		2021	
Functional Currencies	Functional Currencies to Express currencies	Net Foreign Exchange Gain (Loss)	Functional Currencies to Express currencies	Net Foreign Exchange Gain (Loss)
TWD	1(TWD: TWD)	$ 97,581	1(TWD: TWD)	($ 14,299)
VND	0.0013(VND: TWD)	(11,871)	0.0012(VND: TWD)	13,749
USD	0.0336(USD: TWD)	10,828	0.0357(USD: TWD)	8,947
IDR	0.0020(IDR: TWD)	4,613	0.0020(IDR: TWD)	795
		$ 101,151		$ 9,192

26. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions:

A. Financing provided to others. (Table1)

B. Endorsements/guarantees provided. (Table 2)

C. Marketable securities held (excluding investments in subsidiaries). (None)

D. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 3)

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

I. Trading in derivative instruments. (None)

J. Intercompany relationships and significant intercompany transactions. (Table 6)

(2) Information on investees. (Table 7)

(3) Information on investments in mainland China. (None)

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

27. SEGMENTS INFORMATION

The Group is mainly engaged in the manufacturing of footwear products, and the primary operating decision-maker uses the overall business results and financial conditions of the Group as information for resource allocation and performance evaluation. Furthermore, the nature of the products and manufacturing processes of the Group are similar; therefore, it is considered a single operating segment.

(1) Geographical information

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	2022	2021	December 31, 2022	December 31, 2021
America	$ 8,168,117	$ 4,778,961	$ -	$ -
Europe	6,684,492	4,869,460	395,007	100,083
Asia	1,661,564	1,008,250	4,416,989	4,049,892
China	1,473,529	1,458,037	-	-
Taiwan	-	-	1,187,040	896,996
Other	537,284	221,216	39,502	42,387
	$ 18,524,986	$ 12,335,924	$ 6,038,538	$ 5,089,358

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets.

(2) Information about major customers

Revenue from any individual customer exceeding 10% of the Group's revenue is detailed below:

	2022		2021	
Customer name	Amount	%	Amount	%
Customer A	$ 10,306,903	56	$ 6,748,051	55
Customer B	5,615,613	30	3,748,788	30

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 1

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
0	The Company	SPG (Samoa)	Other receivables - Related parties	Yes	$ 921,000 USD 30,000	$ -	$ -	-	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 1,414,656 USD 46,080	$ 5,658,624 USD 184,320
		Elephant	Other receivables - Related parties	Yes	1,049,940 USD 34,200	1,049,940 USD 34,200	128,940 USD 4,200	0%	Necessary for short-term financing	-	Operating capital	-	—	-	1,414,656 USD 46,080	5,658,624 USD 184,320
		Fongyuan	Other receivables - Related parties	Yes	116,660 USD 3,800	116,660 USD 3,800	24,560 USD 800	0%	Necessary for short-term financing	-	Operating capital	-	—	-	1,414,656 USD 46,080	5,658,624 USD 184,320
		All Wells	Other receivables - Related parties	Yes	153,500 USD 5,000	153,500 USD 5,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	1,414,656 USD 46,080	5,658,624 USD 184,320
1	SPG (Samoa)Taiwan Branch	SGP	Other receivables - Related parties	Yes	153,500 USD 5,000	153,500 USD 5,000	30,700 USD 1,000	1.5%-2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		FIL	Other receivables - Related parties	Yes	492,735 EUR 15,000	328,490 EUR 10,000	164,245 EUR 5,000	1.5%-2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	502,230 EUR 15,289	2,008,920 EUR 61,156
2	SPG (Samoa)	Fongyuan	Other receivables - Related parties	Yes	153,500 USD 5,000	153,500 USD 5,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		SPG	Other receivables - Related parties	Yes	307,000 USD 10,000	307,000 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		All Wells	Other receivables - Related parties	Yes	614,000 USD 20,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		DH	Other receivables - Related parties	Yes	307,000 USD 10,000	307,000 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		SPG Indonesia	Other receivables - Related parties	Yes	307,000 USD 10,000	307,000 USD 10,000	70,610 USD 2,300	1.5%-2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		ASP	Other receivables - Related parties	Yes	583,300 USD 19,000	307,000 USD 10,000	153,500 USD 5,000	1.5%-2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		Silk Invest	Other receivables - Related parties	Yes	307,000 USD 10,000	307,000 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		AW	Other receivables - Related parties	Yes	614,000 USD 20,000	460,500 USD 15,000	184,200 USD 6,000	1.5%	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		VG	Other receivables - Related parties	Yes	921,000 USD 30,000	614,000 USD 20,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		SGC	Other receivables - Related parties	Yes	1,228,000 USD 40,000	1,228,000 USD 40,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371
		Fireman	Other receivables - Related parties	Yes	614,000 USD 20,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	15,066,915 USD 490,779	20,089,190 USD 654,371

(Continued)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
3	All Wells	Fireman	Other receivables - Related parties	Yes	$ 614,000 USD 20,000	$ 614,000 USD 20,000	$ 552,600 USD 18,000	0%	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 19,535,669 USD 636,341	$ 26,047,569 USD 848,455
		SGC	Other receivables - Related parties	Yes	307,000 USD 10,000	307,000 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	19,535,669 USD 636,341	26,047,569 USD 848,455
4	Elephant	SPG Indonesia	Other receivables - Related parties	Yes	828,900 USD 27,000	828,900 USD 27,000	-	-	Necessary for short-term financing	-	Operating capital	-			6,085,907 USD 198,238	8,114,532 USD 264,317
5	Fongyuan	SPG Indonesia	Other receivables - Related parties	Yes	92,100 USD 3,000	92,100 USD 3,000	-	-	Necessary for short-term financing	-	Operating capital	-			2,367,584 USD 77,120	3,156,789 USD 102,827

Note 1: The individual amount for lending to a company or a firm having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of lending and shall not exceed 10% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). The “transaction amount” shall mean the purchasing or sales amount between the parties during the period of twelve (12) months prior to the time of lending, whichever is higher; The individual amount for lending to a company in need of funds for a short-term period shall not exceed 10% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of short-term financing. Unless there are other relevant laws and regulations in the place where the subsidiary is established and the limit of the transaction amount to individual objects shall not exceed three times of the net worth of the latest financial statements of the company.

Note 2: The total amount for lending to a company or a firm having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of lending and shall not exceed 40% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA); The total amount for lending to a company in need of funds for a short-term period shall not exceed 40% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of short-term financing. Unless there are other relevant laws and regulations in the place where the subsidiary is established and the limit of the transaction amount to individual objects shall not exceed four times of the net worth of the latest financial statements of the company.

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

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

No.	Endorser/ Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	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 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China (Note 3)	Remark
		Name	Relationship (Note 1)											
0	The Company	FIL	2	$ 7,073,280	$ 153,500	$ -	$ -	$ -	-	$ 11,317,248	Y	N	N	
				USD 230,400	USD 5,000					USD 368,640				
1	SGC	All Wells	3	1,093,166	245,600	-	-	-	-	1,749,071	N	N	N	
				USD 35,608	USD 8,000					USD 56,973				
2	SPG (Samoa)	FIL	2	2,511,137	153,500	153,500	68,983	-	1.37%	4,017,832	N	N	N	
				USD 81,796	USD 5,000	USD 5,000	USD 2,247			USD 130,874				

Note 1: The relationship between endorser and endorsee:
(1) A company with which it does business.
(2) A company in which the public company, directly and indirectly, holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares for each other.

Note 2: The total amount of external endorsement/guarantee shall not exceed 80% of the net worth of the Company. The amount of endorsement/guarantee rendered to any single company shall not exceed 50% of the net worth of the Company; In the event that an endorsement/guarantee is made due to needs arising out of businesses, the amount of endorsement/guarantee shall not exceed the amount of the purchasing or sales between the parties in the most recent year whichever is higher.

Note 3: Fill in 'Y' for those cases of provision of endorsements/guarantees by the listed parent company to the subsidiary and provision by the subsidiary to the listed parent company, and provision to the party in Mainland China.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

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

Buyer	Property	Event Date	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
SPG Indonesia	Contract for the construction of the factory building in Indonesia	March 10, 2022 (Board resolution)	USD 27,128	As of the reporting date, contracts are being awarded progressively, and payments are made as the project progress.	PT Roket Jaya Abadi …etc.	—	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Newly established shoe factory in Indonesia	None

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
SPG (Samoa) Taiwan Branch	SPG	Refer to Note 9 of the consolidated financial statements	Sale	$ 531,882	2	–	$ -	–	$ 87,895	2	
	SPG	Refer to Note 9 of the consolidated financial statements	Purchase	4,168,273	20	–	-	–	(227,274)	15	
	VG	Refer to Note 9 of the consolidated financial statements	Sale	344,985	2	–	-	–	50,020	1	
	VG	Refer to Note 9 of the consolidated financial statements	Purchase	3,593,266	17	–	-	–	(291,789)	19	
	AW	Refer to Note 9 of the consolidated financial statements	Sale	188,465	1	–	-	–	52,590	1	
	AW	Refer to Note 9 of the consolidated financial statements	Purchase	1,860,921	9	–	-	–	(135,018)	9	
	DH	Refer to Note 9 of the consolidated financial statements	Sale	178,700	1	–	-	–	21,456	1	
	DH	Refer to Note 9 of the consolidated financial statements	Purchase	1,948,441	9	–	-	–	(233,650)	15	
	SGC	Refer to Note 9 of the consolidated financial statements	Sale	2,197,934	10	–	-	–	298,486	8	
	SGC	Refer to Note 9 of the consolidated financial statements	Purchase	5,309,222	26	–	-	–	(205,357)	14	
	ASP	Refer to Note 9 of the consolidated financial statements	Purchase	437,798	2	–	-	–	(11,897)	1	
SPG	SGC	Refer to Note 9 of the consolidated financial statements	Sale	VND 160,538,193	5	–	-	–	VND 6,872,071	4	
	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Sale	VND 3,246,135,584	95	–	-	–	VND 173,231,961	94	
	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Purchase	VND 417,569,009	23	–	-	–	(VND 66,994,550)	18	
VG	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Sale	VND 2,799,511,058	98	–	-	–	VND 222,406,302	98	
	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Purchase	VND 237,530,835	20	–	-	–	(VND 38,125,730)	19	
AW	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Sale	VND 1,446,138,557	97	–	-	–	VND 102,912,586	97	
	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Purchase	VND 149,568,417	27	–	-	–	(VND 40,085,068)	29	
DH	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Sale	VND 1,502,937,732	94	–	-	–	VND 178,091,822	94	
	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Purchase	VND 140,738,358	20	–	-	–	(VND 16,354,143)	9	
SGC	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Sale	USD 178,214	100	–	-	–	USD 6,689	96	
	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Purchase	USD 74,420	79	–	-	–	(USD 9,723)	56	
	SPG	Refer to Note 9 of the consolidated financial statements	Purchase	USD 7,042	7	–	-	–	(USD 294)	2	
ASP	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Sale	VND 337,377,112	94	–	-	–	VND 9,068,413	71	

Note: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

Table 5

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

Company Name	Related Party	Nature of Relationship	Ending Balance			Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
							Amount	Actions Taken		
The Company	Elephant	Refer to Note 9 of the consolidated financial statements	Other receivables	USD	4,	-	$ -	—	USD 2,000	$ -
All Wells	Fireman	Refer to Note 9 of the consolidated financial statements	Other receivables	USD	18,	-	-	—	USD 2,000	-
SPG (Samoa) Taiwan Branch	SGC	Refer to Note 9 of the consolidated financial statements	Accounts receivables	NTD	298,	6.48	-	—	258,846	-
	FIL	Refer to Note 9 of the consolidated financial statements	Other receivables	NTD	164,	-	-	—	32,849	-
SPG (Samoa)	AW	Refer to Note 9 of the consolidated financial statements	Other receivables	USD	6,	-	-	—	-	-
	ASP	Refer to Note 9 of the consolidated financial statements	Other receivables	USD	5,	-	-	—	-	-
SPG	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Accounts receivables	VND	173,231,	17.99	-	—	VND 173,231,961	-
VG	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Accounts receivables	VND	222,406,	13.85	-	—	VND 222,406,302	-
AW	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Accounts receivables	VND	102,912,	12.59	-	—	VND 102,912,586	-
DH	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Accounts receivables	VND	178,091,	11.53	-	—	VND 178,091,822	-
SGC	SPG (Samoa) Taiwan Branch	Refer to Note 9 of the consolidated financial statements	Accounts receivables	USD	6,	15.14	-	—	USD 6,689	-

Note: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6

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

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (%)
1	All Wells	Fireman	3	Other receivables	552,600	－	3
2	SPG (Samoa) Taiwan Branch	SGC	3	Accounts payables	205,357	Open account 60 days	1
		SGC	3	Accounts receivables	298,486	Open account 60 days	1
		SPG	3	Accounts payables	227,274	Open account 60 days	1
		VG	3	Accounts payables	291,789	Open account 60 days	1
		DH	3	Accounts payables	233,650	Open account 60 days	1
		SPG	3	Cost of goods sold	4,168,273	Open account 60 days	23
		SGC	3	Cost of goods sold	5,309,222	Open account 60 days	29
		VG	3	Cost of goods sold	3,593,266	Open account 60 days	19
		AW	3	Cost of goods sold	1,860,921	Open account 60 days	10
		DH	3	Cost of goods sold	1,948,441	Open account 60 days	11
		ASP	3	Cost of goods sold	437,798	Open account 60 days	2
		SPG	3	Revenue of goods sold	531,882	Open account 60 days	3
		SGC	3	Revenue of goods sold	2,197,934	Open account 60 days	12
		VG	3	Revenue of goods sold	344,985	Open account 60 days	2
		AW	3	Revenue of goods sold	188,465	Open account 60 days	1
3	SPG	SGC	3	Revenue of goods sold	209,707	Open account 60 days	1

Note 1: The relationships: (1) Represents the transactions from the parent company to the subsidiary. (2) Represents the transactions from the subsidiary company to the parent. (3) Represents the transactions between subsidiaries.

Note 2: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed. The transactions within the Group were eliminated in the consolidated financial statement.

SPORTS GEAR CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 7 (In Thousands of New Taiwan Dollars , Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	**Share of Profit (Loss)**	Remark
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount			
	Shares										
The Company	SPG (Samoa)	Samoa	Sporting goods trading and international investment	USD 101,400	USD 101,400	5,035,579	100	USD 162,488	USD 18,111	USD 18,109	First-tier subsidiary
	Fongyuan	Seychelles	International investment	USD 32,109	USD 32,109	34,850,000	100	USD 25,722	USD 6,295	USD 6,295	First-tier subsidiary
	Elephant	Seychelles	International investment	USD 48,035	USD 48,035	49,000,000	100	USD 66,215	USD 16,427	USD 16,427	First-tier subsidiary
	All Wells	The British Virgin Islands	International investment	USD 65,000	USD 42,500	48,500,000	100	USD 212,121	USD 29,701	USD 29,701	First-tier subsidiary
SPG (Samoa)	Silk Invest	Taiwan	Investment and real estate development, rental, and sales	USD 35,446	USD 13,696	-	100	USD 27,250	($ 86,010)	(Note 1)	Second-tier subsidiary
Elephant	VG	Vietnam	Manufacturing, processing and trading of sporting goods	USD 56,000	USD 56,000	-	100	USD 58,678	VND 386,487,785	(Note 1)	Second-tier subsidiary
	SPG Indonesia	Indonesia	Manufacturing, processing and trading of sporting goods	USD 10,350	USD 3,150	-	90	USD 9,290	(IDR 2,466,050)	(Note 1)	Second-tier subsidiary
	SGP	Portugal	Research center for sporting goods	EUR 250	EUR 250	250,000	2.78	USD 214	(EUR 578)	(Note 1)	Second-tier subsidiary
Fongyuan	AW	Vietnam	Manufacturing, processing and trading of sporting goods	USD 36,000	USD 36,000	-	90	USD 23,951	VND 163,200,511	(Note 1)	Second-tier subsidiary
	SPG Indonesia	Indonesia	Manufacturing, processing and trading of sporting goods	USD 1,150	USD 350	-	10	USD 1,032	(IDR 2,466,050)	(Note 1)	Second-tier subsidiary
All Wells	SPG	Vietnam	Manufacturing, processing and trading of sporting goods	USD 12,700	USD 12,700	-	100	USD 47,294	VND 196,856,769	(Note 1)	Second-tier subsidiary
	AW	Vietnam	Manufacturing, processing and trading of sporting goods	USD 4,000	USD 4,000	-	10	USD 2,661	VND 163,200,511	(Note 1)	Second-tier subsidiary
	DH	Vietnam	Manufacturing, processing and trading of sporting goods	USD 21,600	USD 21,600	-	100	USD 22,501	VND 165,477,640	(Note 1)	Second-tier subsidiary
	Fireman	Cambodia	Manufacturing, processing and trading of sporting goods	USD 15,000	USD 3,750	-	100	USD 15,723	USD 392	(Note 1)	Second-tier subsidiary
	SPG Myanmar	Myanmar	Manufacturing, processing and trading of sporting goods	USD 20,000	USD 20,000	-	100	USD 18,565	(USD 219)	(Note 1)	Second-tier subsidiary
	ASP	Vietnam	Manufacturing, processing and trading of sporting goods	USD 12,000	USD 12,000	-	100	USD 7,963	(VND 17,863,074)	(Note 1)	Second-tier subsidiary
	SGC	Cambodia	Manufacturing, processing and trading of sporting goods	USD 27,500	USD 25,000	-	100	USD 71,223	USD 14,389	(Note 1)	Second-tier subsidiary
Silk Invest	SGP	Portugal	Research center for sporting goods	EUR 8,750	EUR 3,750	8,750,000	97.22	$ 229,731	(EUR 578)	(Note 1)	Second-tier subsidiary
	FIL	Germany	Manufacturing, processing and trading of sporting goods	EUR 700	EUR 700	-	87.45	($ 32,284)	(EUR 1,560)	(Note 1)	Second-tier subsidiary

Note 1: Not required to fill in.
Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

SPORTS GEAR CO. LTD.
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Table 8

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
MATCH SPORTS INTERNATIONAL CO LTD.	60,853,185	31.04
Mu Mu Sports International Limited	30,055,555	15.33
Lu Lu Sports International Limited	18,518,518	9.44
Trust account of Spread Idea Co., Ltd.	16,666,666	8.50
Preferred Grand Fund SPC-Stone Wall Fund Segregated Portfolio	16,480,518	8.40
LAI Li-Yang	11,777,962	6.00

Note: The main shareholder information in this table was calculated by the insurance company on the last business day at the end of each quarter, the total number of common shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the Company's consolidated financial report and the number of shares actually delivered by the Company without physical registration, there may be differences due to the different calculation basis.