

**MAKALOT INDUSTRIAL CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors
Makalot Industrial Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Makalot Industrial Co., Ltd. and its subsidiaries (the “Group”) as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$2,437,179 thousand and \$3,570,643 thousand, constituting 11.05% and 16.61% of the consolidated total assets; the total liabilities amounting to \$1,238,012 thousand and \$1,252,247 thousand, constituting 14.92% and 15.44% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the total comprehensive income (loss) amounting to \$53,459 thousand, \$70,042 thousand, \$100,391 thousand and \$132,078 thousand, constituting 5.86%, 7.95%, 5.47% and 6.92% of the consolidated total comprehensive income (loss), and the total net income amounting to \$43,353 thousand, \$37,066 thousand, \$94,544 thousand and \$54,043 thousand, constituting 5.25%, 4.94%, 5.31% and 3.29% of the consolidated total net income for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(e), investments accounted for using equity method of the Group amounting to \$322,608 thousand and \$270,239 thousand as of June 30, 2023 and 2022, respectively, and the share of profit (loss) of investments accounted for using equity method from these investee companies amounting to \$18,437 thousand, \$7,603 thousand, \$30,016 thousand and \$18,054 thousand for the three months and six months ended June 30, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six months then ended 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 Chi-Lung Yu and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
August 2, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2023, December 31, 2022, and June 30, 2022****(Expressed in thousands of New Taiwan Dollars)**

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (notes 6(a)(u))	\$ 2,146,007	9	2,760,418	11	2,004,501	9	2100	Short-term borrowings (notes 6(j)(u) and 8)	\$ 1,530,285	7	1,752,536	7	1,552,098	7
1110	Current financial assets at fair value through profit or loss (notes 6(b)(u))	164,594	1	156,532	1	157,413	1	2120	Current financial liabilities at fair value through profit or loss (notes 6(b)(u))	-	-	1,814	-	-	-
1170	Accounts receivable, net (notes 6(c)(r)(u))	1,998,266	9	1,198,597	5	851,271	4	2150	Notes payable (note 6(u))	-	-	-	-	2	-
1310	Inventories, manufacturing (note 6(d))	5,235,292	24	5,241,022	22	5,918,154	27	2170	Accounts payable (note 6(u))	1,883,502	9	1,740,683	7	1,922,654	9
1476	Other financial assets-current (notes 6(c)(u) and 7)	5,587,589	25	8,327,434	34	5,969,400	28	2180	Accounts payable to related parties (notes 6(u) and 7)	151,903	1	118,395	-	132,114	1
1479	Other current assets-others (note 6(i))	383,020	2	279,152	1	366,113	2	2200	Other payables (note 6(u))	2,895,954	13	2,963,076	12	2,474,103	11
		<u>15,514,768</u>	<u>70</u>	<u>17,963,155</u>	<u>74</u>	<u>15,266,852</u>	<u>71</u>	2230	Current tax liabilities	521,690	2	937,413	4	468,939	2
Non-current assets:								2251	Current provisions for employee benefits	57,645	-	61,429	-	52,910	-
1550	Investments accounted for using equity method (note 6(e))	322,608	2	288,798	1	270,239	1	2259	Other short-term provisions (note 6(l))	527,435	2	496,356	2	327,284	1
1600	Property, plant and equipment (notes 6(f) and 8)	5,281,255	24	5,227,399	21	5,074,761	24	2280	Current lease liabilities (notes 6(m)(u)(x))	117,701	1	129,591	1	129,073	1
1755	Right-of-use assets (notes 6(g)(x))	308,020	1	379,272	1	442,613	2	2322	Long-term borrowings, current portion (notes 6(k)(u))	91,848	1	181,177	1	175,383	1
1821	Other intangible assets, net (note 6(h))	25,613	-	28,622	-	32,208	-	2399	Other current liabilities-others	85,724	-	128,144	1	151,486	1
1840	Deferred tax assets	160,661	1	159,100	1	144,546	1			<u>7,863,687</u>	<u>36</u>	<u>8,510,614</u>	<u>35</u>	<u>7,386,046</u>	<u>34</u>
1900	Other non-current assets (notes 6(i)(u) and 8)	434,529	2	382,800	2	264,684	1	Non-Current liabilities:							
		<u>6,532,686</u>	<u>30</u>	<u>6,465,991</u>	<u>26</u>	<u>6,229,051</u>	<u>29</u>	2541	Long-term bank loans (notes 6(k)(u))	-	-	-	-	87,692	1
								2570	Deferred tax liabilities	68,232	-	68,600	-	20,465	-
								2580	Non-current lease liabilities (notes 6(m)(u)(x))	105,979	1	161,312	1	222,650	1
								2640	Net defined benefit liability—non-current	238,028	1	218,067	1	373,204	2
								2670	Other non-current liabilities-others	22,811	-	25,525	-	21,099	-
										<u>435,050</u>	<u>2</u>	<u>473,504</u>	<u>2</u>	<u>725,110</u>	<u>4</u>
									Total liabilities	<u>8,298,737</u>	<u>38</u>	<u>8,984,118</u>	<u>37</u>	<u>8,111,156</u>	<u>38</u>
								Equity (note 6(p))							
								3100	Ordinary shares	2,418,566	11	2,418,566	10	2,418,566	11
								3200	Capital surplus	6,214,704	28	6,214,704	25	6,214,704	29
								3300	Retained earnings	4,970,778	23	6,725,197	28	4,789,038	22
								3410	Exchange differences on translation of foreign financial statements	54,033	-	(1,204)	-	(117,570)	-
									Total equity attributable to owners of parent	<u>13,658,081</u>	<u>62</u>	<u>15,357,263</u>	<u>63</u>	<u>13,304,738</u>	<u>62</u>
								36XX	Non-controlling interests	90,636	-	87,765	-	80,009	-
									Total equity	<u>13,748,717</u>	<u>62</u>	<u>15,445,028</u>	<u>63</u>	<u>13,384,747</u>	<u>62</u>
Total assets		<u>\$ 22,047,454</u>	<u>100</u>	<u>24,429,146</u>	<u>100</u>	<u>21,495,903</u>	<u>100</u>	Total liabilities and equity		<u>\$ 22,047,454</u>	<u>100</u>	<u>24,429,146</u>	<u>100</u>	<u>21,495,903</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2023 and 2022****(Expressed in thousands of New Taiwan Dollars , except for earnings per share)**

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue, net (note 6(r))	\$ 7,224,107	100	7,341,020	100	15,058,368	100	15,312,548	100
5000	Operating costs (notes 6(d), (n), 7 and 12)	<u>5,446,937</u>	<u>75</u>	<u>5,502,555</u>	<u>75</u>	<u>11,304,585</u>	<u>75</u>	<u>11,396,535</u>	<u>74</u>
	Gross profit from operations	1,777,170	25	1,838,465	25	3,753,783	25	3,916,013	26
	Operating expenses (notes 6(m), (n), (s), 7 and 12):								
6100	Selling expenses	388,974	6	454,357	6	792,867	5	970,939	6
6200	Administrative expenses	385,461	5	423,997	6	741,374	5	867,939	6
6450	Impairment loss (reversal of impairment loss) in accordance with IFRS 9	<u>12,187</u>	<u>-</u>	<u>(8,025)</u>	<u>-</u>	<u>11,970</u>	<u>-</u>	<u>(4,453)</u>	<u>-</u>
	Total operating expenses	<u>786,622</u>	<u>11</u>	<u>870,329</u>	<u>12</u>	<u>1,546,211</u>	<u>10</u>	<u>1,834,425</u>	<u>12</u>
	Net operating income	<u>990,548</u>	<u>14</u>	<u>968,136</u>	<u>13</u>	<u>2,207,572</u>	<u>15</u>	<u>2,081,588</u>	<u>14</u>
	Non-operating income and expenses:								
7100	Interest income (note 6(t))	19,370	-	9,364	-	44,227	-	14,889	-
7010	Other income (note 6(t))	11,405	-	17,573	-	17,017	-	24,633	-
7020	Other gains and losses (notes 6(t)(u))	67,279	1	(19,968)	-	78,656	1	3,751	-
7050	Finance costs (notes 6(m)(t))	(58,662)	(1)	(35,560)	-	(123,527)	(1)	(64,502)	-
7060	Share of profit (loss) of associates accounted for using equity method	<u>18,437</u>	<u>-</u>	<u>7,603</u>	<u>-</u>	<u>30,016</u>	<u>-</u>	<u>18,054</u>	<u>-</u>
	Total non-operating income and expenses	<u>57,829</u>	<u>-</u>	<u>(20,988)</u>	<u>-</u>	<u>46,389</u>	<u>-</u>	<u>(3,175)</u>	<u>-</u>
7900	Profit before income tax	1,048,377	14	947,148	13	2,253,961	15	2,078,413	14
7950	Less: Income tax expenses (note 6(o))	<u>222,010</u>	<u>3</u>	<u>197,575</u>	<u>3</u>	<u>474,459</u>	<u>3</u>	<u>433,557</u>	<u>3</u>
	Profit	<u>826,367</u>	<u>11</u>	<u>749,573</u>	<u>10</u>	<u>1,779,502</u>	<u>12</u>	<u>1,644,856</u>	<u>11</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	85,273	1	131,478	2	54,590	-	262,796	1
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>85,273</u>	<u>1</u>	<u>131,478</u>	<u>2</u>	<u>54,590</u>	<u>-</u>	<u>262,796</u>	<u>1</u>
8300	Other comprehensive income	<u>85,273</u>	<u>1</u>	<u>131,478</u>	<u>2</u>	<u>54,590</u>	<u>-</u>	<u>262,796</u>	<u>1</u>
	Comprehensive income	<u>\$ 911,640</u>	<u>12</u>	<u>881,051</u>	<u>12</u>	<u>1,834,092</u>	<u>12</u>	<u>1,907,652</u>	<u>12</u>
	Profit attributable to:								
	Owners of parent	\$ 804,552	11	734,021	10	1,752,501	12	1,627,327	11
	Non-controlling interests	<u>21,815</u>	<u>-</u>	<u>15,552</u>	<u>-</u>	<u>27,001</u>	<u>-</u>	<u>17,529</u>	<u>-</u>
		<u>\$ 826,367</u>	<u>11</u>	<u>749,573</u>	<u>10</u>	<u>1,779,502</u>	<u>12</u>	<u>1,644,856</u>	<u>11</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 890,502	12	865,739	12	1,807,738	12	1,889,876	12
8720	Non-controlling interests	<u>21,138</u>	<u>-</u>	<u>15,312</u>	<u>-</u>	<u>26,354</u>	<u>-</u>	<u>17,776</u>	<u>-</u>
		<u>\$ 911,640</u>	<u>12</u>	<u>881,051</u>	<u>12</u>	<u>1,834,092</u>	<u>12</u>	<u>1,907,652</u>	<u>12</u>
	Earnings per share (note 6(q))								
9750	Basic earnings per share (in dollars)	<u>\$ 3.33</u>		<u>3.03</u>		<u>7.25</u>		<u>6.73</u>	
9850	Diluted earnings per share (in dollars)	<u>\$ 3.32</u>		<u>3.02</u>		<u>7.22</u>		<u>6.69</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Retained earnings					Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 2,418,566	6,214,704	2,221,327	278,231	2,959,791	5,459,349	(380,119)	13,712,500	82,942	13,795,442
Profit	-	-	-	-	1,627,327	1,627,327	-	1,627,327	17,529	1,644,856
Other comprehensive income	-	-	-	-	-	-	262,549	262,549	247	262,796
Total comprehensive income	-	-	-	-	1,627,327	1,627,327	262,549	1,889,876	17,776	1,907,652
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	267,735	-	(267,735)	-	-	-	-	-
Special reserve	-	-	-	101,888	(101,888)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,297,638)	(2,297,638)	-	(2,297,638)	-	(2,297,638)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(20,709)	(20,709)
Balance at June 30, 2022	\$ 2,418,566	6,214,704	2,489,062	380,119	1,919,857	4,789,038	(117,570)	13,304,738	80,009	13,384,747
Balance at January 1, 2023	\$ 2,418,566	6,214,704	2,489,062	380,119	3,856,016	6,725,197	(1,204)	15,357,263	87,765	15,445,028
Profit	-	-	-	-	1,752,501	1,752,501	-	1,752,501	27,001	1,779,502
Other comprehensive income	-	-	-	-	-	-	55,237	55,237	(647)	54,590
Total comprehensive income	-	-	-	-	1,752,501	1,752,501	55,237	1,807,738	26,354	1,834,092
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	356,350	-	(356,350)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,506,920)	(3,506,920)	-	(3,506,920)	-	(3,506,920)
Reversal of special reserve	-	-	-	(378,915)	378,915	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(23,483)	(23,483)
Balance at June 30, 2023	\$ 2,418,566	6,214,704	2,845,412	1,204	2,124,162	4,970,778	54,033	13,658,081	90,636	13,748,717

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 2,253,961	2,078,413
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	262,527	271,291
Amortization expense	5,840	5,805
Expected credit impairment loss (reversal of impairment loss)	11,970	(4,453)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(22,158)	11,658
Interest expense	123,527	64,502
Interest income	(44,227)	(14,889)
Share of gains of investments accounted for using equity method	(30,016)	(18,054)
Loss (gain) on disposal of property, plant and equipment	(984)	779
Gain on disposal of investments	(35,740)	-
Gain on lease modification	(26)	-
Others	(7,361)	-
Total adjustments to reconcile profit	263,352	316,639
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(811,639)	327,742
Inventories	5,730	(440,796)
Other financial assets	1,578,537	564,074
Other operating assets	(139,311)	(69,276)
Total changes in operating assets	633,317	381,744
Changes in operating liabilities:		
Notes payable	-	1
Accounts payable	142,819	(296,567)
Accounts payable—related parties	33,508	57,683
Other payables	(95,568)	249,292
Other current liabilities	(42,420)	23,214
Accrued pension liabilities	19,961	45,601
Other operating liabilities	27,051	(5,562)
Total changes in operating liabilities	85,351	73,662
Total changes in operating assets and liabilities	718,668	455,406
Total adjustments	982,020	772,045
Cash inflow generated from operations	3,235,981	2,850,458
Interest received	42,383	18,957
Interest paid	(118,344)	(56,598)
Income taxes paid	(892,661)	(719,366)
Net cash flows from operating activities	2,267,359	2,093,451
Cash flows used in investing activities:		
Decrease (increase) in financial assets designated at fair value through profit or loss	48,022	(3,064)
Increase in long-term prepayments	(5,516)	-
Net cash flows used in acquisition of subsidiaries (less cash acquired)	-	(14,259)
Acquisition of property, plant and equipment	(195,328)	(99,857)
Proceeds from disposal of property, plant and equipment	7,781	4,225
Increase in refundable deposits	(818)	(13,392)
Acquisition of intangible assets	(2,817)	(6,601)
Dividends received	1,266	-
Decrease in other financial assets	1,155,230	5,050
Net cash flows from (used in) investing activities	1,007,820	(127,898)
Cash flows used in financing activities:		
Decrease in short-term borrowings	(222,251)	(335,941)
Repayments of long-term borrowings	(82,010)	-
Payment of lease liabilities	(66,997)	(47,490)
Cash dividends paid	(3,506,920)	(2,297,638)
Changes in non-controlling interests	(12)	-
Cash dividends paid to non-controlling interests	(23,471)	(20,709)
Net cash flows used in financing activities	(3,901,661)	(2,701,778)
Effect of exchange rate changes on cash and cash equivalents	12,071	98,091
Net decrease in cash and cash equivalents	(614,411)	(638,134)
Cash and cash equivalents at beginning of period	2,760,418	2,642,635
Cash and cash equivalents at end of period	\$ 2,146,007	2,004,501

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Makalot Industrial Co., Ltd. (the Company) was incorporated on January 10, 1990 and registered with the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 8F, No.550, Sec. 4 Zhongxiao E. Rd., Taipei City. The Company and its subsidiaries (the Group) is primarily involved in the manufacturing and processing of garments.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were reported to the Board of Directors for issuance on August 2, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	The amendments require the company to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the company’s liabilities and cash flows and on the company’s exposure to liquidity risk.	January 1, 2024

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS12 "International Tax Reform – Pillar Two Model Rules"	- provide companies with a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax; and - require them to provide new disclosures.	May 23, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Ownership %			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	PT Crystal Garment (PT Crystal)	Manufacture of garments	99.776 %	99.776 %	99.776 %	Note 4
The Company	Global Trading Int'l Corp. (Global)	Investment holding	100.00 %	100.00 %	100.00 %	Note 1

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Subsidiary	Principal activity	Ownership %			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Leader Garments Corp. (Leader PH)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Diamond Apparel Mfg., Inc. (Diamond)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Primeline Fashion, Inc. (Primeline)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Fortune Star Investment Limited (Fortune Star)	Investment holding	100.00 %	100.00 %	100.00 %	
The Company	Triple Int'l Corp. (Triple)	Investment holding	100.00 %	100.00 %	100.00 %	
The Company	Ecolot Textile Co., Ltd. (Ecolot)	Trade services	61.65 %	61.65 %	61.65 %	
The Company	Great Time Global Co., Ltd. (Great Time)	Manufacture and sales of garments	100.00 %	100.00 %	100.00 %	
The Company	Glida Athletics Co., Ltd. (Glida)	Manufacture and sales of garments	100.00 %	100.00 %	100.00 %	
Global	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	95.00 %	95.00 %	95.00 %	Note 1
Global	Makalot Garments (Cambodia) Co., Ltd. (Makalot Cambodia)	Manufacture of garments	100.00 %	100.00 %	100.00 %	Note 2
Global	Makalot Garments (Vietnam) Co., Ltd. (Makalot Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	Note 2
Global	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	5.00 %	5.00 %	5.00 %	
Global	Makalot Bangladesh Ltd.	Manufacture of garments	95.00 %	95.00 %	- %	Note 3
Fortune Star	Wintop Industrial Limited (Wintop)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	Crown Era Industrial Limited (Crown Era)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	Crownway International Development Limited (Crownway)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	95.00 %	95.00 %	95.00 %	
Fortune Star	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	5.00 %	5.00 %	5.00 %	Note 1
Triple	Moha Garments Co., Ltd. (Moha)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Triple	Triple Garment (Vietnam) Co., Limited (Triple Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Triple	Top Trend Global Inc. (Top Trend)	Investment holding	100.00 %	100.00 %	100.00 %	
Triple	Makalot Bangladesh Ltd.	Manufacture of garments	5.00 %	5.00 %	- %	Note 3
Top Trend	Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Crownway	Jiaxing Ruiyang Garment Co., Limited (CJR)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Crownway	Jiaxing Rising Garment Co., Limited (CJY)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Wintop	Shanghai Makalot Garment Co., Limited (CMK)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Crown Era	Jiaxing Suntex Garment Co., Limited (CMZ)	Manufacture of garments	100.00 %	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal activity	Ownership %			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Ecolot	Top Shiny Industrial Limited (Top Shiny)	Investment holding	100.00 %	100.00 %	100.00 %	
Top Shiny	Eco-Lot Textile Co., Ltd. (CBS)	Trade services	100.00 %	100.00 %	100.00 %	

Note 1: The financial statements for the six months ended June 30, 2023 and 2022 have been reviewed.

Note 2: The financial statements for the six months ended June 30, 2023 have been reviewed.

Note 3: For the demand of medium and long-term growth in production capacity, the Group invested and established a Bangladesh subsidiary in December 2022.

Note 4: PT Crystal is in the process of liquidation.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period is calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year. Any material volatility of the market after the report date, material reimbursement and settlement or other material one-time events should be adjusted.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash	\$ 6,616	5,186	5,359
Checking accounts and demand deposits	1,062,013	962,957	1,689,746
Time deposits	1,077,378	1,792,275	309,396
	<u><u>\$ 2,146,007</u></u>	<u><u>2,760,418</u></u>	<u><u>2,004,501</u></u>

Please refer to note 6(u) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at fair value through profit or loss :			
Non-derivative financial assets			
Stocks listed on domestic markets	\$ 111,653	121,527	119,778
Fund	52,941	35,005	37,635
	<u><u>\$ 164,594</u></u>	<u><u>156,532</u></u>	<u><u>157,413</u></u>

Held-for-trading financial liabilities

Derivative instruments not used for hedging

Foreign exchange swap	\$ -	1,814	-
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The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial assets and liabilities:

	December 31, 2022		
	Amount (in thousands)	Currency	Maturity dates
Foreign exchange swap	USD 59,500	USD to TWD	2023.1.3

There was no such transaction as of June 30, 2023 and 2022.

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(c) Accounts receivable and financial assets — current

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable — measured as amortized cost	\$ 2,022,129	1,212,929	860,636
Other financial assets — current	5,587,589	8,327,434	5,969,400
Less: loss allowance	<u>(23,863)</u>	<u>(14,332)</u>	<u>(9,365)</u>
	<u>\$ 7,585,855</u>	<u>9,526,031</u>	<u>6,820,671</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, other financial asset — current comprised time deposits with maturity of more than three months, amounting to \$2,261,532 thousand, \$3,420,190 thousand and \$2,807,397 thousand, respectively.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision was determined as follows:

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,015,524	1%~1.2%	23,784
1 to 30 days past due	1,812	1%~1.2%	22
More than 31 days past due	<u>4,793</u>	1%~1.2%	<u>57</u>
	<u>\$ 2,022,129</u>		<u>23,863</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,198,044	1%~1.2%	14,165
1 to 30 days past due	9,192	1%~1.2%	110
More than 31 days past due	<u>5,693</u>	1%~1.2%	<u>57</u>
	<u>\$ 1,212,929</u>		<u>14,332</u>

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	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 854,198	1%~1.2%	9,297
1 to 30 days past due	1,230	1%~1.2%	14
More than 31 days past due	5,208	1%~1.2%	54
	<u>\$ 860,636</u>		<u>9,365</u>

The movement in the allowance for accounts receivable was as follows:

	For the six months ended, June 30	
	2023	2022
Balance on January 1	\$ 14,332	13,818
Impairment losses recognized (reversed)	11,970	(4,453)
Amounts written off	(2,439)	-
Balance on June 30	<u>\$ 23,863</u>	<u>9,365</u>

None of the accounts receivable held by the Group were pledged or collateralized as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were \$426,670 thousand, \$540,368 thousand and \$211,251 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

The Group has signed accounts receivable factoring contracts with financial institution. The terms of the contracts do not meet the criteria of derecognition of financial assets. Factored accounts receivable which were not derecognized as of the report date were as follows:

June 30, 2023					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
HSBC Bank	<u>24,266</u>	USD - thousand	<u>\$ -</u>	5.03%~5.58%	Promissory note USD78,000 thousand (Note 1)
December 31, 2022					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
HSBC Bank	<u>69,487</u>	USD 3,000 thousand	<u>\$ -</u>	0.51%~5.03%	Promissory note USD238,200 thousand (Note 1)
June 30, 2022					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
HSBC Bank	<u>10,530</u>	USD 3,000 thousand	<u>\$ -</u>	0.51%~2.00%	Promissory note USD223,200 thousand (Note 1)

Note 1: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivative, and accounts receivable factored.

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The Group entered into separate factoring agreements with different financial institutions to sell its accounts receivable. Under the agreement the Group does not have the responsibility to assume the default risk of the transferred accounts receivable within the factoring credit limit. The factored accounts receivable conform to the derecognition criteria when the ownership and the significant risks of the factored accounts receivable are transferred to the financial institutions. As of June 30, 2023, December 31, 2022 and June 30, 2022 the factored accounts receivable were \$3,036,805 thousand, \$4,478,098 thousand and \$2,766,970 thousand, respectively, and they were included in “other financial assets — current” in the accompanying balance sheets.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the relevant information on derecognized accounts receivable factored was as follows:

June 30, 2023							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
HSBC Bank	USD - thousand	USD - thousand	\$ 1,438,640	-	(Note 2)	(Note 1)	Promissory note USD78,000 thousand (Note 3)
CTBC Bank	USD 147,900 thousand	USD 127,770 thousand	2,781,813	1,293,551	"	"	Promissory note USD7,000 thousand (Note 3)
Bank Mizuho	USD 7,000 thousand	USD 6,300 thousand	60,353	-	"	"	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	49,550	-	"	"	None
Total			<u>\$ 4,330,356</u>	<u>1,293,551</u>			
December 31, 2022							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 175,000 thousand	USD 157,500 thousand	\$ 1,698,165	7,480	(Note 2)	(Note 1)	Promissory note USD238,200 thousand (Note 3)
CTBC Bank	USD 159,500 thousand	USD 136,670 thousand	2,674,453	52,069	"	"	Promissory note USD7,000 thousand (Note 3)
Bank Mizuho	USD 7,000 thousand	USD 6,300 thousand	38,552	-	"	"	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	118,310	-	"	"	None
Bank SinoPac	USD 3,000 thousand	USD - thousand	6,964	-	"	"	None
Cathay United Bank	USD 2,000 thousand	USD 1,800 thousand	1,203	-	"	"	Promissory note USD1,800 thousand
Total			<u>\$ 4,537,647</u>	<u>59,549</u>			

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June 30, 2022							
Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 175,000 thousand	USD 157,500 thousand	\$ 1,290,197	939,317	(Note 2)	(Note 1)	Promissory note USD223,200 thousand (Note 3)
CTBC Bank	USD 290,700 thousand	USD 254,480 thousand	4,433,485	2,192,639	"	"	Promissory note USD7,000 thousand
Bank Mizuho	USD 7,000 thousand	USD 6,300 thousand	80,658	-	"	"	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	58,067	-	"	"	None
Bank SinoPac	USD 3,000 thousand	USD - thousand	11,930	-	"	"	None
Cathay United Bank	USD 2,000 thousand	USD 1,800 thousand	24,589	-	"	"	Promissory note USD18,000 thousand
Total			<u>\$ 5,898,926</u>	<u>3,131,956</u>			

Note 1: According to the accounts receivable purchase agreements or the approval letters issued by the factoring financial institutions, the accounts receivable were factored without recourse. The funds are transferred to the appointed reserve accounts or directly to the factoring financial institutions.

Note 2: For the three months and six months ended June 30, 2023 and 2022, the average interest rates on factored accounts receivable were 5.40%~6.01%, 0.72%~2.46%, 4.78%~6.01% and 0.47%~2.46%, respectively.

Note 3: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivatives, and accounts receivable factored.

(d) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 4,359,122	4,309,377	4,837,228
Work in progress	248,027	336,137	285,926
Finished goods (including merchandise)	628,143	595,508	795,000
	<u>\$ 5,235,292</u>	<u>5,241,022</u>	<u>5,918,154</u>

During the three months and six months ended June 30, 2023, the reversal of write-downs amounted to 939 thousand and 3,237 thousand, respectively. During the three months and six months ended June 30, 2022, the write-downs of inventories amounted to \$17,687 thousand and \$11,107 thousand, respectively. The write-downs and reversals are included in cost of sales.

None of the inventories held by the Group were pledged as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	<u>\$ 322,608</u>	<u>288,798</u>	<u>270,239</u>

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The Group's investments in the associate companies were not listed and none of the investment accounted for using equity method held by the Group was pledged as collateral.

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group were as follows:

		Land	Buildings	Machinery	Office and other equipment	construction in progress	Total
Cost :							
Balance at January 1, 2023	\$	2,876,013	2,094,837	2,278,065	1,692,743	120,099	9,061,757
Additions		202	56,154	58,611	54,407	54,357	223,731
Disposals		-	-	(29,061)	(11,013)	-	(40,074)
Reclassification		641	7,334	(1)	1,259	(9,233)	-
Exchange difference on translation		4,711	16,098	28,070	18,024	3,083	69,986
Balance at June 30, 2023	\$	<u>2,881,567</u>	<u>2,174,423</u>	<u>2,335,684</u>	<u>1,755,420</u>	<u>168,306</u>	<u>9,315,400</u>
Balance at January 1, 2022	\$	2,732,075	1,887,031	2,082,932	1,416,407	118,943	8,237,388
Additions		-	12,354	63,896	28,607	2,418	107,275
Disposals		-	-	(46,512)	(11,222)	-	(57,734)
Reclassification		102,529	6,502	(90,149)	182,692	(109,405)	92,169
Exchange difference on translation		19,903	94,578	138,092	103,199	2,740	358,512
Balance at June 30, 2022	\$	<u>2,854,507</u>	<u>2,000,465</u>	<u>2,148,259</u>	<u>1,719,683</u>	<u>14,696</u>	<u>8,737,610</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$	-	727,892	1,697,198	1,409,268	-	3,834,358
Depreciation		-	52,119	85,617	56,183	-	193,919
Disposals		-	-	(22,822)	(10,455)	-	(33,277)
Reclassification		-	-	302	(302)	-	-
Exchange difference on translation		-	2,564	22,328	14,253	-	39,145
Balance at June 30, 2023	\$	<u>-</u>	<u>782,575</u>	<u>1,782,623</u>	<u>1,468,947</u>	<u>-</u>	<u>4,034,145</u>
Balance at January 1, 2022	\$	-	586,074	1,527,927	1,101,224	-	3,215,225
Depreciation		-	48,780	83,172	71,703	-	203,655
Disposals		-	-	(43,130)	(9,600)	-	(52,730)
Reclassification		-	22	(77,629)	164,849	-	87,242
Exchange difference on translation		-	23,750	103,065	82,642	-	209,457
Balance at June 30, 2022	\$	<u>-</u>	<u>658,626</u>	<u>1,593,405</u>	<u>1,410,818</u>	<u>-</u>	<u>3,662,849</u>
Carrying amounts:							
Balance at January 1, 2023	\$	<u>2,876,013</u>	<u>1,366,945</u>	<u>580,867</u>	<u>283,475</u>	<u>120,099</u>	<u>5,227,399</u>
Balance at June 30, 2023	\$	<u>2,881,567</u>	<u>1,391,848</u>	<u>553,061</u>	<u>286,473</u>	<u>168,306</u>	<u>5,281,255</u>
Balance at January 1, 2022	\$	<u>2,732,075</u>	<u>1,300,957</u>	<u>555,005</u>	<u>315,183</u>	<u>118,943</u>	<u>5,022,163</u>
Balance at June 30, 2022	\$	<u>2,854,507</u>	<u>1,341,839</u>	<u>554,854</u>	<u>308,865</u>	<u>14,696</u>	<u>5,074,761</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to Note 8 for assets pledged as collateral for loans as of June 30, 2023, December 31, 2022 and June 30, 2022.

(g) Right-of-use assets

The cost and depreciation of leased land and buildings of the Group were as follow:

	<u>Land</u>	<u>Buildings</u>	<u>Other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 262,886	359,835	4,713	627,434
Additions	-	2,351	-	2,351
Reductions	(19,282)	-	-	(19,282)
Exchange difference on translation	(5,345)	4,381	-	(964)
Balance at June 30, 2023	<u>\$ 238,259</u>	<u>366,567</u>	<u>4,713</u>	<u>609,539</u>
Balance at January 1, 2022	\$ 238,544	282,078	4,713	525,335
Additions	1,526	92,893	-	94,419
Reductions	(1,596)	(37,057)	-	(38,653)
Exchange difference on translation	16,714	23,363	-	40,077
Balance at June 30, 2022	<u>\$ 255,188</u>	<u>361,277</u>	<u>4,713</u>	<u>621,178</u>
Depreciation:				
Balance at January 1, 2023	\$ 70,007	175,275	2,880	248,162
Depreciation	15,922	51,900	786	68,608
Reductions	(19,308)	-	-	(19,308)
Exchange difference on translation	826	3,231	-	4,057
Balance at June 30, 2023	<u>\$ 67,447</u>	<u>230,406</u>	<u>3,666</u>	<u>301,519</u>
Balance at January 1, 2022	\$ 34,273	101,640	1,309	137,222
Depreciation	15,667	51,183	786	67,636
Reductions	(1,596)	(37,057)	-	(38,653)
Exchange difference on translation	3,121	9,239	-	12,360
Balance at June 30, 2022	<u>\$ 51,465</u>	<u>125,005</u>	<u>2,095</u>	<u>178,565</u>
Carrying amounts:				
Balance at January 1, 2023	<u>\$ 192,879</u>	<u>184,560</u>	<u>1,833</u>	<u>379,272</u>
Balance at June 30, 2023	<u>\$ 170,812</u>	<u>136,161</u>	<u>1,047</u>	<u>308,020</u>
Balance at January 1, 2022	<u>\$ 204,271</u>	<u>180,438</u>	<u>3,404</u>	<u>388,113</u>
Balance at June 30, 2022	<u>\$ 203,723</u>	<u>236,272</u>	<u>2,618</u>	<u>442,613</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Intangible assets

The movements of cost, amortization, and impairment losses of intangible assets were as follows:

	<u>Intangible assets</u>
Carrying amounts:	
Balance at January 1, 2023	\$ <u><u>28,622</u></u>
Balance at June 30, 2023	\$ <u><u>25,613</u></u>
Balance at January 1, 2022	\$ <u><u>33,963</u></u>
Balance at June 30, 2022	\$ <u><u>32,208</u></u>

There were no significant additions, disposals, and reversal of impairment losses of intangible assets for the six months ended June 30, 2023 and 2022. Information on amortization for the period is discussed in Note 12. Please refer to Note 6(i) of the 2022 annual consolidated financial statements for other related information.

(i) Other current and other non-current assets

The details of other current and other non-current assets were as follows:

	<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Prepayments for land and equipment	\$ 55,984	50,468	32,567
Prepaid and overpaid sales tax	219,606	182,307	187,137
Refundable deposits	102,785	101,967	98,604
Other financial assets — non-current (restricted time deposits)	146,520	143,092	134,245
Prepayment for purchase	49,110	61,538	55,103
Long-term prepayment for rental	46,703	-	-
Sale tax refund receivable — non-current	82,593	87,328	-
Other	114,248	35,252	123,141
	<u><u>\$ 817,549</u></u>	<u><u>661,952</u></u>	<u><u>630,797</u></u>

Non-current financial assets derived from the earnings distributed by the investee companies, Loyal and Global, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The funds should be deposited in the segregated foreign exchange deposit account for five years. After the expiry of the said period, the funds could be withdrawn over a period of three years according to the aforementioned regulations. The funds shall not be used for purposes other than those specified in the aforementioned regulations, nor pledged, nor provided as security, nor by any other use which reduce their value.

Please refer to Note 8 for pledged as refundable deposits.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Short-term borrowings

The details of short-term borrowings were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	<u>\$ 1,530,285</u>	<u>1,752,536</u>	<u>1,552,098</u>
Unused facilities	<u>\$ 11,332,905</u>	<u>10,386,144</u>	<u>8,173,283</u>
Range of interest rates	<u>4.70%~6.18%</u>	<u>0.46%~5.23%</u>	<u>0.46%~2.78%</u>

Please refer to Note 8 for assets pledged as collateral for loans.

(k) Long-term bank loans

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ 91,848	181,177	263,075
Less: Current portion	<u>91,848</u>	<u>181,177</u>	<u>175,383</u>
Total	<u>\$ -</u>	<u>-</u>	<u>87,692</u>
Unused credit facilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate	<u>3.901%~6.279%</u>	<u>0.581%~5.148%</u>	<u>0.581%~2.378%</u>

For the six months ended June 30, 2023 and 2022, the Group's repayments of long-term bank loans amounted to US\$2,950 thousand and US\$0 thousand, respectively.

(l) Provisions

Carrying amounts:

Balance at January 1, 2023	<u>\$ 496,356</u>
Balance at June 30, 2023	<u>\$ 527,435</u>
Balance at January 1, 2022	<u>\$ 343,610</u>
Balance at June 30, 2022	<u>\$ 327,284</u>

There was no significant movement for the six months ended June 30, 2023 and 2022. Please refer to Note 6(m) of the 2022 annual consolidated financial statements for other related information.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease liabilities

The Group's lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>117,701</u>	<u>129,591</u>	<u>129,073</u>
Non-current	\$ <u>105,979</u>	<u>161,312</u>	<u>222,650</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows :

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>2,478</u>	<u>3,480</u>	<u>5,140</u>	<u>6,956</u>
Expenses relating to short-term leases	\$ <u>4,154</u>	<u>6,867</u>	<u>8,929</u>	<u>12,470</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>947</u>	<u>649</u>	<u>1,986</u>	<u>1,634</u>

The amounts recognized in the statement of cash flows in financing activities for the Group was as follows:

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	\$ <u>66,997</u>	<u>47,490</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases land and buildings for its office, factory facilities and warehouses. The leases of land typically run for 3 to 50 years, and of buildings for 2 to 8 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases of office buildings contain extension options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The Group's pension costs under the defined pension plans amounted to \$13,225 thousand, \$18,532 thousand, \$26,144 thousand and \$36,445 thousand for the three months and six months ended June 30, 2023 and 2022, respectively.

(ii) Defined contribution plans

The Group's pension costs under the defined contribution pension plans amounted to \$16,020 thousand, \$12,941 thousand, \$32,459 thousand and \$25,736 thousand for three months and six months ended June 30, 2023 and 2022, respectively.

(o) Income tax

(i) The components of income tax for the three months and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current income tax expense	\$ 225,040	204,475	476,388	443,334
Deferred income tax expense (benefit)	(3,030)	(6,900)	(1,929)	(9,777)
Total income tax expense	<u>\$ 222,010</u>	<u>197,575</u>	<u>474,459</u>	<u>433,557</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Assessment of income tax

The Company's income tax returns of the year through 2021 were assessed by the Taipei National tax Administration except for the year 2020.

(iii) The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the six-month ended June 30, 2023 were authorized for issue, there is no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. On June 30, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

(p) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2022.

(i) Ordinary shares

As of June 30, 2023, December 31, 2022 and June 30, 2022, the authorized capital of the Company all amounted to \$3,000,000 thousand, consisting of 300,000 thousand shares, with par value of \$10 per share, and the issued capital all consisted of 241,857 thousand shares. All proceeds from the shares issued have been collected.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The components of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Surplus arising from bond conversion option	\$ 1,618,137	1,618,137	1,618,137
Paid-in capital in excess of par value	4,505,919	4,505,919	4,505,919
Capital surplus – premium from combination	593	593	593
Capital surplus – interest payable reimbursement	17,181	17,181	17,181
Expired stock options	43,950	43,950	43,950
Gain or loss on disposal of subsidiaries	4,914	4,914	4,914
Adjustments to share of changes in equity of subsidiaries	24,010	24,010	24,010
	\$ 6,214,704	6,214,704	6,214,704

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. Unless and until the accumulated legal reserve equals the Company's total capital, the Company may set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act. The board of directors considers the Company's budget for funding needs, financial structure, current-period earnings, and steady profit distribution when proposing the distribution of earnings. For the issuance of new shares, the proposal should be resolved during the shareholders' meeting. In accordance with the Article 240, paragraph 5 of the Company Act, the Company authorizes the Board of Directors, with the presence of more than two-thirds of the directors and the approval of a majority of the directors, to distribute all or part of the dividends and bonuses payable by way of cash, and to report to the shareholders' meeting.

The Company is now in the growth stage, and profits may be distributed by cash dividends or stock dividends. The type of dividend distribution will be based on the future capital needs and the capital dilution. Cash dividends shall not be lower than 10% of the total distribution.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 14, 2023 and March 22, 2022, the Company's Board of Directors resolved to distribute the 2022 and 2021 earnings. The relevant dividend distributions to the shareholders were as follows:

	2022		2021	
	Amount per share (in dollars)	Total amount	Amount per share (in dollars)	Total amount
Cash	\$ 14.50	<u><u>3,506,920</u></u>	9.50	<u><u>2,297,638</u></u>

(q) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u><u>804,552</u></u>	<u><u>734,021</u></u>	<u><u>1,752,501</u></u>	<u><u>1,627,237</u></u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u><u>241,857</u></u>	<u><u>241,857</u></u>	<u><u>241,857</u></u>	<u><u>241,857</u></u>
Basic earnings per share (in dollars)	\$ <u><u>3.33</u></u>	<u><u>3.03</u></u>	<u><u>7.25</u></u>	<u><u>6.73</u></u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (basic)	\$ <u><u>804,552</u></u>	<u><u>734,021</u></u>	<u><u>1,752,501</u></u>	<u><u>1,627,237</u></u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u><u>804,552</u></u>	<u><u>734,021</u></u>	<u><u>1,752,501</u></u>	<u><u>1,627,237</u></u>
Weighted-average number of outstanding ordinary shares (basic) (in thousands)	241,857	241,857	241,857	241,857
Effect of employee stock dividends (in thousands)	<u>421</u>	<u>835</u>	<u>879</u>	<u>1,268</u>
Weighted-average number of outstanding ordinary shares (diluted) (in thousands)	<u><u>242,278</u></u>	<u><u>242,692</u></u>	<u><u>242,736</u></u>	<u><u>243,125</u></u>
Diluted earnings per share (in dollars)	\$ <u><u>3.32</u></u>	<u><u>3.02</u></u>	<u><u>7.22</u></u>	<u><u>6.69</u></u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with the customers

(i) Disaggregation of revenue

For the three months ended June 30, 2023			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 4,757,843	-	4,757,843
Others	2,259,198	207,066	2,466,264
	<u>\$ 7,017,041</u>	<u>207,066</u>	<u>7,224,107</u>

For the three months ended June 30, 2022			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 5,155,093	-	5,155,093
Others	1,868,456	317,471	2,185,927
	<u>\$ 7,023,549</u>	<u>317,471</u>	<u>7,341,020</u>

For the six months ended June 30, 2023			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 9,860,982	-	9,860,982
Others	4,836,513	360,873	5,197,386
	<u>\$ 14,697,495</u>	<u>360,873</u>	<u>15,058,368</u>

For the six months ended June 30, 2022			
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	\$ 11,415,783	-	11,415,783
Others	3,452,888	443,877	3,896,765
	<u>\$ 14,868,671</u>	<u>443,877</u>	<u>15,312,548</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	\$ 2,022,129	1,212,929	860,636
Less: allowance for impairment	(23,863)	(14,332)	(9,365)
	<u>\$ 1,998,266</u>	<u>1,198,597</u>	<u>851,271</u>

For details on accounts receivable and allowance for impairment, please refer to Note 6(c).

(iii) Transaction price allocated to the remaining performance obligations

The contract has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(s) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute at least 1% and not more than 8% of the profit as employee remuneration and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months and six months ended June 30, 2023 and 2022, the Company estimated its employee remuneration amounting to \$58,419 thousand, \$52,955 thousand, \$127,162 thousand and \$117,764 thousand respectively. For the three months and six months ended June 30, 2023 and 2022, the directors' remuneration amounted to \$25,068 thousand, \$22,723 thousand, \$54,566 thousand and \$50,533, thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding remuneration to employee and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. The remunerations were expensed under operating expenses for each period. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in next year.

The amounts of employees' remuneration, as estimated in consolidated financial statements, were identical to those amount approved for 2022 and 2021.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The differences between actual approved amount directors' remuneration and those estimated in the financial statements in 2022 and 2021 were as follows:

	2022			2021		
	Actual approved amount	Estimated amount in financial statement	Difference	Actual approved amount	Estimated amount in financial statement	Difference
Directors' remuneration	<u>\$ 83,450</u>	<u>108,852</u>	<u>(25,402)</u>	<u>63,950</u>	<u>83,008</u>	<u>(19,058)</u>

The information of employees' and directors' remuneration approved by the Board of Directors is available on the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest income				
from bank				
deposits	<u>\$ 19,370</u>	<u>9,364</u>	<u>44,227</u>	<u>14,889</u>

(ii) Other income

The Group's other income was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Rental income	\$ 307	3,785	1,733	7,863
Dividend income	5,941	-	6,180	294
Others	<u>5,157</u>	<u>13,788</u>	<u>9,104</u>	<u>16,476</u>
	<u>\$ 11,405</u>	<u>17,573</u>	<u>17,017</u>	<u>24,633</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Foreign exchange gain (loss) \$	37,972	54,207	13,035	71,373
Gain (loss) on disposals of investments	22,846	(1,686)	35,740	2,065
Net gains (loss) on financial assets at fair value through profit or loss	1,480	(12,451)	20,344	(11,216)
Net valuation gains (loss) on derivative financial assets at fair value through profit or loss	2,669	201	1,814	(442)
Net gains on derivative financial assets at fair value through profit or loss-realized	2,635	3,549	7,812	6,315
Gain (loss) on disposals of property, plant and equipment	412	(1,205)	984	(779)
Others	(735)	(62,583)	(1,073)	(63,565)
	<u>\$ 67,279</u>	<u>(19,968)</u>	<u>78,656</u>	<u>3,751</u>

(iv) Finance costs

The Group's of finance expenses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest expense — bank borrowings	\$ (43,064)	(15,105)	(90,972)	(23,311)
Expenses from accounts receivable factoring	(13,120)	(16,975)	(27,415)	(34,235)
Interest expense — lease	(2,478)	(3,480)	(5,140)	(6,956)
	<u>\$ (58,662)</u>	<u>(35,560)</u>	<u>(123,527)</u>	<u>(64,502)</u>

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial Instruments

Except for the following disclosures, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
June 30, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,530,285	(1,533,084)	(1,533,084)	-	-	-	-
Accounts payable and other payables	4,931,359	(4,931,359)	(4,931,359)	-	-	-	-
Lease liabilities	223,680	(254,740)	(68,152)	(56,595)	(58,876)	(31,970)	(39,147)
Long-term bank loans (including current portion)	91,848	(92,847)	(92,847)	-	-	-	-
	<u>\$ 6,777,172</u>	<u>(6,812,030)</u>	<u>(6,625,442)</u>	<u>(56,595)</u>	<u>(58,876)</u>	<u>(31,970)</u>	<u>(39,147)</u>
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,752,536	(1,760,991)	(1,760,991)	-	-	-	-
Accounts payable and other payables	4,822,154	(4,822,154)	(4,822,154)	-	-	-	-
Lease liabilities	290,903	(326,785)	(72,783)	(66,031)	(93,884)	(53,268)	(40,819)
Long-term bank loans (including current portion)	181,177	(186,037)	(94,194)	(91,843)	-	-	-
Derivatives financial liabilities							
Foreign exchange swap:							
Outflow	1,814	(1,814)	(1,814)	-	-	-	-
	<u>\$ 7,048,584</u>	<u>(7,097,781)</u>	<u>(6,751,936)</u>	<u>(157,874)</u>	<u>(93,884)</u>	<u>(53,268)</u>	<u>(40,819)</u>
June 30, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,552,098	(1,556,887)	(1,556,887)	-	-	-	-
Accounts payable and other payables	4,528,873	(4,528,873)	(4,528,873)	-	-	-	-
Lease liabilities	351,723	(392,839)	(71,219)	(69,112)	(123,715)	(87,298)	(41,495)
Long-term bank loans (including current portion)	263,075	(267,304)	(90,179)	(89,064)	(88,061)	-	-
	<u>\$ 6,695,769</u>	<u>(6,745,903)</u>	<u>(6,247,158)</u>	<u>(158,176)</u>	<u>(211,776)</u>	<u>(87,298)</u>	<u>(41,495)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Market risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
<u>Monetary items</u>									
USD	\$ 176,054	31.135	5,481,447	199,061	30.708	6,112,756	162,078	29.726	4,817,927
CNY	1,621	4.2945	6,961	8,420	4.4121	37,150	43,614	4.4433	193,790
IDR	96,214,032	0.002076	199,708	61,494,430	0.001969	121,112	78,631,862	0.001997	157,028
VND	167,074,846	0.001330	222,160	93,135,121	0.001312	122,170	80,343,736	0.001285	103,242
BDT	348,668	0.290981	101,456	505,000	0.302542	152,784	-	-	-
<u>Non-monetary items</u>									
USD	10,362	31.135	322,608	9,405	30.708	288,798	9,091	29.726	270,239
Financial liabilities									
<u>Monetary items</u>									
USD	128,345	31.135	3,996,013	126,468	30.708	3,883,579	130,519	29.726	3,879,794
CNY	57,583	4.2945	247,288	19,022	4.4121	83,929	41,896	4.4433	186,154
IDR	208,622,163	0.002076	433,030	179,551,222	0.001969	353,621	252,537,677	0.001997	504,318
VND	206,555,022	0.001330	274,657	259,110,143	0.001312	339,875	195,189,620	0.001285	250,819

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables. A 1% depreciation or appreciation of the TWD against the USD, CNY, IDR, VND and BDT as of June 30, 2023 and 2022, would have increased or decreased the net income before tax by \$10,607 thousand and \$4,509 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For three months and six months ended June 30, 2023 and 2022 foreign exchange gain (loss), including realized and unrealized, amounted to \$37,972 thousand, \$54,207 thousand, \$13,035 thousand and \$71,373 thousand, respectively.

2) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date. For variable-rate liabilities, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year.

If the interest rate increase/decrease by 0.25%, the Group's net income before tax would have decreased/increased by \$2,028 thousand and \$2,269 thousand for the six months ended June 30, 2023 and 2022, respectively, assuming all other variable factors had remained constant. This is mainly due to the Group's variable rate borrowing.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Fair value of financial instruments

1) Fair value hierarchy

The Group's financial assets at fair value through profit or loss were measured by fair value based on duplication. The carrying amount, fair value, and fair value hierarchy for the financial assets and financial liabilities of the Group were as followed (excluding the disclosure of financial assets and liabilities for which the book value is close to this fair value, and lease liabilities):

		June 30, 2023			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 164,594	164,594	-	-	164,594
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,146,007	-	-	-	-
Accounts receivable	1,998,266	-	-	-	-
Other financial assets—current	5,587,589	-	-	-	-
Other financial assets—non-current	146,520	-	-	-	-
Subtotal	9,878,382	-	-	-	-
Refundable deposit	102,785	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,530,285	-	-	-	-
Long-term bank loans (including current portion)	91,848	-	-	-	-
Accounts payable and other payables	4,931,359	-	-	-	-
Subtotal	6,553,492	-	-	-	-
		December 31, 2022			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 156,532	156,532	-	-	156,532
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,760,418	-	-	-	-
Accounts receivable	1,198,597	-	-	-	-
Other financial assets—current	8,327,434	-	-	-	-
Other financial assets—non-current	143,092	-	-	-	-
Subtotal	12,429,541	-	-	-	-
Refundable deposit	101,967	-	-	-	-
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities measured at fair value through profit or loss	1,814	-	1,814	-	1,814
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,752,536	-	-	-	-
Long-term bank loans (including current portion)	181,177	-	-	-	-
Accounts payable and other payable	4,822,154	-	-	-	-
Subtotal	6,755,867	-	-	-	-

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2022			
		Fair value			Total
	Book value	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 157,413	157,413	-	-	157,413
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 2,004,501	-	-	-	-
Accounts receivable	851,271	-	-	-	-
Other financial assets — current	5,969,400	-	-	-	-
Other financial assets — non-current	134,245	-	-	-	-
Subtotal	8,959,417	-	-	-	-
Refundable deposit	98,604	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 1,552,098	-	-	-	-
Long-term bank loans(including current portion)	263,075	-	-	-	-
Accounts payable and other payables	4,528,873	-	-	-	-
Subtotal	6,344,046	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined by using valuation techniques or the quoted price from a counterparty. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. The fair value of a forward exchange contract is usually determined by the forward exchange rate. Measurement of the fair value of an embedded derivative financial instrument is based on an option pricing model or other valuation technique.

3) Transfer between fair value hierarchy

There were no transfers in either direction for the six months ended June 30, 2023 and 2022.

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(w) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the cash flow in six months ended June 30, 2023 were acquisition of right-of-use assets by leasing. Please refer to note 6(g) and (m).

(7) Related-party transactions

(a) Parent company and ultimate controlling Company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Namtex Co., Ltd. (Namtex)	An associate
Makalot Humanities Development Education Foundation (Makalot Foundation)	Some Directors of the Company served as Directors of the foundation

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Purchasing

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Associates	\$ <u>211,501</u>	<u>192,537</u>	<u>372,103</u>	<u>298,125</u>

Purchasing prices and payment terms with associates were not significantly different from those of general purchases.

(ii) Related-party payables

<u>Account name</u>	<u>Types of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable — related parties	Associates	\$ <u>151,903</u>	<u>118,395</u>	<u>132,114</u>

(iii) Related-party receivables

<u>Account name</u>	<u>Types of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other financial assets — current	Associates	\$ <u>492</u>	<u>331</u>	<u>498</u>

(iv) Donations

Details of donations to related parties were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Makalot Foundation	\$ <u>1,500</u>	<u>1,500</u>	<u>1,646</u>	<u>1,646</u>

(v) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 51,281	43,236	106,874	91,571
Post-employment benefits	23	20	47	40
	\$ <u>51,304</u>	<u>43,256</u>	<u>106,921</u>	<u>91,611</u>

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The Group's pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land	Security of bank loans facility	\$ 2,484,818	2,484,818	2,484,818
Property, plant and equipment	Security of bank loans facility	183,288	191,316	199,343
Refundable deposits	Lease deposit, etc.	102,785	101,967	98,604
		<u>\$ 2,770,891</u>	<u>2,778,101</u>	<u>2,782,765</u>

(9) Commitments and contingencies

Unrecognized significant commitments:

(a) Unused letters of credit

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unused letters of credit	<u>\$ 539,429</u>	<u>391,072</u>	<u>708,652</u>

(b) The Group issued promissory notes to the banks to apply for borrowings, export bills negotiation, derivatives, and factoring of accounts receivable. The issued promissory notes were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Issued promissory notes	<u>\$ 13,592,210</u>	<u>18,163,640</u>	<u>15,246,680</u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	For the three months ended June 30					
	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,141,278	416,438	1,557,716	1,056,519	530,900	1,587,419
Labor and health insurance	73,414	24,932	98,346	66,238	22,641	88,879
Pension	18,008	11,237	29,245	20,646	10,827	31,473
Directors' remuneration	-	25,694	25,694	-	23,128	23,128
Others	66,224	24,139	90,363	66,375	22,898	89,273
Depreciation	105,848	24,506	130,354	111,332	24,463	135,795
Amortization	362	2,411	2,773	(919)	3,894	2,975

By function By item	For the six months ended June 30					
	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	2,149,711	857,757	3,007,468	2,036,038	1,155,204	3,191,242
Labor and health insurance	145,629	57,085	202,714	128,993	50,496	179,489
Pension	36,017	22,586	58,603	40,711	21,470	62,181
Directors' remuneration	-	55,739	55,739	-	51,353	51,353
Others	132,415	47,834	180,249	141,268	46,467	187,735
Depreciation	213,269	49,258	262,527	217,800	53,491	271,291
Amortization	860	4,980	5,840	1,067	4,738	5,805

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2023:

(i) Lending to other parties :

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount of business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	PT Glory	Other receivable-related parties	Yes	977,638	977,638	784,602	4.5%~5.25%	1	Processing 2,118,017	None	-	None	-	2,118,017	5,463,232
0	The Company	PT Starlight	Other receivable-related parties	Yes	186,499	186,499	186,499	4.5%~5.25%	1	Processing 631,930	None	-	None	-	631,930	5,463,232
0	The Company	Makalot Cambodia	Other receivable-related parties	Yes	216,362	216,362	216,362	4.5%~5.25%	1	Processing 1,943,940	None	-	None	-	1,943,940	5,463,232
0	The Company	Moha	Other receivable-related parties	Yes	272,120	272,120	272,120	4.5%~5.25%	1	Processing 918,724	None	-	None	-	918,724	5,463,232
0	The Company	Makalot Vietnam	Other receivable-related parties	Yes	622,700	622,700	622,700	4.5%~5.25%	1	Processing 1,802,768	None	-	None	-	1,802,768	5,463,232
0	The Company	Triple Vietnam	Other receivable-related parties	Yes	77,838	77,838	77,838	4.5%~5.25%	1	Processing 600,055	None	-	None	-	600,055	5,463,232
0	The Company	Leader Vietnam	Other receivable-related parties	Yes	385,385	297,339	297,339	4.5%~5.25%	1	Processing 547,124	None	-	None	-	547,124	5,463,232
0	The Company	Makalot Bangladesh	Other receivable-related parties	Yes	133,881	133,881	-	3.0 %	2	-	Operating capital	-	None	-	2,731,616	5,463,232
1	CMZ (Note 4)	CJR (Note 4)	Other receivable	Yes	13,337	-	-	3.85%	2	-	Operating capital	-	None	-	8,007	13,346

Note: The ceiling on total loans granted by the Company to all parties is 40% of its net assets in the financial statements; the ceiling on the short-term financing for each entity's operating capital granted by the Company is 20% of its net assets in the financial statements; the ceiling on the loan granted by the Company to each entity which has business transactions with the Company is the transaction amount within a year. The policy for loans granted mutually between its overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

The ceiling on total loans granted by an on overseas subsidiary to all overseas subsidiaries is 50% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors; the limit on loans granted by an overseas subsidiary to each overseas subsidiary is 30% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors.

Note 1: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 2: Ending facility balance approved by BOD.

Note 3: The trading companies purchase materials from the Company and sell the final products back to the Company after processing. The Company provides the materials to its subsidiaries for productions. According to the regulation, the Company only discloses the amount of processing; however, the ceiling on the loan to the above entities is the actual amount of the transactions involving the final products.

Note 4: The credit limit between subsidiaries in China.

Note 5: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Makalot Vietnam	2	2,731,616	615,320	311,350	-	-	2.28 %	6,829,040	Y	N	N

Note: The ceiling on guarantees and endorsements by the Company to all parties is 50% of its net assets in the financial statements ; the ceiling on guarantees and endorsements by the Company to each entity is 20% of its net assets in the financial statements.

Note 1: Relationship between guarantee provider and receiver is as follows:

- (1) The company having transaction with the counterparty.
- (2) The company holding more than 50% of common shares of the subsidiary.
- (3) The company and its subsidiaries holding more than 50% of the common shares of the investee company.
- (4) The parent company holding more than 50% of the outstanding common shares of the investee company, directly or indirectly through a subsidiary.
- (5) Companies in same type of business and providing mutual endorsement and / or guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of New Taiwan Dollars/thousand shares)

Name of holder	Category and name of security	Relationship with company	Account title	June 30, 2023			Fair value	Note
				Shares	Carrying value	Percentage of ownership (%)		
The Company	Dimerco Data System Corporation (DDSC)	None	Financial assets at fair value through profit or loss — current	1,134	111,653	1.53 %	111,653	
The Company	Yuanta/P shares Taiwan Top 50 ETF	None	"	92	11,877	-	11,877	
The Company	Yuanta/P shares Taiwan Dividend Plus ETF	None	"	979	31,984	-	31,984	
The Company	Yuanta Taiwan High Dividend Low Volatility ETF	None	"	200	9,080	-	9,080	

- (iv) Information regarding purchase or sale of securities for the period exceeding NT\$300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of Company's real estate with purchase amount exceeding NT\$300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding NT\$300 million or 20% of the Company's paid-in capital: None

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Information regarding related-parties purchases and or sales exceeding NT\$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Ecolot	Subsidiary	Purchase	370,608	5 %	45-60 days	-	-	(84,520)	3%	Note
The Company	Namtex	Investee under equity method	Purchase	372,103	5 %	45-60 days	-	-	(151,903)	6%	
The Company	PT Glory	Subsidiary	Processing	1,016,446	25 %	30-90 days	-	-	(635)	-%	Note
The Company	PT Starlight	Subsidiary	Processing	304,013	7 %	30-90 days	-	-	(136,558)	5%	Note
The Company	Makalot Cambodia	Subsidiary	Processing	793,643	19 %	30-90 days	-	-	(48,088)	2%	Note
The Company	Moha	Subsidiary	Processing	400,490	10 %	30-90 days	-	-	(2,806)	-%	Note
The Company	Makalot Vietnam	Subsidiary	Processing	915,863	22 %	30-90 days	-	-	(220,442)	8%	Note
The Company	Triple Vietnam	Subsidiary	Processing	267,392	6 %	30-90 days	-	-	(124,884)	5%	Note
The Company	Leader Vietnam	Subsidiary	Processing	311,963	8 %	30-90 days	-	-	(147,761)	6%	Note
The Company	CMK	Subsidiary	Purchase	106,824	1 %	30-90 days	-	-	(41,248)	2%	Note
The Company	CMZ	Subsidiary	Purchase	183,398	3 %	30-90 days	-	-	(35,582)	1%	Note
The Company	CJY	Subsidiary	Purchase	121,229	2 %	30-90 days	-	-	(28,402)	1%	Note
CBS	Ecolot	Parent Company	Sale	136,066	77 %	45-60 days	Note 1	-	11,555	47%	Note

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The mark-up price is based on the cost or re-sale price with a fixed ratio which is based on the cost and expense that the subsidiary incurred.

(viii) information regarding receivables from related parties exceeding NT\$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance	Note
					Amount	Action taken			
The Company	PT Glory	Subsidiary	Other receivables 793,870	-	-	-	- (Note 1)	-	Note
The Company	PT Starlight	Subsidiary	Other receivables 188,702	-	-	-	2,203 (Note 1)	-	Note
The Company	Makalot Cambodia	Subsidiary	Other receivables 243,906	-	-	-	27,544 (Note 1)	-	Note
The Company	Moha	Subsidiary	Other receivables 281,574	-	-	-	9,454 (Note 1)	-	Note
The Company	Makalot Vietnam	Subsidiary	Other receivables 627,704	-	-	-	5,004 (Note 1)	-	Note
The Company	Leader Vietnam	Subsidiary	Other receivables 297,339	-	-	-	- (Note 1)	-	Note
PT Starlight	The Company	Parent company	136,558	5.13	-	-	43,464	-	Note
Makalot Vietnam	The Company	Parent company	220,442	6.05	-	-	-	-	Note
Triple Vietnam	The Company	Parent company	124,884	4.41	-	-	39,761	-	Note
Leader Vietnam	The Company	Parent company	147,761	4.62	-	-	48,554	-	Note
Namtex	The Company	The company indirectly holds 50% of ownership	151,903	5.51	-	-	51,356	-	

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The uncollected accounts receivable primarily consisted of loans.

Note 2: The amount was collected before July 20, 2023.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Ecolot	1	Operating cost	370,608	Based on the market price	2%
0	"	PT Glory	1	"	1,016,446	"	7%
0	"	PT Starlight	1	"	304,013	"	2%
0	"	Makalot Cambodia	1	"	793,643	"	5%
0	"	Moha	1	"	400,490	"	3%
0	"	Makalot Vietnam	1	"	915,863	"	6%
0	"	Triple Vietnam	1	"	267,392	"	2%
0	"	Leader Vietnam	1	"	311,963	"	2%
0	"	CMK	1	"	106,824	"	1%
0	"	CMZ	1	"	183,398	"	1%
0	"	CJY	1	"	121,229	"	1%
0	"	PT Starlight	1	Accounts payable	136,558	30~90 days	1%
0	"	Makalot Vietnam	1	"	220,442	"	1%
0	"	Triple Vietnam	1	"	124,884	"	1%
0	"	Leader Vietnam	1	"	147,761	"	1%
0	"	PT Glory	1	Other non-current receivables	784,602	Financing	4%
0	"	PT Starlight	1	"	186,499	"	1%
0	"	Makalot Cambodia	1	"	216,362	"	1%
0	"	Moha	1	"	272,120	"	1%
0	"	Makalot Vietnam	1	"	622,700	"	3%
0	"	Leader Vietnam	1	"	297,339	"	1%
1	CBS	Ecolot	3	Operating revenue	136,066	Cost or purchase order price multiplied by a fixed ratio	1%

Note 1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

Note 2: The relationships between transaction parties are as follows:

- 1.parent to subsidiary
- 2.subsidiary to parent
- 3.subsidiary to subsidiary

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023 (excluding information on investments in Mainland China):

(In thousands of New Taiwan Dollars/share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	Global	British Virgin Islands	Investment holding	1,115,915	1,115,915	36,372	100.00 %	1,287,526	(39,283)	(35,949)	Subsidiary
The Company	PT Crystal	Indonesia	Manufacture of garments	-	84,948	2,673,191	99.776 %	-	(1,264)	(1,261)	Subsidiary
The Company	Leader PH	Philippines	Manufacture of garments	7,281	7,281	249,995	99.99 %	24,897	(1,412)	(1,412)	Subsidiary
The Company	Diamond	Philippines	Manufacture of garments	-	-	149,995	99.99 %	3,100	31	31	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	Primeline	Philippines	Manufacture of garments	9,945	9,945	99,995	99.99 %	56	1	1	Subsidiary
The Company	Fortune Star	Samoa	Investment holding	609,846	609,846	18,929,091	100.00 %	741,400	39,515	35,906	Subsidiary
The Company	Triple	Samoa	Investment holding	574,631	574,631	18,650,000	100.00 %	257,106	10,301	12,895	Subsidiary
The Company	Ecolot	Taiwan	Trade service	22,302	22,302	3,699,000	61.65 %	145,698	73,597	43,411	Subsidiary
The Company	Gilda	Taiwan	Sale of garments	5,000	5,000	500,000	100.00 %	4,997	16	16	Subsidiary
The Company	Great Time	Taiwan	Manufacture and sales of garments	50,000	50,000	2,500,000	100.00 %	45,124	9,896	9,896	Subsidiary
Global	PT Glory	Indonesia	Manufacture of garments	538,708	538,708	179,740	95.00 %	635,239	(26,974)	(25,625)	Subsidiary
Global	PT Starlight	Indonesia	Manufacture of garments	3,645	3,645	1,050	5.00 %	5,442	524	26	Subsidiary
Global	Makalot Cambodia	Cambodia	Manufacture of garments	153,340	153,340	1,000	100.00 %	(43,917)	(7,993)	(7,993)	Subsidiary
Global	Makalot Vietnam	Vietnam	Manufacture of garments	315,263	315,263	-	100.00 %	452,157	942	942	Subsidiary
Global	Makalot Bangladesh	Bangladesh	Manufacture of garments	144,000	144,000	-	95.00 %	141,085	(7,002)	(6,652)	Subsidiary
Triple	Moha	Cambodia	Manufacture of garments	94,524	94,524	1,000	100.00 %	(57,652)	2,205	2,205	Subsidiary
Triple	Triple Vietnam	Vietnam	Manufacture of garments	81,171	81,171	-	100.00 %	103,532	5,075	5,075	Subsidiary
Triple	Top Trend	Samoa	Investment holding	390,160	390,160	12,800,000	100.00 %	232,881	6,700	6,700	Subsidiary
Triple	Makalot Bangladesh	Bangladesh	Manufacture of garments	7,600	7,600	-	5.00 %	7,426	(7,002)	(350)	Subsidiary
Top Trend	Leader Vietnam	Vietnam	Manufacture of garments	390,700	390,700	-	100.00 %	233,086	6,851	6,851	Subsidiary
Fortune Star	Wintop	Hong Kong	Investment holding	277,755	277,755	9,070,000	100.00 %	372,221	35,654	35,654	Subsidiary
Fortune Star	Crown Era	Hong Kong	Investment holding	59,440	59,440	1,580,000	100.00 %	30,662	4,755	4,755	Subsidiary
Fortune Star	Crownway	Hong Kong	Investment holding	162,422	162,422	4,560,000	100.00 %	210,800	(17)	(17)	Subsidiary
Fortune Star	PT Starlight	Indonesia	Manufacture of garments	61,532	61,532	19,950	95.00 %	103,390	524	497	Subsidiary
Fortune Star	PT Glory	Indonesia	Manufacture of garments	30,452	30,452	9,460	5.00 %	33,434	(26,974)	(1,349)	Subsidiary
Wintop	Namtex	Vietnam	Wearing	270,979	270,979	-	50.00 %	322,608	65,172	30,016	The Company indirectly holds 50% of ownership
Ecolot	Top Shiny	Hong Kong	Investment holding	17,016	17,016	540,026	100.00 %	57,195	18,844	18,844	Subsidiary

Note : The aforementioned transactions between the Company and subsidiaries have been eliminated when preparing the consolidated financial statements.

Note 1: Investment gain or loss recognized in the current period included sales from subsidiaries to parent company.

Note 2: PT Crystal is in the process of liquidation.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated investment paid by Taiwan as of January 1, 2023	Investment flows		Accumulated investment paid by Taiwan as of June 30, 2023	Net income (losses) of the investee	Direct/Indirect shareholding by the Company	Investment income (losses)	Carrying value as of June 30, 2023	Accumulated remittance of earnings as of this year
					Outflow	Inflow						
CMK	Manufacture of garments	27,033	2	27,033	-	-	27,033	3,529	100.00 %	3,529	42,762	14,378
CMZ	Manufacture of garments	87,440	2	59,440	-	-	59,440	4,826	100.00 %	4,826	30,652	7,304
CJY	Manufacture of garments	68,120	2	68,120	-	-	68,120	3,382	100.00 %	3,382	69,796	-
CJR	Manufacture of garments	94,302	2	94,302	-	-	94,302	(3,392)	100.00 %	(3,392)	140,990	-
CBS	Trade service	11,039	2	11,039	-	-	11,039	18,844	100.00 %	18,844	57,195	-

Note : There are three kinds of investments

1. Invest directly in Mainland China companies.
2. Invest in Mainland China by remitting through a third region.
3. Others.

- (ii) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of June 30, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
259,934	407,382	8,194,848

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

- (d) Major shareholders:

No shareholder is in possession of more than 5% of the Company's shares.

(14) Segment information

For the three months ended June 30, 2023	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 7,017,041	207,066	-	7,224,107
Total revenue	<u>\$ 7,017,041</u>	<u>207,066</u>	<u>-</u>	<u>7,224,107</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

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For the three months ended June 30, 2022	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 7,023,549	317,471	-	7,341,020
Total revenue	<u>\$ 7,023,549</u>	<u>317,471</u>	<u>-</u>	<u>7,341,020</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

For the six months ended June 30, 2023	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 14,697,495	360,873	-	15,058,368
Total revenue	<u>\$ 14,697,495</u>	<u>360,873</u>	<u>-</u>	<u>15,058,368</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total asset	(Note 1)	(Note 1)	(Note 1)	(Note 1)

For the six months ended June 30, 2022	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	\$ 14,868,671	443,877	-	15,312,548
Total revenue	<u>\$ 14,868,671</u>	<u>443,877</u>	<u>-</u>	<u>15,312,548</u>
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total asset	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Note 1: The Group discloses the amounts as zero due to the fact that the amounts of its segment income or loss and total assets were not provided to the chief operating decision maker.