

**Yulon Nissan Motor Company, Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2023 and 2022 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders  
Yulon Nissan Motor Company, Ltd.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Yulon Nissan Motor Company, Ltd. (the "Company") and its subsidiaries (collectively, referred to as the "Group") as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Hsin Hsieh and Jui-Chuan Chih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 7, 2023

Notice to Readers

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

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

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,880,676	12	\$ 2,613,339	11	\$ 2,864,590	12
Financial assets at fair value through profit or loss (Notes 4 and 7)	610,643	3	2,342,779	10	2,029,353	8
Notes receivable (Notes 4, 9 and 22)	-	-	930	-	356	-
Trade receivables (Notes 4, 9 and 22)	22,299	-	23,800	-	20,933	-
Trade receivables - related parties (Notes 4, 22 and 29)	661,672	3	356,964	2	243,026	1
Other receivables (Notes 4 and 9)	6,153,667	26	11,846	-	8,084	-
Other receivables - related parties (Notes 4 and 29)	91,999	-	110,585	-	78,529	-
Inventories (Note 10)	100	-	-	-	-	-
Prepayments (Note 29)	128,580	-	83,229	-	137,437	1
Total current assets	10,549,636	44	5,543,472	23	5,382,308	22
<b>NON-CURRENT ASSETS</b>						
Financial assets at amortized cost (Notes 4, 8 and 30)	2,145	-	2,120	-	2,120	-
Investments accounted for using the equity method (Notes 4 and 12)	11,376,827	48	16,533,811	67	16,222,477	66
Property, plant and equipment (Notes 4, 5, 13 and 29)	1,007,857	4	1,231,620	5	1,343,701	6
Right-of-use assets (Notes 4, 14 and 29)	610,650	3	652,564	3	667,192	3
Computer software (Notes 4 and 15)	43,260	-	53,953	-	27,391	-
Deferred tax assets (Note 4)	60,778	-	60,158	-	70,881	-
Other non-current assets (Notes 16 and 29)	299,477	1	433,168	2	710,818	3
Total non-current assets	13,400,994	56	18,967,394	77	19,044,580	78
<b>TOTAL</b>	<b>\$ 23,950,630</b>	<b>100</b>	<b>\$ 24,510,866</b>	<b>100</b>	<b>\$ 24,426,888</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities (Notes 22 and 29)	\$ 18,061	-	\$ 70,028	-	\$ 73,199	-
Trade payables	106,686	-	71,858	1	217,611	1
Trade payables - related parties (Note 29)	827,105	4	441,956	2	400,123	2
Other payables (Note 17)	1,066,014	5	780,435	3	725,677	3
Other payables - related parties (Note 29)	160,143	1	141,440	1	210,961	1
Current tax liabilities (Notes 4 and 24)	1,285,393	5	516,410	2	572,310	2
Provisions (Notes 4, 5 and 18)	198,700	1	208,904	1	219,662	1
Lease liabilities (Notes 4, 14 and 29)	49,053	-	53,434	-	54,058	-
Other current liabilities (Note 19)	98,645	-	6,995	-	6,878	-
Total current liabilities	3,809,800	16	2,291,460	10	2,480,479	10
<b>NON-CURRENT LIABILITIES</b>						
Provisions (Notes 4, 5 and 18)	74,824	-	58,191	-	58,403	-
Deferred tax liabilities (Note 4)	1,268,741	5	2,303,706	9	2,200,591	9
Lease liabilities (Notes 4, 14 and 29)	569,401	3	604,590	3	617,756	3
Net defined benefit liabilities (Note 4)	28,102	-	31,429	-	74,018	-
Total non-current liabilities	1,941,068	8	2,997,916	12	2,950,768	12
Total liabilities	5,750,868	24	5,289,376	22	5,431,247	22
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Capital stock - NT\$10 par value; authorized - 600,000 thousand stocks; issued and outstanding - 300,000 thousand stocks	3,000,000	13	3,000,000	12	3,000,000	12
Capital surplus	5,988,968	25	5,988,968	24	5,988,968	25
Retained earnings						
Legal reserve	7,396,085	31	7,151,689	29	7,151,689	29
Special reserve	1,470,531	6	1,470,531	6	1,470,531	6
Unappropriated earnings	1,074,661	4	2,586,013	11	2,107,857	9
Total retained earnings	9,941,277	41	11,208,233	46	10,730,077	44
Other equity	(730,483)	(3)	(975,711)	(4)	(723,404)	(3)
Total equity	18,199,762	76	19,221,490	78	18,995,641	78
<b>TOTAL</b>	<b>\$ 23,950,630</b>	<b>100</b>	<b>\$ 24,510,866</b>	<b>100</b>	<b>\$ 24,426,888</b>	<b>100</b>

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

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)								
Sales (Note 4)	\$ 6,354,107	99	\$ 5,006,473	96	\$ 19,372,425	99	\$ 16,691,678	98
Service revenue (Note 4)	55,259	1	141,234	3	211,839	1	259,055	2
Other operating revenue	27,125	-	33,671	1	89,538	-	82,234	-
Total operating revenue	6,436,491	100	5,181,378	100	19,673,802	100	17,032,967	100
OPERATING COSTS (Notes 10, 23 and 29)	5,622,878	87	4,399,993	85	17,114,329	87	14,908,442	87
GROSS PROFIT	813,613	13	781,385	15	2,559,473	13	2,124,525	13
OPERATING EXPENSES (Notes 23 and 29)								
Selling and marketing expenses	535,186	9	430,903	8	1,472,111	8	1,241,350	7
General and administrative expenses	140,472	2	149,200	3	415,486	2	389,972	2
Research and development expenses	124,535	2	161,007	3	403,620	2	393,068	3
Total operating expenses	800,193	13	741,110	14	2,291,217	12	2,024,390	12
OTHER OPERATING INCOME AND EXPENSES (Notes 23 and 29)	-	-	-	-	-	-	(2,751)	-
PROFIT FROM OPERATIONS	13,420	-	40,275	1	268,256	1	97,384	1
NON-OPERATING INCOME AND EXPENSES								
Share of profit of associates	292,405	5	1,228,540	24	644,085	4	2,522,178	15
Foreign exchange gain (loss), net (Note 23)	180,573	3	(112,302)	(2)	155,390	1	(141,180)	(1)
Interest income (Note 4)	18,151	-	16,405	-	51,580	-	36,892	-
Gain (loss) on fair value changes of financial assets at fair value through profit or loss, net	(15,521)	-	35,125	1	8,526	-	11,228	-
Other revenue	1,008	-	576	-	6,937	-	2,318	-
Gain (loss) on disposal of investments, net (Note 23)	23,350	-	(34,788)	(1)	23,350	-	(42,267)	-
Overseas business expenses (Note 29)	(1,802)	-	(1,429)	-	(5,399)	-	(6,379)	-
Interest expenses (Note 29)	(1,759)	-	(2,330)	-	(5,687)	-	(7,416)	-
Other losses	(229)	-	(414)	-	(814)	-	(1,165)	-
Total non-operating income and expenses	496,176	8	1,129,383	22	877,968	5	2,374,209	14
PROFIT BEFORE TAX	509,596	8	1,169,658	23	1,146,224	6	2,471,593	15
INCOME TAX EXPENSE (Notes 4 and 24)	125,577	2	235,780	5	247,180	1	505,787	3
NET PROFIT FOR THE PERIOD	384,019	6	933,878	18	899,044	5	1,965,806	12

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# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 614,908	10	\$ 299,557	6	\$ 245,228	1	\$ 747,127	4
Other comprehensive income for the period, net of income tax	614,908	10	299,557	6	245,228	1	747,127	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 998,927	16	\$ 1,233,435	24	\$ 1,144,272	6	\$ 2,712,933	16
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	\$ 384,019	6	\$ 933,878	18	\$ 899,044	5	\$ 1,965,806	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	\$ 998,927	16	\$ 1,233,435	24	\$ 1,144,272	6	\$ 2,712,933	16
EARNINGS PER SHARE (Note 25)								
Basic	\$ 1.28		\$ 3.11		\$ 3.00		\$ 6.55	
Diluted	\$ 1.28		\$ 3.11		\$ 3.00		\$ 6.55	

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

(Concluded)

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Capital Stock	Capital Surplus (Note 21)	Retained Earnings (Note 21)		Unappropriated Earnings	Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Special Reserve			
BALANCE, JANUARY 1, 2022	\$ 3,000,000	\$ 5,988,968	\$ 6,848,964	\$ 1,328,436	\$ 3,304,871	\$ (1,470,531)	\$ 19,000,708
Appropriation of 2021 earnings							
Leal reserve	-	-	302,725	-	(302,725)	-	-
Special reserve	-	-	-	142,095	(142,095)	-	-
Cash dividend distributed by the Company - \$9.06 per share	-	-	-	-	(2,718,000)	-	(2,718,000)
	-	-	302,725	142,095	(3,162,820)	-	(2,718,000)
Net profit for the nine months ended September 30, 2022	-	-	-	-	1,965,806	-	1,965,806
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	747,127	747,127
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	1,965,806	747,127	2,712,933
BALANCE, SEPTEMBER 30, 2022	\$ 3,000,000	\$ 5,988,968	\$ 7,151,689	\$ 1,470,531	\$ 2,107,857	\$ (723,404)	\$ 18,995,641
BALANCE, JANUARY 1, 2023	\$ 3,000,000	\$ 5,988,968	\$ 7,151,689	\$ 1,470,531	\$ 2,586,013	\$ (975,711)	\$ 19,221,490
Appropriation of 2022 earnings							
Legal reserve	-	-	244,396	-	(244,396)	-	-
Cash dividend distributed by the Company - \$7.22 per share	-	-	-	-	(2,166,000)	-	(2,166,000)
	-	-	244,396	-	(2,410,396)	-	(2,166,000)
Net profit for the nine months ended September 30, 2023	-	-	-	-	899,044	-	899,044
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	245,228	245,228
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	899,044	245,228	1,144,272
BALANCE, SEPTEMBER 30, 2023	\$ 3,000,000	\$ 5,988,968	\$ 7,396,085	\$ 1,470,531	\$ 1,074,661	\$ (730,483)	\$ 18,199,762

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

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,146,224	\$ 2,471,593
Adjustments for:		
Depreciation expenses	299,792	467,272
Amortization expenses	11,082	4,776
Net gain on fair value changes of financial assets at fair value through profit or loss	(8,526)	(11,228)
Interest expenses	5,687	7,416
Interest income	(51,580)	(36,892)
Share of profit of associates	(644,085)	(2,522,178)
Loss on disposal of property, plant and equipment, net	-	2,751
(Gain) loss on disposal of investment, net	(23,350)	42,267
Net (gain) loss on foreign currency exchange	(204,267)	119,353
Inventory purchase commitments	3,929	3,362
Warranty costs	96,192	106,200
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	1,764,012	(1,513,103)
Notes receivable	930	(121)
Notes receivable - related parties	-	21
Trade receivables	1,360	2,560
Trade receivables - related parties	(304,708)	44,298
Inventories	(100)	-
Other receivables	(8,252)	38,822
Other receivables - related parties	18,586	68,439
Other financial assets	(25)	(2,120)
Prepayments	(41,319)	(50,407)
Contract liabilities	(51,967)	73,199
Trade payables	34,828	201,650
Trade payables - related parties	385,149	100,038
Other payables	263,187	(87,379)
Other payables - related parties	20,374	(12,705)
Provisions	(93,692)	(114,229)
Other current liabilities	91,650	1,369
Net defined benefit liabilities	(3,327)	(13,468)
Cash generated from (used in) operations	2,707,784	(608,444)
Interest paid	(5,687)	(7,416)
Income tax paid	(513,782)	(897,872)
Net cash generated from (used in) operating activities	2,188,315	(1,513,732)

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# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	\$ 49,109	\$ 36,261
Dividends received	-	3,391,685
Payment for property, plant and equipment (Note 26)	(15,211)	(140,902)
Proceeds from disposal of property, plant and equipment	-	997
Payments for computer software	(389)	(9,410)
Decrease (increase) in refundable deposits	<u>136,227</u>	<u>(165,842)</u>
Net cash generated from investing activities	<u>169,736</u>	<u>3,112,789</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of dividends	(2,166,000)	(2,718,000)
Repayment of the principal portion of lease liabilities	<u>(40,283)</u>	<u>(42,080)</u>
Cash used in financing activities	<u>(2,206,283)</u>	<u>(2,760,080)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>115,569</u>	<u>(18,583)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	267,337	(1,179,606)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>2,613,339</u>	<u>4,044,196</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 2,880,676</u>	<u>\$ 2,864,590</u>

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

(Concluded)

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the “Company,”) and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the research and development of vehicles and the sale of vehicles. The Company started its operations in October 2003. Then Yulon Motor Co., Ltd. (“Yulon”) transferred its sales and research and development businesses to the Company through a spin-off. The Company’s spin-off from Yulon was intended to increase Yulon’s competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred 40% of its equity to Nissan Motor Co., Ltd. (“Nissan”), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after its initial public offering application was approved by the Taiwan Stock Exchange Corporation on October 6, 2004.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 7, 2023.

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	January 1, 2023

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

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

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

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

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

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

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

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

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the 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 the asset or liability.

##### **c. 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.

##### **d. Basis of consolidation**

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

The financial statements of each individual group entity in the Group are presented in its functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars (NT\$). Upon preparing the consolidated financial statements, the operations and financial positions of each individual entity are translated into New Taiwan dollars.

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., 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 that are measured at historical cost in foreign currencies are not retranslated.

When preparing the consolidated financial statements, the financial statements of the Group's foreign operations that are prepared using functional currencies that are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities - period-end rates; profit and loss - average rates for the period; equity - historical rate. Any exchange differences are recognized in other comprehensive income.

f. Inventories

Inventories 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 the weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the change in the Group's share of equity of associates.

When the Group's share of losses of an associate equals its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investments accounted for using the equity method are assessed for indicators of impairment at the end of each reporting period. When there is objective evidence that the investments accounted for using the equity method have been impaired, the impairment losses are recognized in profit or loss.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Other than molds and dies, which are depreciated on the basis of the estimated number of vehicles to be sold in the future, other items of property, plant and equipment are depreciated using the straight-line method. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each year, and the estimated sales volume is reviewed every six months, with the effect of any changes in estimate 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 is recognized in profit or loss.

i. Computer software

Computer software is initially stated at cost and subsequently stated at cost less accumulated amortization. The amortization is recognized on a straight-line basis over 3 years. The estimated useful, residual value and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of computer software shall be assumed to be zero unless the Group expects to dispose of the asset before the end of its economic life.

j. Impairment of property, plant and equipment, right-of-use assets and computer software

When the carrying amount of property, plant and equipment, right-of-use assets and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. When the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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.

Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset, are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such financial asset. Fair value is determined in the manner described in Note 28.

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. 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 amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, 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:

- i. 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
- ii. 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.

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. 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 a default occurring reflected in 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.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### 3) 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.

### Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### Financial liabilities

#### 1) Subsequent measurement

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

#### 2) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### 1. Provisions

#### 1) Inventory purchase commitments

Where the Group has a commitment for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received, the present obligations arising from such commitments are recognized and measured as provisions.

#### 2) Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate by the management of the Group of the expenditure required to settle the Group's obligation.



m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of vehicles and parts. Revenue from the sale of goods is recognized when the goods are delivered and legal ownership of the goods has been transferred to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of design and research and development services for cars. Contract assets and revenue are recognized by reference to the stage of completion of the respective contract, and contract assets are reclassified to trade receivables when the remaining obligation is performed. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference.

n. Leases

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

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 for applying 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 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 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.

o. 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 the related services.

2) Retirement benefits

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

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs and net interest on the net defined benefit liabilities are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

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

p. Taxation

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.

Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the stockholders 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 in the consolidated financial statements 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 it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not 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 asset 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 assets and liabilities 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.

3) Current and deferred tax for the year

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

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

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Property, plant and equipment - molds and dies

The Group depreciates molds and dies on the basis of units of production and examines the estimated units sold of each model according to the changes in the market semiannually as a basis to calculate amounts allocated to each mold and die.

b. Provisions for the expected cost of warranties

The provisions for warranties are calculated on the basis of the estimated quarterly warranty expenditure per car and the estimated units subject to warranty during the future warranty period. The estimate of quarterly warranty expenditure per car is calculated based on the average of actual warranty expenses in the past and the estimated number of units of cars subject to warranty at the end of every quarter. As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amounts of provisions for warranties were \$150,979 thousand, \$148,479 thousand and \$152,559 thousand, respectively.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Checking accounts and demand deposits	\$ 896,134	\$ 480,148	\$ 906,446
Foreign currency demand deposits	70,498	56,145	387,808
Cash equivalents			
Foreign currency time deposits	1,422,545	1,288,865	1,137,958
Time deposits	6,900	342,840	6,991
Repurchase agreements collateralized by bonds	<u>484,599</u>	<u>445,341</u>	<u>425,387</u>
	<u>\$ 2,880,676</u>	<u>\$ 2,613,339</u>	<u>\$ 2,864,590</u>

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities of 3 months or less from the date of acquisition. The Group considers its cash equivalents to be highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The market interest rate intervals of demand deposits, time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Demand deposits and time deposits	0.001%-5.52%	0.001%-4.50%	0.001%-2.74%
Repurchase agreements collateralized by bonds	5.40%-5.50%	3.80%-4.35%	2.40%-3.20%

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily classified as at <u>FVTPL</u>			
Non-derivative financial assets			
Mutual funds	<u>\$ 610,643</u>	<u>\$ 2,342,779</u>	<u>\$ 2,029,353</u>

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Time deposit - restricted	<u>\$ 2,145</u>	<u>\$ 2,120</u>	<u>\$ 2,120</u>

The Company set up a pledge as a security deposit for maintenance contracts, please refer to Note 30.

Time deposits-restricted to market interest rate range at the balance sheet date are as follows

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposit - restricted	1.31%	1.185%	1.06%

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
At amortized cost	\$ -	\$ 930	\$ 356
<u>Trade receivables</u>			
At amortized cost	\$ 22,299	\$ 23,800	\$ 20,933
<u>Other receivables</u>			
Dividend receivables	\$ 6,131,098	\$ -	\$ -
Interest receivables	8,013	5,542	3,973
Others	14,556	6,304	4,111
	<u>\$ 6,153,667</u>	<u>\$ 11,846</u>	<u>\$ 8,084</u>

### a. Notes receivable

In order to minimize credit risk, the sales department traces payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual note 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 provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all notes receivables. The expected credit losses on notes receivables are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and foreign customers. Nevertheless, the Group did not recognize an expected losses provision for notes receivables due to the estimation performed by the Group at the end of the reporting period, which shows that there was not a significant change in the credit quality of the receivables and the amounts were still considered recoverable.

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

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ 930
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930</u>

September 30, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 356	\$ -	\$ -	\$ -	\$ -	\$ 356
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356</u>

b. Trade receivables

In order to minimize credit risk, the sales department traces payment collection regularly to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for the general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The provision for losses based on the past due status of receivables is further distinguished by domestic customers and foreign customers. Nevertheless, the Group did not recognize an expected losses provision for trade receivables due to the estimation performed by the Group at the end of the reporting period, which shows that there was not a significant change in the credit quality of the receivables and the amounts were still considered recoverable.

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

September 30, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 22,299	\$ -	\$ -	\$ -	\$ -	\$ 22,299
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 22,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,299</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 23,800	\$ -	\$ -	\$ -	\$ -	\$ 23,800
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 23,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,800</u>

September 30, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 20,933	\$ -	\$ -	\$ -	\$ -	\$ 20,933
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 20,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,933</u>

c. Other receivables

Dividends receivable are dividends receivable from investees.

When there is objective evidence that other receivables were impaired, the Group assesses impairment losses on other receivables for impairment individually.

There were no past due other receivables balances at the end of the reporting period, and the Group did not recognize an allowance for impairment loss.

## 10. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Parts	\$ <u>100</u>	\$ <u>-</u>	\$ <u>-</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 was \$5,622,878 thousand, which included a warranty cost of \$43,634 thousand and a loss on inventory purchase commitment of \$389 thousand. The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2023 was \$17,114,329 thousand, which included a warranty cost of \$96,192 thousand and loss on inventory purchase commitment of \$3,929 thousand. The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2022 was \$4,399,993 thousand, which included a warranty cost of \$35,481 thousand and a reversal of loss on inventory purchase commitments of \$1,920 thousand. The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2022 was \$14,908,442 thousand, which included a warranty cost of \$106,200 thousand and a loss on inventory purchase commitment of \$3,362 thousand.

## 11. SUBSIDIARIES

### Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
Yulon Nissan Motor Company, Ltd	Yi-Jan Overseas Investment Co., Ltd.	Investment	100.00	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	Investment	100.00	100.00	100.00

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Material associate</u>			
Guangzhou Aeolus Automobile Co., Ltd.	\$ 10,380,802	\$ 15,234,393	\$ 14,897,763
<u>Associates that are not individually material</u>			
Aeolus Xiangyang Automobile Co., Ltd.	<u>996,025</u>	<u>1,299,418</u>	<u>1,324,714</u>
	<u>\$ 11,376,827</u>	<u>\$ 16,533,811</u>	<u>\$ 16,222,477</u>

### a. Material associate

Company Name	Main Business	Location	Proportion of Ownership and Voting Rights		
			September 30, 2023	December 31, 2022	September 30, 2022
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	Guangdong Province	42.69%	42.69%	42.69%

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs purposes.



Guangzhou Aeolus Automobile Co., Ltd.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Current assets	\$ 11,492,460	\$ 7,145,151	\$ 11,099,631
Non-current assets	32,132,698	33,929,159	34,882,873
Current liabilities	(18,050,712)	(4,081,361)	(8,110,607)
Non-current liabilities	<u>(1,136,895)</u>	<u>(1,191,856)</u>	<u>(2,855,454)</u>
Equity	<u>\$ 24,437,551</u>	<u>\$ 35,801,093</u>	<u>\$ 35,016,443</u>
Equity attributable to the Group	\$ 10,432,390	\$ 15,283,487	\$ 14,948,520
Deferred gain on disposal of investment	<u>(51,588)</u>	<u>(49,094)</u>	<u>(50,757)</u>
Carrying amount	<u>\$ 10,380,802</u>	<u>\$ 15,234,393</u>	<u>\$ 14,897,763</u>

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 3,415,343</u>	<u>\$ 5,424,303</u>	<u>\$ 11,159,104</u>	<u>\$ 14,032,246</u>
Net profit for the period	<u>\$ 678,408</u>	<u>\$ 2,685,080</u>	<u>\$ 1,534,019</u>	<u>\$ 5,242,545</u>
Dividends received from Guangzhou Aeolus Automobile Co., Ltd.	<u>\$ -</u>	<u>\$ 2,963,821</u>	<u>\$ -</u>	<u>\$ 2,963,821</u>

b. Aggregate information of associates that are not individually material

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The Group's share of:				
Net profit (loss) for the period	\$ 2,792	\$ 82,280	\$ (10,788)	\$ 284,136
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>\$ 2,792</u>	<u>\$ 82,280</u>	<u>\$ (10,788)</u>	<u>\$ 284,136</u>

c. Other information

The investments accounted for using equity method and the share of profit of those investments for the three months and nine months ended September 30, 2023 and 2022 was based on the associates' financial statements reviewed by the auditors for the same periods.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvements	Tools	Total
<u>Cost</u>									
Balance at January 1, 2022	\$ 3,230,512	\$ 664,217	\$ 57,614	\$ 308,769	\$ 8,529	\$ 3,448	\$ 24,904	\$ 8,212	\$ 4,306,205
Additions	3,138	43,225	3,150	4,577	-	-	-	-	54,090
Disposals	(7,350)	-	-	-	(2,348)	-	(680)	-	(10,378)
Balance at September 30, 2022	<u>\$ 3,226,300</u>	<u>\$ 707,442</u>	<u>\$ 60,764</u>	<u>\$ 313,346</u>	<u>\$ 6,181</u>	<u>\$ 3,448</u>	<u>\$ 24,224</u>	<u>\$ 8,212</u>	<u>\$ 4,349,917</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2022	\$ (1,970,998)	\$ (379,315)	\$ (41,028)	\$ (171,039)	\$ (6,881)	\$ (3,356)	\$ (11,815)	\$ (5,868)	\$ (2,590,300)
Depreciation expenses	(336,548)	(59,842)	(4,255)	(17,178)	(447)	(25)	(3,917)	(334)	(422,546)
Disposals	3,843	-	-	-	2,107	-	680	-	6,630
Balance at September 30, 2022	<u>\$ (2,303,703)</u>	<u>\$ (439,157)</u>	<u>\$ (45,283)</u>	<u>\$ (188,217)</u>	<u>\$ (5,221)</u>	<u>\$ (3,381)</u>	<u>\$ (15,052)</u>	<u>\$ (6,202)</u>	<u>\$ (3,006,216)</u>
Carrying amount, net, September 30, 2022	<u>\$ 922,597</u>	<u>\$ 268,285</u>	<u>\$ 15,481</u>	<u>\$ 125,129</u>	<u>\$ 960</u>	<u>\$ 67</u>	<u>\$ 9,172</u>	<u>\$ 2,010</u>	<u>\$ 1,343,701</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 3,228,200	\$ 697,208	\$ 58,404	\$ 316,280	\$ 14,833	\$ 2,312	\$ 24,224	\$ 8,212	\$ 4,349,673
Additions	3,065	27,833	-	1,539	959	-	-	-	33,396
Balance at September 30, 2023	<u>\$ 3,231,265</u>	<u>\$ 725,041</u>	<u>\$ 58,404</u>	<u>\$ 317,819</u>	<u>\$ 15,792</u>	<u>\$ 2,312</u>	<u>\$ 24,224</u>	<u>\$ 8,212</u>	<u>\$ 4,383,069</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ (2,395,762)	\$ (455,808)	\$ (42,622)	\$ (193,456)	\$ (5,540)	\$ (2,288)	\$ (16,263)	\$ (6,314)	\$ (3,118,053)
Depreciation expenses	(193,517)	(38,048)	(4,192)	(16,112)	(1,311)	(11)	(3,634)	(334)	(257,159)
Balance at September 30, 2023	<u>\$ (2,589,279)</u>	<u>\$ (493,856)</u>	<u>\$ (46,814)</u>	<u>\$ (209,568)</u>	<u>\$ (6,851)</u>	<u>\$ (2,299)</u>	<u>\$ (19,897)</u>	<u>\$ (6,648)</u>	<u>\$ (3,375,212)</u>
Carrying amount, net, December 31, 2022 and January 1, 2023	<u>\$ 832,438</u>	<u>\$ 241,400</u>	<u>\$ 15,782</u>	<u>\$ 122,824</u>	<u>\$ 9,293</u>	<u>\$ 24</u>	<u>\$ 7,961</u>	<u>\$ 1,898</u>	<u>\$ 1,231,620</u>
Carrying amount, net, September 30, 2023	<u>\$ 641,986</u>	<u>\$ 231,185</u>	<u>\$ 11,590</u>	<u>\$ 108,251</u>	<u>\$ 8,941</u>	<u>\$ 13</u>	<u>\$ 4,327</u>	<u>\$ 1,564</u>	<u>\$ 1,007,857</u>

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

Except molds and dies which are depreciated on an estimated units-sold basis, other property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are as follows:

Computer equipment	3 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 to 5 years
Other equipment	1 to 10 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvements	5 years
Tools	2 to 10 years

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Buildings	\$ 607,049	\$ 643,796	\$ 656,644
Transportation equipment	<u>3,601</u>	<u>8,768</u>	<u>10,548</u>
	<u>\$ 610,650</u>	<u>\$ 652,564</u>	<u>\$ 667,192</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2023	2022	2023 2022
Additions to right-of-use assets	\$ -	\$ -	\$ 1,563 \$ 25,390
Depreciation charge for right-of-use assets			
Buildings	\$ 12,729	\$ 12,848	\$ 38,308 \$ 38,647
Transportation equipment	<u>1,270</u>	<u>1,787</u>	<u>4,325</u> <u>6,079</u>
	<u>\$ 13,999</u>	<u>\$ 14,635</u>	<u>\$ 42,633</u> <u>\$ 44,726</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and 2022.

In addition, the Group early terminated part of the lease contract during the nine months ended September 30, 2023 and 2022, which resulted in a decrease of \$844 thousand and \$506 thousand in right-of-use assets and recognition of a lease modification benefit of \$6 thousand and \$4 thousand.

### b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	\$ 49,053	\$ 53,434	\$ 54,058
Non-current	<u>\$ 569,401</u>	<u>\$ 604,590</u>	<u>\$ 617,756</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	0.91%	0.91%	0.91%
Transportation equipment	0.91%	0.91%	0.91%

c. Material lease-in activities and terms

The Group leases certain cars for the use of its executives with lease terms of 3 to 4 years. The Group does not have bargain purchase options to acquire the leasehold cars at the end of the lease terms.

The Group also leases buildings for the use of plants, offices and dormitory with lease terms of 2 to 18 years. If the lease term is not specified in the lease contract with the related party, lease term is based on the useful lives of the right-of-use assets, please refer to Note 29. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ <u>779</u>	\$ <u>779</u>	\$ <u>2,337</u>	\$ <u>2,411</u>
Total cash outflow for leases	\$ <u>(15,455)</u>	\$ <u>(16,098)</u>	\$ <u>(47,006)</u>	\$ <u>(49,193)</u>

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

## 15. COMPUTER SOFTWARE

	<b>Amount</b>
<u>Cost</u>	
Balance, January 1, 2022	\$ 35,422
Addition	9,410
Disposals	<u>(7,353)</u>
Balance, September 30, 2022	\$ <u>37,479</u>
<u>Accumulated amortization</u>	
Balance, January 1, 2022	\$ (12,665)
Amortization expenses	(4,776)
Disposals	<u>7,353</u>
Balance, September 30, 2022	\$ <u>(10,088)</u>
Carrying amount at September 30, 2022	\$ <u>27,391</u>
	(Continued)

	<b>Amount</b>
<u>Cost</u>	
Balance, January 1, 2023	\$ 67,011
Addition	389
Disposals	<u>(2,941)</u>
Balance, September 30, 2023	<u>\$ 64,459</u>
<u>Accumulated amortization</u>	
Balance, January 1, 2023	\$ (13,058)
Amortization expenses	(11,082)
Disposals	<u>2,941</u>
Balance, September 30, 2023	<u>\$ (21,199)</u>
Carrying amount December 31, 2022 and January 1, 2023	<u>\$ 53,953</u>
Carrying amount at September 30, 2023	<u>\$ 43,260</u>
	(Concluded)

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

#### 16. OTHER NON CURRENT ASSETS

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Refundable deposits (Note 29)	\$ 231,062	\$ 367,289	\$ 683,398
Prepayments for equipment	<u>68,415</u>	<u>65,879</u>	<u>27,420</u>
	<u>\$ 299,477</u>	<u>\$ 433,168</u>	<u>\$ 710,818</u>

#### 17. OTHER PAYABLES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Advertising and promotion fees	\$ 764,068	\$ 473,016	\$ 444,748
Salaries and bonuses	172,340	205,796	156,071
Purchase for equipment	31,479	9,087	28,297
Taxes	11,511	7,253	6,950
Others	<u>86,616</u>	<u>85,283</u>	<u>89,611</u>
	<u>\$ 1,066,014</u>	<u>\$ 780,435</u>	<u>\$ 725,677</u>

## 18. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Inventory purchase commitments	\$ 122,545	\$ 118,616	\$ 125,506
Warranties	<u>76,155</u>	<u>90,288</u>	<u>94,156</u>
	<u>\$ 198,700</u>	<u>\$ 208,904</u>	<u>\$ 219,662</u>
Non-current			
Warranties	<u>\$ 74,824</u>	<u>\$ 58,191</u>	<u>\$ 58,403</u>
	<b>Inventory Purchase Commitments</b>	<b>Warranties</b>	<b>Total</b>
Balance at January 1, 2022	\$ 122,144	\$ 160,588	\$ 282,732
Additional provisions recognized	3,362	106,200	109,562
Paid	<u>-</u>	<u>(114,229)</u>	<u>(114,229)</u>
Balance at September 30, 2022	<u>\$ 125,506</u>	<u>\$ 152,559</u>	<u>\$ 278,065</u>
Balance at January 1, 2023	\$ 118,616	\$ 148,479	\$ 267,095
Additional provisions recognized	3,929	96,192	100,121
Paid	<u>-</u>	<u>(93,692)</u>	<u>(93,692)</u>
Balance at September 30, 2023	<u>\$ 122,545</u>	<u>\$ 150,979</u>	<u>\$ 273,524</u>

The provisions for losses on inventory purchase commitments represent the present obligations of which the unavoidable costs for meeting the obligations under the commitments exceed the economic benefits expected to be received from the commitments.

The provisions for warranty claims represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under the local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

## 19. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Withholding	\$ 93,999	\$ 3,217	\$ 3,189
Others	<u>4,646</u>	<u>3,778</u>	<u>3,689</u>
	<u>\$ 98,645</u>	<u>\$ 6,995</u>	<u>\$ 6,878</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company 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 total expense recognized in profit or loss for the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022 was \$3,887 thousand, \$3,658 thousand, \$11,504 thousand and \$11,027 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

As of September 30, 2023, the subsidiaries had no pension plan for employees.

### b. Defined benefit plan

Employee benefit expenses in respect of the Group’s defined benefit retirement plans were \$470 thousand, \$635 thousand, \$1,412 thousand and \$1,904 thousand for the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

## 21. EQUITY

### a. Capital surplus

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Excess from spin-off	\$ 5,986,507	\$ 5,986,507	\$ 5,986,507
Generated from investments accounted for using equity method	<u>2,461</u>	<u>2,461</u>	<u>2,461</u>
	<u>\$ 5,988,968</u>	<u>\$ 5,988,968</u>	<u>\$ 5,988,968</u>

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Company’s capital surplus and to once a year).

The capital surplus from investments accounted for using equity method may not be used for any purpose.

### b. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing 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 stockholders’ meeting for distribution of dividends and bonus to stockholders. For the policies on the distribution of employees’ compensation after the amendment, refer to Note 23-e. on employees’ compensation.

The Company operates in a mature and stable industry. In determining the distribution of dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. The amount of dividends, which can be cash dividends or stock dividends, is formulated to be less than 90% of net income, though the final issued ratios would be proposed and approved by the board of directors. Cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved by the stockholders in their meetings on June 30, 2023 and June 24, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 244,396	\$ 302,725		
Special reserve	-	142,095		
Cash dividends	2,166,000	2,718,000	\$7.22	\$9.06

## 22. REVENUE

### a. Contract balances

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>January 1, 2022</b>
Notes receivable (Note 9)	\$ <u>-</u>	\$ <u>930</u>	\$ <u>356</u>	\$ <u>235</u>
Notes receivable - related parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>21</u>
Trade receivables (Note 9)	\$ <u>22,299</u>	\$ <u>23,800</u>	\$ <u>20,933</u>	\$ <u>23,567</u>
Trade receivables - related parties (Note 29)	\$ <u>661,672</u>	\$ <u>356,964</u>	\$ <u>243,026</u>	\$ <u>287,324</u>
Contract liabilities				
Designing and performing R&D of cars	\$ <u>18,061</u>	\$ <u>70,028</u>	\$ <u>73,199</u>	\$ <u>-</u>

The changes in the contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment.

Revenue of the reporting period recognized from the beginning contract liability and from the performance obligations satisfied in previous periods is as follows:

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
From the beginning contract liability		
Designing and performing R&D of cars	\$ <u>49,858</u>	\$ <u>-</u>



b. Disaggregation of revenue

Refer to Note 34 for information about disaggregation of revenue.

c. Partially completed contracts

The performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows.

	September 30, 2023	December 31, 2022	September 30, 2022
Designing and performing R&D of cars			
For the year ended December 31, 2022	\$ -	\$ -	\$ 30,528
For the year ended December 31, 2023	5,597	65,873	42,671
For the year ended December 31, 2024	<u>12,464</u>	<u>4,155</u>	<u>-</u>
	<u>\$ 18,061</u>	<u>\$ 70,028</u>	<u>\$ 73,199</u>

## 23. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Loss on disposal of property, plant and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,751</u>

b. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating cost	\$ 48,035	\$ 115,432	\$ 231,565	\$ 396,391
Operating expenses	<u>22,178</u>	<u>23,279</u>	<u>68,227</u>	<u>70,881</u>
	<u>\$ 70,213</u>	<u>\$ 138,711</u>	<u>\$ 299,792</u>	<u>\$ 467,272</u>
An analysis of amortization by function				
Operating cost	\$ 2,188	\$ 657	\$ 6,564	\$ 1,970
Operating expenses	<u>1,594</u>	<u>906</u>	<u>4,518</u>	<u>2,806</u>
	<u>\$ 3,782</u>	<u>\$ 1,563</u>	<u>\$ 11,082</u>	<u>\$ 4,776</u>

c. Technical cooperation agreement

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating costs (Note 29)	\$ <u>87,553</u>	\$ <u>67,608</u>	\$ <u>279,046</u>	\$ <u>250,724</u>

Remuneration for technical services is the payment for technical services.

d. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 20)				
Defined contribution plans	\$ 3,887	\$ 3,658	\$ 11,504	\$ 11,027
Defined benefit plans	<u>470</u>	<u>635</u>	<u>1,412</u>	<u>1,904</u>
	<u>4,357</u>	<u>4,293</u>	<u>12,916</u>	<u>12,931</u>
Labor and health insurance	8,870	8,285	28,535	28,064
Salary	124,262	118,886	359,065	346,321
Other employee benefits	<u>12,492</u>	<u>11,778</u>	<u>36,414</u>	<u>34,916</u>
	<u>145,624</u>	<u>138,949</u>	<u>424,014</u>	<u>409,301</u>
Total employee benefit expenses	<u>\$ 149,981</u>	<u>\$ 143,242</u>	<u>\$ 436,930</u>	<u>\$ 422,232</u>
An analysis of employee benefits expense by function				
Operating expenses	\$ 149,976	\$ 143,237	\$ 436,915	\$ 422,162
Non-operating expenses	<u>5</u>	<u>5</u>	<u>15</u>	<u>70</u>
	<u>\$ 149,981</u>	<u>\$ 143,242</u>	<u>\$ 436,930</u>	<u>\$ 422,232</u>

e. Employees' compensation

The Company accrued employees' compensation at the rates no less than 0.1% of net profit before income tax, and employees' compensation. The employees' compensation for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, were as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Employees' compensation	0.31%	0.10%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Employees' compensation	<u>\$ 2,925</u>	<u>\$ 1,270</u>	<u>\$ 3,562</u>	<u>\$ 2,573</u>

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

The appropriations of employees' compensation for 2022 and 2021 that were resolved by the board of directors on March 14, 2023 and March 15, 2022, respectively, are as shown below.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 3,056	\$ 3,804

There is no difference between the amounts of the employees' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

f. (Loss) gain on foreign currency exchange, net

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 197,317	\$ 106,793	\$ 234,877	\$ 191,233
Foreign exchange losses	<u>(16,744)</u>	<u>(219,095)</u>	<u>(79,487)</u>	<u>(332,413)</u>
Net gains (losses)	<u>\$ 180,573</u>	<u>\$ (112,302)</u>	<u>\$ 155,390</u>	<u>\$ (141,180)</u>

g. (Loss) gain on disposal of investments, net

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Disposal of investments gains	\$ 23,350	\$ -	\$ 23,350	\$ 1,843
Disposal of investments losses	<u>-</u>	<u>(34,788)</u>	<u>-</u>	<u>(44,110)</u>
Net gains (losses)	<u>\$ 23,350</u>	<u>\$ (34,788)</u>	<u>\$ 23,350</u>	<u>\$ (42,267)</u>

## 24. INCOME TAXES

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

The major components of tax expense were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
In respect of the current year	\$ 1,204,057	\$ 698,544	\$ 1,260,034	\$ 718,431
Income tax on				
unappropriated earnings	24,741	-	26,419	-
Adjustments for prior periods	-	1,164	(3,688)	2,935
Deferred tax				
In respect of the current year	<u>(1,103,221)</u>	<u>(463,928)</u>	<u>(1,035,585)</u>	<u>(215,579)</u>
Income tax expense recognized in profit or loss	<u>\$ 125,577</u>	<u>\$ 235,780</u>	<u>\$ 247,180</u>	<u>\$ 505,787</u>

Under the laws of the Cayman Islands and the British Virgin Islands, Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc., respectively, is tax-exempt.

### b. Installment payments of income tax

Due to impact of the COVID-19 pandemic, the Group applied to the National Taxation Bureau for the payment of its income tax for the year 2019 in 36 equal installments on a monthly basis starting from July 2020 in accordance with Rule No. 10904533690 issued by the Ministry of Finance (MOF) of the Republic of China. As of September 30, 2023, the payments have been settled.

### c. Income tax assessment

The Company's tax returns through 2021 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

The earnings and weighted-average number of common stock outstanding in the computation of earnings per share were as follows:

### Net Profit for the Period

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 384,019</u>	<u>\$ 933,878</u>	<u>\$ 899,044</u>	<u>\$ 1,965,806</u>

## Weighted-average Number of Common Stock Outstanding (In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted-average number of common stock in computation of basic earnings per share	300,000	300,000	300,000	300,000
Effect of potential dilutive common stock:				
Employees' compensation	<u>19</u>	<u>14</u>	<u>24</u>	<u>18</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>300,019</u>	<u>300,014</u>	<u>300,024</u>	<u>300,018</u>

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

## 26. CASH FLOW INFORMATION

### a. Non-cash transactions

For the nine months ended September 30, 2023 and 2022, the Group entered into the following non-cash investing activities:

	For the Nine Months Ended September 30	
	2023	2022
<u>Investing activities affecting both cash and non-cash transactions</u>		
Increase in property, plant and equipment	\$ 33,396	\$ 54,090
Net changes of prepayment for equipment	2,536	25,814
Net changes of payables	<u>(20,721)</u>	<u>60,998</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 15,211</u>	<u>\$ 140,902</u>

### b. Changes in liabilities arising from financing activities

	Opening Balance	Cash Flows	New Leases	Disposals	September 30, 2023
Lease liabilities	<u>\$ 658,024</u>	<u>\$ (40,283)</u>	<u>\$ 1,563</u>	<u>\$ (850)</u>	<u>\$ 618,454</u>
	Opening Balance	Cash Flows	New Leases	Disposals	September 30, 2022
Lease liabilities	<u>\$ 689,014</u>	<u>\$ (42,080)</u>	<u>\$ 25,390</u>	<u>\$ (510)</u>	<u>\$ 671,814</u>

## 27. CAPITAL 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 stakeholders through the optimization of the debt and equity balance.

## 28. FINANCIAL INSTRUMENTS

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

The carrying amounts of the financial assets and financial liabilities that are not measured at fair value are approximately equal to their fair values.

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

#### 1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 610,643	\$ -	\$ -	\$ 610,643

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 2,342,779	\$ -	\$ -	\$ 2,342,779

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 2,029,353	\$ -	\$ -	\$ 2,029,353

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

#### 2) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair value of mutual funds traded on an active market is the net asset value on the balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

For trade receivables - related parties that are measured at FVTPL and have a 4-day credit period, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 610,643	\$ 2,342,779	\$ 2,029,353
Financial assets at amortized cost (Note 1)	9,812,458	3,119,584	3,217,638

Financial liabilities

Financial liabilities at amortized cost (Note 2)	1,987,608	1,228,893	1,398,301
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Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, within 3 months from the date of acquisition time deposits, notes receivable, part of trade receivables and other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise trade payables and part of other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through profit or loss, trade receivables, trade payables, and lease liabilities. The Group's Corporate Treasury function coordinates access to domestic and international financial markets and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a) and (b) below.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the RMB, U.S. dollar and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthen 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>Renminbi</b>		<b>U.S. Dollar</b>		<b>Japanese Yen</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Gain (loss)	\$ (360,223)	\$ (58,400)	\$ (30,195)	\$ (36,182)	\$ (863)	\$ (892)

These were mainly attributable to the exposure outstanding on RMB, U.S. dollars and Japanese yen denominated cash in bank, repurchase agreement collateralized by bonds, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 1,913,968	\$ 1,740,065	\$ 1,569,606
Financial liabilities	618,454	658,024	671,814
Cash flows interest rate risk			
Financial assets	968,853	875,394	1,297,104

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 would have been higher/lower by \$1,817 thousand; the change can be attributed to the Group's exposure to interest rates on its demand deposits and time deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2022 would have been higher/lower by \$2,432 thousand; the change can be attributed to the Group's exposure to interest rates on its demand deposits and time deposits.

c) Other price risk

The Group was exposed to price risk through its investments in funds. The Group manages this exposure by investing in a diversified portfolio of investments with different risks.



### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If the fund's value had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2023 and 2022 would have been higher/lower by \$6,106 thousand and \$20,294 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

#### 2) Credit risk

The Group's concentration of credit risk of 76%, 65% and 62% in total trade receivables as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, were related to the Group's largest customer within the vehicle department and the five largest customers within the parts department.

#### 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 September 30, 2023, December 31, 2022 and September 30, 2022, the available unutilized borrowings facilities were both \$5,700,000 thousand.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

#### September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,896,392	\$ 57,500	\$ 33,716	\$ -	\$ -
Lease liabilities	<u>4,873</u>	<u>9,602</u>	<u>40,013</u>	<u>168,148</u>	<u>451,390</u>
	<u>\$ 1,901,265</u>	<u>\$ 67,102</u>	<u>\$ 73,729</u>	<u>\$ 168,148</u>	<u>\$ 451,390</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 54,488</u>	<u>\$ 168,148</u>	<u>\$ 156,842</u>	<u>\$ 139,906</u>	<u>\$ 80,103</u>	<u>\$ 74,539</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 1,193,749 <u>5,104</u>	\$ 27,990 <u>10,098</u>	\$ 8,154 <u>44,014</u>	\$ - <u>182,935</u>	\$ - <u>475,799</u>
	<u>\$ 1,198,853</u>	<u>\$ 38,088</u>	<u>\$ 52,168</u>	<u>\$ 182,935</u>	<u>\$ 475,799</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 59,216</u>	<u>\$ 182,935</u>	<u>\$ 157,726</u>	<u>\$ 150,126</u>	<u>\$ 82,424</u>	<u>\$ 85,543</u>

September 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 1,307,472 <u>5,104</u>	\$ 65,114 <u>10,208</u>	\$ 25,715 <u>44,650</u>	\$ - <u>141,244</u>	\$ - <u>483,972</u>
	<u>\$ 1,312,576</u>	<u>\$ 75,322</u>	<u>\$ 70,365</u>	<u>\$ 141,244</u>	<u>\$ 483,972</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 59,962</u>	<u>\$ 141,244</u>	<u>\$ 158,057</u>	<u>\$ 150,800</u>	<u>\$ 85,903</u>	<u>\$ 89,212</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

### a. Related parties

Related Party	Relationship with the Group
Investors that have significant influence over the Group	
Nissan Motor Corporation (“Nissan”)	Equity-method investor of the Company
Yulon Motor Co., Ltd. (“Yulon”)	Same as above
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Trading Europe Ltd.	Same as above
Nissan Trading (Thailand) Co., Ltd.	Same as above
Nissan Trading China Co., Ltd.	Same as above
Nissan Motor Egypt S.A.E.	Same as above
Nissan Import Egypt, Ltd.	Same as above
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distributor Indonesia	Same as above
Nissan North America, Inc.	Same as above
Nissan International SA	Same as above
Nissan Creative Service Co., Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Philippines Inc.	Same as above
INFINITI Motor Co., Ltd.	Same as above
Renault Nissan Automotive India Private Ltd.	Same as above
Nissan Motorsports & Customizing Co., Ltd.	Same as above
Dongfeng Automobile Company Limited	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Allied Engineering Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Yulon Energy Service Co., Ltd.	Subsidiary of Shinshin Credit Corporation
Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Taiwan Acceptance Corporation
Zhenzhou Nissan Automobile Co., Ltd.	Substantial related party of Nissan
Singan Co., Ltd.	Same as above
Sinjang Co., Ltd.	Subsidiary of Singan Co., Ltd.

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Yufong Property Management Co., LTD.	Sub-subsidiary of Yulon
Univation Motor Philippines, Inc.	Substantial related party of Yulon
Uni Calsonic Corporation	Same as above
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Co., Ltd.	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co., Ltd.	Same as above
Le-Wen Co., Ltd.	Same as above
San Long Industrial Co., Ltd.	Same as above
Tai Yuen Textile Co., Ltd.	Same as above
China Motor Corporation	Same as above
Carnival Textile Industrial Corporation	Same as above
Foxtron Vehicle Technologies Co., Ltd	Substantial related party of Hua-Chuang
Sinqual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Shinshin Credit Corporation	Subsidiary of Taiwan Acceptance Corporation
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Sub-subsidiary of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Yuan Rui Auto Co., Ltd.	Same as above
Da Teng Transportation Co., Ltd.	Sub-subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.
Y.M. Hi-Tech Industry Ltd.	Subsidiary of China Ogihara Corporation
DFS Industrial Group Co., Ltd.	Substantial related party of Dongfeng Nissan Passenger Vehicle Co.
Luxgen Taoyuan Motor Co., Ltd.	Subsidiary of Luxgen Motor Co., Ltd.
Luxgen Taichung Motor Co., Ltd.	Same as above
Luxgen Kaohsiung Motor Co., Ltd.	Same as above
ROC-Keeper Industrial Ltd.	Subsidiary of ROC Spicer Co., Ltd.
Kuen You Trading Co., Ltd.	Investee of Yu Sing Motor Co., Ltd.
Fengye Leasing Co., Ltd.	Subsidiary of CL Skylite Trading Co., Ltd.
Euniton Enterprise Co., Ltd.	Substantial related party of Empower Motors Co., Ltd.

(Concluded)

b. Related party transaction details

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and parties were disclosed below:

1) Operating transactions

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Sales</u>				
Taiwan Acceptance Corporation	\$ 5,382,703	\$ 4,121,888	\$ 16,404,005	\$ 14,052,250
Investors that have significant influence	474	708	1,393	1,921
Other parties	<u>894,804</u>	<u>808,032</u>	<u>2,751,531</u>	<u>2,418,728</u>
	<u>\$ 6,277,981</u>	<u>\$ 4,930,628</u>	<u>\$ 19,156,929</u>	<u>\$ 16,472,899</u>

Service revenue

Nissan	<u>\$ 55,259</u>	<u>\$ 141,234</u>	<u>\$ 211,839</u>	<u>\$ 259,055</u>
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The Company designs and performs R&D of cars mainly for Nissan. Service revenue is recognized according to the related contracts.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Other operating revenue</u>				
Nissan Trading Co., Ltd.	\$ 3,336	\$ 7,873	\$ 14,227	\$ 12,072
Yu Chang Motor Co., Ltd.	3,428	2,894	10,334	9,286
Investors that have significant influence	-	45	-	45
Other parties	<u>15,158</u>	<u>16,010</u>	<u>47,616</u>	<u>49,936</u>
	<u>\$ 21,922</u>	<u>\$ 26,822</u>	<u>\$ 72,177</u>	<u>\$ 71,339</u>

Other operating revenue is mainly generated from selling steel plates, steel and aluminum parts and testing of vehicles for export.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Operating costs - purchases</u>				
Yulon	\$ 5,413,567	\$ 4,164,958	\$ 16,323,230	\$ 13,755,259
Investors that have significant influence	3,405	4,810	11,933	14,631
Other parties	<u>5,039</u>	<u>1,794</u>	<u>34,481</u>	<u>8,183</u>
	<u>\$ 5,422,011</u>	<u>\$ 4,171,562</u>	<u>\$ 16,369,644</u>	<u>\$ 13,778,073</u>

Operating costs - TCA

Nissan	\$ 87,540	\$ 67,535	\$ 278,916	\$ 250,635
Nissan Motorsports Customizing Co. Ltd.	<u>13</u>	<u>73</u>	<u>130</u>	<u>89</u>
	<u>\$ 87,553</u>	<u>\$ 67,608</u>	<u>\$ 279,046</u>	<u>\$ 250,724</u>

The remuneration for technical services is the payment for technical services provided by Nissan and Nissan Motorsports & Customizing Co., Ltd., which was established through the merger of Autech Japan, Inc. and Nissan Motorsports International Co., Ltd. in April 2022, based on the Company's technical cooperation agreements with the two companies. The remuneration for technical services provided by Nissan is calculated based on the purchase costs less commodity tax of each vehicle model, while the remuneration for technical services provided by Autech Japan, Inc. is calculated based on the R&D fees of each vehicle model plus the royalty fees of each vehicle sold.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Selling and marketing expenses</u>				
Investors that have significant influence	\$ 6,938	\$ 11,975	\$ 17,797	\$ 14,801
Other parties	<u>252,269</u>	<u>274,274</u>	<u>666,570</u>	<u>740,576</u>
	<u>\$ 259,207</u>	<u>\$ 286,249</u>	<u>\$ 684,367</u>	<u>\$ 755,377</u>
<u>General and administrative expenses</u>				
Yulon Management Co., Ltd.	\$ 53,761	\$ 73,811	\$ 181,273	\$ 171,226
Investors that have significant influence	2,764	5,256	7,391	11,334
Other parties	<u>1,783</u>	<u>1,621</u>	<u>6,488</u>	<u>40,330</u>
	<u>\$ 58,308</u>	<u>\$ 80,688</u>	<u>\$ 195,152</u>	<u>\$ 222,890</u>

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Research and development expenses</u>				
Yulon	\$ 15,141	\$ 39,255	\$ 83,924	\$ 68,529
Nissan	1,830	2,910	7,444	6,092
Other parties	<u>1,130</u>	<u>163</u>	<u>6,887</u>	<u>11,738</u>
	<u>\$ 18,101</u>	<u>\$ 42,328</u>	<u>\$ 98,255</u>	<u>\$ 86,359</u>

Selling and marketing expenses are payments to other parties for advertisement and promotion.

General and administrative expenses are payments to Yulon Management Co., Ltd. for consulting, labor dispatch and IT services.

Research and development expenses are payments for sample products, trial fee and System.

2) Non-operating transactions

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Overseas business expenses</u>				
Yulon	\$ 1,439	\$ 957	\$ 4,328	\$ 4,601
Yulon Management Co., Ltd.	<u>-</u>	<u>24</u>	<u>-</u>	<u>24</u>
	<u>\$ 1,439</u>	<u>\$ 981</u>	<u>\$ 4,328</u>	<u>\$ 4,625</u>

3) Receivables from related parties

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Trade receivables</u>			
Taiwan Acceptance Corporation	\$ 535,025	\$ 255,017	\$ 160,343
Investors that have significant influence	51,810	8,356	9,799
Other related parties	<u>74,837</u>	<u>93,591</u>	<u>72,884</u>
	<u>\$ 661,672</u>	<u>\$ 356,964</u>	<u>\$ 243,026</u>
<u>Other receivables</u>			
Yulon	\$ 76,381	\$ 104,311	\$ 66,255
Other related parties	<u>15,618</u>	<u>6,274</u>	<u>12,274</u>
	<u>\$ 91,999</u>	<u>\$ 110,585</u>	<u>\$ 78,529</u>

Receivables from Yulon are mainly purchase discounts and commodity taxes paid by the Company on behalf of Yulon.

Trade receivables from related parties are unsecured. For the nine months ended September 30, 2023 and 2022, no impairment loss was recognized on trade receivables from related parties.

4) Refundable deposits

	September 30, 2023	December 31, 2022	September 30, 2022
Yulon	\$ 229,101	\$ 365,831	\$ 682,071
Other related parties	<u>-</u>	<u>132</u>	<u>-</u>
	<u>\$ 229,101</u>	<u>\$ 365,963</u>	<u>\$ 682,071</u>

Refundable deposits are mainly for materials the Company paid to Yulon.

5) Prepayments

	September 30, 2023	December 31, 2021	September 30, 2021
Yulon Management Co., Ltd.	\$ 43,650	\$ -	\$ 43,650

Prepayments to Yulon are for consulting, labor dispatch and IT services.

6) Contract liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Nissan	\$ 18,061	\$ 70,028	\$ 73,199

The Company designs and performs R&D of cars mainly for Nissan and Autech Japan, Inc. and sales goods for Yu Sing Motor Co., Ltd. according to the related contracts, receives payments before satisfying performance obligations.

7) Payables to related parties

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Trade payables</u>			
Yulon	\$ 668,560	\$ 273,646	\$ 331,884
Nissan	87,540	93,036	67,535
Dongfeng Nissan Passenger Vehicle Co.	69,398	69,398	-
Other related parties	<u>1,607</u>	<u>5,876</u>	<u>704</u>
	<u>\$ 827,105</u>	<u>\$ 441,956</u>	<u>\$ 400,123</u>
<u>Other payables</u>			
Yulon	\$ 24,700	\$ 32,558	\$ 65,629
Investors that have significant influence	3,600	-	3,600
Other related parties	<u>131,843</u>	<u>108,882</u>	<u>141,732</u>
	<u>\$ 160,143</u>	<u>\$ 141,440</u>	<u>\$ 210,961</u>



Trade payables to related parties are unsecured as of September 30, 2023, December 31, 2022 and September 30, 2022; the balance of payables for purchases of equipment from other payables was \$75 thousand, \$1,746 thousand and \$1,759 thousand, respectively.

8) Acquisition of property, plant and equipment

Related Party	Acquisition Price		Acquisition Price	
	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Yulon	\$ 959	\$ -	\$ 959	\$ -
Other parties	<u>-</u>	<u>2,736</u>	<u>90</u>	<u>2,736</u>
	<u>\$ 959</u>	<u>\$ 2,736</u>	<u>\$ 1,049</u>	<u>\$ 2,736</u>

9) Lease arrangements - the Group is lessee

Related Party	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
<u>Acquisitions of right-of-use assets</u>				
Yulon	\$ -	\$ -	\$ 1,563	\$ 22,851
Ka-Plus Automobile Leasing Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,670</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563</u>	<u>\$ 24,521</u>

The Company's rental expenses paid monthly are primarily comprised of activity centers, building property and cars for its executives for the nine months ended September 30, 2023 and 2022. The lease term of the contracts was 5 and 3 years, respectively; the rental expenses are paid monthly.

Line Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Yulon	\$ 614,091	\$ 647,337	\$ 658,889
	Other related parties	<u>3,636</u>	<u>8,827</u>	<u>10,614</u>
		<u>\$ 617,727</u>	<u>\$ 656,164</u>	<u>\$ 669,503</u>

If the lease term is not specified in the lease contract with Yulon, the lease term is to the date on which both parties agree to terminate.

Related Party Category/Name	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
<u>Interest expense</u>				
Yulon	\$ 1,419	\$ 1,522	\$ 4,332	\$ 4,591
Other parties	<u>11</u>	<u>27</u>	<u>45</u>	<u>92</u>
	<u>\$ 1,430</u>	<u>\$ 1,549</u>	<u>\$ 4,377</u>	<u>\$ 4,683</u>

Interest expense is for lease liabilities.

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Lease expense</u>				
Yulon	\$ 639	\$ 639	\$ 1,916	\$ 1,908
Other parties	<u>140</u>	<u>140</u>	<u>421</u>	<u>503</u>
	<u>\$ 779</u>	<u>\$ 779</u>	<u>\$ 2,337</u>	<u>\$ 2,411</u>

Lease expenses included expenses relating to short-term leases, low-value asset leases and variable lease payments that do not depend on an index or a rate. Future lease payables related to short-term leases are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Future lease payables	<u>\$ 2,995</u>	<u>\$ 3,279</u>	<u>\$ 819</u>

c. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 8,830	\$ 9,012	\$ 26,492	\$ 25,861
Post-employment benefits	<u>497</u>	<u>526</u>	<u>1,492</u>	<u>1,513</u>
	<u>\$ 9,327</u>	<u>\$ 9,538</u>	<u>\$ 27,984</u>	<u>\$ 27,374</u>

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

d. Other transactions with related parties

1) The Company sold trade receivables to Taiwan Acceptance Corporation

The Company sold to Taiwan Acceptance Corporation trade receivables which amounted to \$1,463,367 thousand and \$1,453,518 thousand for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023 and 2022, the Company had received proceeds of \$1,406,442 thousand and \$1,453,048 thousand, respectively. Based on the related contract, the amount of receivables sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance Corporation. The interest rate intervals of the Company's trade receivables sold to Taiwan Acceptance Corporation for the nine months ended September 30, 2023 and 2022 were 3.03%-3.12% and 2.31%-2.68%; and the interest expenses recognized were \$989 thousand and \$851 thousand, respectively.

As of September 30, 2023, the Company sold trade receivables to Taiwan Acceptance Corporation without recourse. The sale resulted in the derecognition of these trade receivables because the Company transferred the significant risks and rewards relating to the accounts to the buyer.

- 2) The Company signed a molds contract with Diamond Leasing Service Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of September 30, 2023, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$1,304,979 thousand (excluding business tax ; including the molds contract, which amounted to \$69,360 thousand with Chan Yun Technology Co., Ltd. which was undertaken by Diamond Leasing Service Co., Ltd.), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Diamond Leasing Service Co., Ltd., the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

- 3) The Company signed a molds contract with Shinshin Credit Corporation

The contract is valid from the date of signing of the contract to the production end date of the car model. As of September 30, 2023, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$488,226 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Shinshin Credit Corporation the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

- 4) The Company signed a molds contract with Sinjang Co., Ltd.

The contract is valid from the date of signing of the contract to the production end date of the car model. As of September 30, 2023, the contract amount of molds still under production, which was paid in installments based on the progress of the contract, was \$485,303 thousand (excluding business tax), and had been paid in full and recognized as property, plant and equipment. In addition, within the contract period, before the end of January every year, the Company should pay Sinjang Co., Ltd. the amount of \$2.6 for every ten thousand dollars of the accumulated amount paid for molds in the prior year.

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

The following assets were provided as the deposits for the maintenance of military vehicles:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged deposits (classified as financial assets at amortized cost)	<u>\$ 2,145</u>	<u>\$ 2,120</u>	<u>\$ 2,120</u>

### 31. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2023 were as follows:

- a. The Company re-signed a manufacturing contract with Yulon, effective on or after May 1, 2015, for 5 years. This contract, for which the first expiry date was on April 30, 2020, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company's sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer ("OEM") of automobile parts and after-sales service.

The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

- b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to September 30, 2023, no buy-back of vehicles has occurred.

- c. Unrecognized commitments

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 5,364</u>	<u>\$ 65,088</u>	<u>\$ 28,721</u>

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

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

(In Thousands of New Taiwan Dollars and Foreign Currency)

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 11,006	4.4150 (RMB:NTD)	\$ 48,591
USD	18,714	32.270 (USD:NTD)	603,901
RMB	1,591,889	0.1393 (RMB:USD)	7,155,877
JPY	79,864	0.2162 (JPY:NTD)	<u>17,267</u>
			<u>\$ 7,825,636</u>

Non-monetary items			
USD	352,551	32.270 (USD:NTD)	<u>\$ 11,376,827</u>

Financial liabilities

Monetary items			
JPY	48	0.2162 (JPY:NTD)	<u>\$ 10</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 7,816	4.4080 (RMB:NTD)	\$ 34,453
USD	15,490	30.710 (USD:NTD)	475,698
RMB	321,510	0.1436 (RMB:USD)	1,417,845
JPY	81,612	0.2324 (JPY:NTD)	<u>18,967</u>
			<u>\$ 1,946,963</u>

Non-monetary items			
USD	538,386	30.710 (USD:NTD)	<u>\$ 16,533,811</u>

Financial liabilities

Monetary items			
JPY	73	0.2324 (JPY:NTD)	<u>\$ 17</u>

September 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 39,000	4.4730 (RMB:NTD)	\$ 174,447
USD	22,792	31.750 (USD:NTD)	723,646
RMB	222,251	0.1408 (RMB:USD)	993,551
JPY	81,160	0.2201 (JPY:NTD)	<u>17,863</u>
			<u>\$ 1,909,507</u>
Non-monetary items			
USD	510,944	31.750 (USD:NTD)	<u>\$ 16,222,477</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	99	0.2201 (JPY:NTD)	<u>\$ 22</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>For the Three Months Ended September 30</b>				
<b>2023</b>		<b>2022</b>		
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange (Loss) Gain</b>
RMB	4.3670 (RMB:NTD)	\$ 47	4.4310 (RMB:NTD)	\$ 47,652
RMB	0.1394 (RMB:USD)	149,340	0.1464 (RMB:USD)	(207,478)
USD	31.684 (USD:NTD)	30,854	30.404 (USD:NTD)	46,040
JPY	0.2194 (JPY:NTD)	<u>332</u>	0.220 (JPY:NTD)	<u>1,484</u>
		<u>\$ 180,573</u>		<u>\$ (112,302)</u>
<b>For the Nine Months Ended September 30</b>				
<b>2023</b>		<b>2022</b>		
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange (Loss) Gain</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
RMB	4.3940 (RMB:NTD)	\$ (34)	4.4280 (RMB:NTD)	\$ 54,821
RMB	0.1427 (RMB:USD)	113,464	0.1516 (RMB:USD)	(285,098)
USD	30.928 (USD:NTD)	42,856	29.285 (USD:NTD)	89,636
JPY	0.2244 (JPY:NTD)	<u>(896)</u>	0.2293 (JPY:NTD)	<u>(539)</u>
		<u>\$ 155,390</u>		<u>\$ (141,180)</u>

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investment in the mainland China area: Table 6
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

### 34. SEGMENTS INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Vehicle segment: Vehicle sales.

Part segment: Parts sales.

Investment segment: Overseas business activities

Other segment: Other operating activities other than the above segments.

#### a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	<b>Revenue</b>		<b>Profit Before Tax</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Vehicle segment	\$ 16,738,701	\$ 14,058,892	\$ (192,097)	\$ (427,983)
Parts segment	2,633,724	2,632,786	506,780	515,808
Investment segment	-	-	638,686	2,515,800
Other segment	<u>301,377</u>	<u>341,289</u>	<u>(30,354)</u>	<u>23,412</u>
	<u>\$ 19,673,802</u>	<u>\$ 17,032,967</u>	923,015	2,627,037
Loss on disposal of property, plant and equipment, net			-	(2,751)
Gain (loss) on disposal of investment, net			23,350	(42,267)
Interest income			51,580	36,892
Gain on fair value changes of financial assets at fair value through profit or loss, net			8,526	11,228
Foreign exchange gain (loss), net			155,390	(141,180)
Interest expense			(5,687)	(7,416)
Central administration costs and directors' compensation			<u>(9,950)</u>	<u>(9,950)</u>
Profit before tax			<u>\$ 1,146,224</u>	<u>\$ 2,471,593</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the nine months ended September 30, 2023 and 2022.



Segment profit represents the profit earned by each segment, excluding the allocation of loss on disposal of property, plant and equipment, gain (loss) on disposal of investment interest, income, gain on fair value changes of financial assets at fair value through profit or loss, net, foreign exchange gain (loss), net, interest expense, central administration costs and directors' compensation, and income tax expense. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.

b. Segment total assets

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Vehicle segment	\$ 876,150	\$ 1,073,886	\$ 1,194,321
Parts segment	11,357	10,289	16,399
Investment segment	17,507,925	16,533,811	16,222,477
Other segment	<u>120,350</u>	<u>147,445</u>	<u>132,981</u>
	18,515,782	17,765,431	17,566,178
Unallocated assets	<u>5,434,848</u>	<u>6,745,435</u>	<u>6,860,710</u>
Consolidated total assets	<u>\$ 23,950,630</u>	<u>\$ 24,510,866</u>	<u>\$ 24,426,888</u>

**TABLE 1**

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)**

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2023				Note
				Stocks (Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value (Note)	
Yulon Nissan Motor Company, Ltd.	<u>Beneficiary certificates</u>							
	SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss	\$ 18,418	\$ 262,540	-	\$ 262,540	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	16,767	233,006	-	233,006	
	PineBridge Preferred Securities Income Fund	-	Financial assets at fair value through profit or loss	133	50,080	-	50,080	
	Nomura Global Equity Fund	-	Financial assets at fair value through profit or loss	800	20,144	-	20,144	
	Allianz Global Investors Taiwan Intelligence Trends Fund	-	Financial assets at fair value through profit or loss	186	18,306	-	18,306	
	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	1,520	14,832	-	14,832	
	TCB TAROBO Robotcs Quantitative Chinese Fund	-	Financial assets at fair value through profit or loss	275	4,643	-	4,643	
	FSITC Global Utilities and Infrastructure Fund	-	Financial assets at fair value through profit or loss	277	3,670	-	3,670	
	Fuh Hwa Heirloom No. 2 Balance Fund	-	Financial assets at fair value through profit or loss	66	3,422	-	3,422	

Note: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset’s net value as of September 30, 2023.

**TABLE 2**

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 2)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	\$ 16,323,230	99	4 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (668,560)	72	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	16,404,005	85	Same as above	-	-	535,025	78	-
	Yu Chang Motor Co., Ltd.	Same as above	Sale	338,742	2	14 days after sales for parts	-	-	12,659	2	-
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	333,002	2	Same as above	-	-	14,244	2	-
	Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Yulon	Sale	289,605	1	60 days for vehicles	-	-	-	-	-
	Yu Min Motor Co., Ltd.	Same as above	Sale	283,934	1	14 days after sales for parts	-	-	12,377	2	-
	Yu Sing Motor Co., Ltd.	Same as above	Sale	281,725	1	Same as above	-	-	4,203	1	-
	Hui-Lian Motor Co., Ltd.	Substantial related party of Yulon	Sale	266,814	1	Same as above	-	-	1,791	-	-
	Chen Long Co., Ltd.	Same as above	Sale	228,495	1	Same as above	-	-	2,245	-	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	207,285	1	14 days after sales for parts Immediate payment for vehicles	-	-	4,570	1	-
	Yu Tang Motor Co., Ltd.	Substantial related party of Yulon	Sale	193,991	1	Same as above	-	-	-	-	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are based on the carrying amount of the Company.

**TABLE 3**

**YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon	Trade receivables   \$ 535,025	55.37	\$       -	-	\$ 535,025	\$       -

Note:   Balances shown here are based on the carrying amount of the Company.

TABLE 4

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income of the Investee	Share of Profit	Note
				September 30, 2023	December 31, 2022	Stocks (Thousands)	%	Carrying Amount			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	\$ 1,847,983 (US\$ 57,371)	\$ 1,847,983 (US\$ 57,371)	84,987	100	\$ 18,717,228	\$ 764,626	\$ 764,626	Notes 1 and 2
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	British Virgin Islands	Investment	US\$ 57,171	US\$ 57,171	71,772	100	US\$ 579,846	US\$ 24,722	US\$ 24,722	Notes 1 and 2

Note 1: The carrying amount and related shares of profit of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 2: Eliminated.

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)**

Number (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)	% to Total Sales or Assets (Note 5)
0	Yulon Nissan Motor Company, Ltd.	Jetford Inc.	1	Trade receivables - related parties	\$ 4,556	-	-
				Reduction of general and administrative expenses	14,679	-	-

Note 1: Intercompany relationships are numbered as follows:

- a. The Company is numbered as 0.
- b. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

- a. The Company to subsidiaries is numbered as 1.
- b. Subsidiaries to the Company is numbered as 2.
- c. Subsidiaries to subsidiaries is numbered as 3.

Note 3: Eliminated.

Note 4: The prices and payment terms for related-party transactions were based on agreements.

Note 5: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

TABLE 6

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	\$ 4,529,078 (RMB 1,032,500)	Note 1	\$ 716,856 (US\$ 21,700)	\$ -	\$ -	\$ 716,856 (US\$ 21,700)	16.55	\$ (65,182) (US\$ (2,108))	\$ (10,788) (US\$ (349))	\$ 996,025 (US\$ 30,865)	\$ 5,239,393 (US\$ 170,481)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	9,486,201 (RMB 2,303,250)	Note 1	1,142,786 (US\$ 35,471)	-	-	1,142,786 (US\$ 35,471)	42.69	1,534,019 (US\$ 49,600)	654,873 (US\$ 21,174)	10,380,802 (US\$ 321,686)	44,586,069 (US\$ 1,462,903)

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$1,841,642 (US\$57,171)	\$3,279,922 (US\$103,622)	\$10,919,857

- Note 1: The Company indirectly owns these investees through Jetford Inc., an investment company registered in a third region.
- Note 2: The carrying amount and related investment income of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.
- Note 3: The upper limit was calculated in accordance with the “Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.

**TABLE 7****YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yulon Motor Co., Ltd.	143,500,000	47.83
Nissan Motor Corporation	120,000,000	40.00

Note: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the non-physical securities delivery (including treasury shares) is more than 5%. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical securities delivered may be different or different due to the basis of preparation and calculation.