

**NAMCHOW HOLDINGS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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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 of Namchow Holdings Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine 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 Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 generally accepted auditing standards 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 the total assets amounting to \$1,862,089 thousand and \$2,225,733 thousand, constituting 6% and 7% of the consolidated total assets; and the total liabilities amounting to \$1,571,217 thousand and \$2,092,367 thousand, constituting 9% and 10% of the consolidated total liabilities as of September 30, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to \$(106,906) thousand, \$(22,322) thousand, \$109,985 thousand and \$(50,645) thousand, constituting (50)%, (25)%, 11% and (18)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Po-Shu Huang and Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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)
Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2022 and 2021

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

| | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | | | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | |
|--|----------------------|------------|-------------------|------------|--------------------|------------|--|----------------------|------------|--------------------|------------|--------------------|------------|
| | Amount | % | Amount | % | Amount | % | | Amount | % | Amount | % | Amount | % |
| 11XX Assets | | | | | | | 21XX Liabilities and Equity | | | | | | |
| 1100 Current assets: | | | | | | | 2100 Current liabilities: | | | | | | |
| 1110 Cash and cash equivalents (note 6(a)) | \$ 9,962,551 | 33 | 9,729,803 | 33 | 11,940,080 | 38 | 2110 Short-term borrowings (note 6(k)) | \$ 4,474,707 | 15 | 2,460,970 | 8 | 3,339,573 | 11 |
| 1110 Financial assets at fair value through profit or loss — current (note (b)) | - | - | - | - | 260,610 | 1 | 2110 Short-term commercial paper payable (note 6(k)) | 44,986 | - | 89,983 | - | 107,968 | - |
| 1150 Notes receivable, net (note 6(d)) | 170,268 | 1 | 182,401 | 1 | 155,742 | - | 2321 Bonds payable current portion (note 6(l)) | - | - | - | - | 3,996,418 | 13 |
| 1170 Accounts receivable, net(note 6(d)) | 1,915,575 | 6 | 1,918,571 | 7 | 1,867,137 | 6 | 2322 Current portion of long-term borrowings (notes 6(k) and 8) | 355,341 | 1 | 237,893 | 1 | 331,544 | 1 |
| 1200 Other receivables (note (c)) | 196,516 | 1 | 133,118 | - | 108,317 | - | 2130 Contract liabilities (note 6(t)) | 612,326 | 2 | 540,585 | 2 | 465,442 | 2 |
| 1220 Current income tax assets | 231,776 | 1 | 198,929 | 1 | 197,266 | 1 | 2150 Notes payable | 2 | - | - | - | - | - |
| 130x Inventories (note 6(f)) | 4,077,239 | 13 | 3,474,419 | 12 | 3,069,178 | 10 | 2170 Accounts payable | 1,213,620 | 4 | 1,347,326 | 4 | 1,180,210 | 4 |
| 1410 Prepayments | 334,242 | 1 | 315,045 | 1 | 293,756 | 1 | 2216 Dividend payables (note 6(q)) | - | - | - | - | 86,606 | - |
| 1470 Other current assets (note 6(q)) | 66,728 | - | 58,896 | - | 51,004 | - | 2219 Other payables (notes 6(o), (u) and 9) | 1,445,234 | 5 | 1,483,345 | 5 | 1,357,923 | 4 |
| Total current assets | <u>16,954,895</u> | <u>56</u> | <u>16,011,182</u> | <u>55</u> | <u>17,943,090</u> | <u>57</u> | 2230 Current income tax liabilities | 148,396 | 1 | 199,110 | 1 | 231,059 | 1 |
| 15XX Non-current assets: | | | | | | | 2280 Current lease liabilities (notes 6(n) and 7) | 134,986 | - | 158,142 | 1 | 151,511 | - |
| 1517 Financial assets at fair value through other comprehensive income — non-current (note 6(c)) | 15,433 | - | 24,795 | - | 22,235 | - | 2399 Other current liabilities | 55,726 | - | 43,794 | - | 31,682 | - |
| 1600 Property, plant and equipment (notes 6(h), 8 and 9) | 11,844,073 | 39 | 11,887,111 | 41 | 11,832,619 | 38 | Total current liabilities | <u>8,485,324</u> | <u>28</u> | <u>6,561,148</u> | <u>22</u> | <u>11,279,936</u> | <u>36</u> |
| 1755 Right-of-use assets (notes 6(i) and 7) | 828,315 | 3 | 945,901 | 3 | 946,554 | 3 | 25XX Non-Current liabilities: | | | | | | |
| 1760 Investment property (note 6(j)) | 34,861 | - | 36,280 | - | 36,755 | - | 2530 Bonds payable (note 6(l)) | 4,873,831 | 16 | 4,853,527 | 16 | 4,846,759 | 15 |
| 1805 Goodwill | 105,417 | 1 | 105,417 | - | 105,417 | 1 | 2540 Long-term borrowings (notes 6(k) and 8) | 2,288,642 | 8 | 3,684,829 | 13 | 1,837,315 | 6 |
| 1840 Deferred income tax assets | 238,464 | 1 | 258,626 | 1 | 268,556 | 1 | 2550 Provision liabilities — non-current (note 6(m)) | 10,264 | - | 10,264 | - | 12,134 | - |
| 1915 Prepayments for equipment | 105,378 | - | 59,513 | - | 98,833 | - | 2580 Lease liabilities — non-current (notes 6(n) and 7) | 503,938 | 2 | 603,722 | 2 | 607,316 | 2 |
| 1990 Other non-current assets | 90,963 | - | 85,043 | - | 87,944 | - | 2570 Deferred income tax liabilities | 1,463,851 | 5 | 1,451,850 | 5 | 1,326,148 | 4 |
| Total non-current assets | <u>13,262,904</u> | <u>44</u> | <u>13,402,686</u> | <u>45</u> | <u>13,398,913</u> | <u>43</u> | 2640 Net defined benefit liabilities — non-current | 225,933 | 1 | 247,031 | 1 | 248,515 | 1 |
| | | | | | | | 2670 Other non-current liabilities | 139,363 | - | 165,839 | 1 | 163,564 | 1 |
| | | | | | | | Total non-current liabilities | <u>9,505,822</u> | <u>32</u> | <u>11,017,062</u> | <u>38</u> | <u>9,041,751</u> | <u>29</u> |
| | | | | | | | Total liabilities | <u>17,991,146</u> | <u>60</u> | <u>17,578,210</u> | <u>60</u> | <u>20,321,687</u> | <u>65</u> |
| | | | | | | | Equity attributable to shareholders of parent (notes 6(c), (q) and (r)): | | | | | | |
| | | | | | | | 3100 Common stock | 2,941,330 | 10 | 2,941,330 | 10 | 2,941,330 | 9 |
| | | | | | | | 3200 Capital surplus | 3,694,030 | 12 | 3,590,865 | 12 | 3,462,985 | 11 |
| | | | | | | | 3300 Retained earnings: | | | | | | |
| | | | | | | | 3310 Legal reserve | 1,039,356 | 3 | 932,166 | 3 | 932,166 | 3 |
| | | | | | | | 3320 Special reserve | 1,612,266 | 5 | 1,239,224 | 4 | 1,239,224 | 4 |
| | | | | | | | 3350 Unappropriated earnings | 1,353,246 | 5 | 2,033,250 | 7 | 1,754,678 | 6 |
| | | | | | | | | <u>4,004,868</u> | <u>13</u> | <u>4,204,640</u> | <u>14</u> | <u>3,926,068</u> | <u>13</u> |
| | | | | | | | 3400 Other equity: | | | | | | |
| | | | | | | | 3410 Financial statement translation differences for foreign operations | (697,554) | (2) | (1,059,576) | (3) | (1,179,237) | (4) |
| | | | | | | | 3420 Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | (49,539) | - | (40,183) | - | (42,741) | - |
| | | | | | | | | <u>(747,093)</u> | <u>(2)</u> | <u>(1,099,759)</u> | <u>(3)</u> | <u>(1,221,978)</u> | <u>(4)</u> |
| | | | | | | | 3500 Treasury stock | (530,114) | (2) | (530,114) | (2) | (530,114) | (2) |
| | | | | | | | Total equity attributable to shareholders of parent | <u>9,363,021</u> | <u>31</u> | <u>9,106,962</u> | <u>31</u> | <u>8,578,291</u> | <u>27</u> |
| | | | | | | | 36xx Non-controlling interests (note 6(f)) | <u>2,863,632</u> | <u>9</u> | <u>2,728,696</u> | <u>9</u> | <u>2,442,025</u> | <u>8</u> |
| | | | | | | | 3XXX Total equity | <u>12,226,653</u> | <u>40</u> | <u>11,835,658</u> | <u>40</u> | <u>11,020,316</u> | <u>35</u> |
| 1XXX Total assets | <u>\$ 30,217,799</u> | <u>100</u> | <u>29,413,868</u> | <u>100</u> | <u>31,342,003</u> | <u>100</u> | 2-3XXX Total liabilities and equity | <u>\$ 30,217,799</u> | <u>100</u> | <u>29,413,868</u> | <u>100</u> | <u>31,342,003</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

| | For the three months ended September 30 | | | | For the nine months ended September 30 | | | |
|---|---|-----|------------|-----|--|-----|------------|-----|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 Operating revenue (note 6(t)) | \$ 5,054,272 | 100 | 4,909,167 | 100 | 14,961,833 | 100 | 14,496,108 | 100 |
| 5000 Operating costs (notes 6(f), (h), (i), (n), (o) and 9) | 3,806,398 | 75 | 3,459,730 | 70 | 10,924,436 | 73 | 9,886,148 | 68 |
| 5900 Gross profit | 1,247,874 | 25 | 1,449,437 | 30 | 4,037,397 | 27 | 4,609,960 | 32 |
| 6000 Operating expenses (notes 6(d), (e), (h), (i), (n), (o), (r), (u) and 7): | | | | | | | | |
| 6100 Selling expenses | 689,834 | 14 | 658,259 | 14 | 1,965,361 | 13 | 1,936,535 | 13 |
| 6200 General and administrative expenses | 342,357 | 7 | 334,409 | 7 | 1,059,853 | 7 | 1,066,499 | 8 |
| 6300 Research and development expenses | 101,435 | 2 | 71,176 | 1 | 302,389 | 2 | 273,322 | 2 |
| 6450 Expected credit loss | 3,996 | - | 2,526 | - | 1,187 | - | 6,081 | - |
| Total operating expenses | 1,137,622 | 23 | 1,066,370 | 22 | 3,328,790 | 22 | 3,282,437 | 23 |
| 6900 Operating profit | 110,252 | 2 | 383,067 | 8 | 708,607 | 5 | 1,327,523 | 9 |
| 7000 Non-operating income and expenses (notes 6(j), (n), (v) and 7): | | | | | | | | |
| 7100 Interest income | 59,888 | 1 | 55,155 | 1 | 177,047 | 1 | 128,636 | 1 |
| 7010 Other income | 26,133 | 1 | 70,780 | 1 | 106,347 | 1 | 131,679 | 1 |
| 7020 Other gains and losses | 5,078 | - | 25,510 | 1 | 28,250 | - | 10,505 | - |
| 7050 Finance costs | (54,923) | (1) | (67,326) | (1) | (156,476) | (1) | (196,511) | (1) |
| Total non-operating income and expenses | 36,176 | 1 | 84,119 | 2 | 155,168 | 1 | 74,309 | 1 |
| 7900 Profit from continuing operations before tax | 146,428 | 3 | 467,186 | 10 | 863,775 | 6 | 1,401,832 | 10 |
| 7950 Less: Income tax expenses (note 6(p)) | 39,941 | 1 | 152,030 | 3 | 307,679 | 2 | 518,775 | 4 |
| Profit | 106,487 | 2 | 315,156 | 7 | 556,096 | 4 | 883,057 | 6 |
| 8300 Other comprehensive income (note 6(q)): | | | | | | | | |
| 8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | | | | |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | (5,043) | - | (2,557) | - | (9,356) | - | 2,413 | - |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| Components of other comprehensive income that will not be reclassified to profit or loss | (5,043) | - | (2,557) | - | (9,356) | - | 2,413 | - |
| 8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | | | | |
| 8361 Exchange differences on translation of foreign financial statements | 113,711 | 2 | (222,294) | (5) | 443,267 | 3 | (608,728) | (4) |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| Components of other comprehensive income that will be reclassified to profit or loss | 113,711 | 2 | (222,294) | (5) | 443,267 | 3 | (608,728) | (4) |
| 8300 Other comprehensive income | 108,668 | 2 | (224,851) | (5) | 433,911 | 3 | (606,315) | (4) |
| Total comprehensive income | \$ 215,155 | 4 | \$ 90,305 | 2 | \$ 990,007 | 7 | \$ 276,742 | 2 |
| Net income attributable to: | | | | | | | | |
| 8610 Shareholders of the parent | \$ 98,776 | 2 | 253,791 | 6 | 447,321 | 3 | 793,326 | 5 |
| 8620 Non-controlling interests | 7,711 | - | 61,365 | 1 | 108,775 | 1 | 89,731 | 1 |
| | \$ 106,487 | 2 | \$ 315,156 | 7 | \$ 556,096 | 4 | \$ 883,057 | 6 |
| Total Comprehensive income attributable to: | | | | | | | | |
| 8710 Shareholders of the parent | \$ 186,143 | 3 | 114,312 | 2 | 799,987 | 6 | 298,065 | 2 |
| 8720 Non-controlling interests | 29,012 | 1 | (24,007) | - | 190,020 | 1 | (21,323) | - |
| | \$ 215,155 | 4 | \$ 90,305 | 2 | \$ 990,007 | 7 | \$ 276,742 | 2 |
| 9750 Basic earnings per share (in New Taiwan dollars) (note 6(s)) | \$ 0.40 | | \$ 1.02 | | \$ 1.80 | | \$ 3.20 | |
| 9850 Diluted earnings per share (in New Taiwan dollars) (note 6(s)) | \$ 0.40 | | \$ 1.02 | | \$ 1.80 | | \$ 3.19 | |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | Total other equity interest | | | | | | |
|--|---|------------------|-------------------|------------------|-------------------------|------------------|---|---|--------------------|------------------|---|---------------------------|-------------------|
| | Common stock | Capital surplus | Retained earnings | | | Total | Financial statements translation differences for foreign operations | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Total | Treasury stock | Total equity attributable to shareholders of the parent | Non-controlling interests | Total equity |
| | | | Legal reserve | Special reserve | Unappropriated earnings | | | | | | | | |
| Balance at January 1, 2021 | \$ 2,941,330 | 1,214,039 | 838,824 | 1,286,181 | 1,596,003 | 3,721,008 | (681,563) | (45,154) | (726,717) | (530,114) | 6,619,546 | 335,843 | 6,955,389 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve | - | - | 93,342 | - | (93,342) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | (46,957) | 46,957 | - | - | - | - | - | - | - | - |
| Cash dividends of common stock | - | 91,760 | - | - | (588,266) | (588,266) | - | - | - | - | (496,506) | - | (496,506) |
| Other changes in capital surplus | - | 2,061 | - | - | - | - | - | - | - | - | 2,061 | - | 2,061 |
| Net income | - | - | - | - | 793,326 | 793,326 | - | - | - | - | 793,326 | 89,731 | 883,057 |
| Other comprehensive income (loss) | - | - | - | - | - | - | (497,674) | 2,413 | (495,261) | - | (495,261) | (111,054) | (606,315) |
| Total comprehensive income (loss) | - | - | - | - | 793,326 | 793,326 | (497,674) | 2,413 | (495,261) | - | 298,065 | (21,323) | 276,742 |
| Share-based payments | - | 2,155,125 | - | - | - | - | - | - | - | - | 2,155,125 | 2,127,505 | 4,282,630 |
| Balance at September 30, 2021 | <u>\$ 2,941,330</u> | <u>3,462,985</u> | <u>932,166</u> | <u>1,239,224</u> | <u>1,754,678</u> | <u>3,926,068</u> | <u>(1,179,237)</u> | <u>(42,741)</u> | <u>(1,221,978)</u> | <u>(530,114)</u> | <u>8,578,291</u> | <u>2,442,025</u> | <u>11,020,316</u> |
| Balance at January 1, 2022 | \$ 2,941,330 | 3,590,865 | 932,166 | 1,239,224 | 2,033,250 | 4,204,640 | (1,059,576) | (40,183) | (1,099,759) | (530,114) | 9,106,962 | 2,728,696 | 11,835,658 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve | - | - | 107,190 | - | (107,190) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 373,042 | (373,042) | - | - | - | - | - | - | - | - |
| Cash dividends of common stock | - | 100,937 | - | - | (647,093) | (647,093) | - | - | - | - | (546,156) | (119,591) | (665,747) |
| Other changes in capital surplus | - | 2,228 | - | - | - | - | - | - | - | - | 2,228 | - | 2,228 |
| Net income | - | - | - | - | 447,321 | 447,321 | - | - | - | - | 447,321 | 108,775 | 556,096 |
| Other comprehensive income (loss) | - | - | - | - | - | - | 362,022 | (9,356) | 352,666 | - | 352,666 | 81,245 | 433,911 |
| Total comprehensive income (loss) | - | - | - | - | 447,321 | 447,321 | 362,022 | (9,356) | 352,666 | - | 799,987 | 190,020 | 990,007 |
| Share-based payments | - | - | - | - | - | - | - | - | - | - | - | 64,507 | 64,507 |
| Balance at September 30, 2022 | <u>\$ 2,941,330</u> | <u>3,694,030</u> | <u>1,039,356</u> | <u>1,612,266</u> | <u>1,353,246</u> | <u>4,004,868</u> | <u>(697,554)</u> | <u>(49,539)</u> | <u>(747,093)</u> | <u>(530,114)</u> | <u>9,363,021</u> | <u>2,863,632</u> | <u>12,226,653</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| | For the nine months ended September 30 | |
|---|---|-------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Consolidated net income before tax | \$ 863,775 | 1,401,832 |
| Adjustments: | | |
| Adjustments to reconcile profit and loss: | | |
| Depreciation | 752,751 | 817,569 |
| Expected credit loss | 1,187 | 6,081 |
| Gains on financial assets at fair value through profit or loss | - | (2,195) |
| Interest expense | 156,476 | 196,511 |
| Interest income | (177,047) | (128,636) |
| Dividend income | (2,768) | (1,931) |
| Share-based payments | 64,507 | - |
| Losses (gains) on disposal of property, plant and equipment | (818) | 28,135 |
| Property, plant and equipment transferred to expenses | - | 2,197 |
| Impairment loss on non-financial assets | 9,053 | - |
| Gains on lease modification | (8,469) | (34,634) |
| Total adjustments to reconcile profit | 794,872 | 883,097 |
| Changes in assets / liabilities relating to operating activities: | | |
| Changes in operating assets: | | |
| Notes receivable | 12,133 | 28,544 |
| Accounts receivables | 1,995 | (316,057) |
| Other receivables | (64,103) | (51,715) |
| Inventories | (603,145) | (616,016) |
| Prepayments | (19,197) | 38,131 |
| Other current assets | (7,832) | 15,251 |
| Total changes in operating assets, net | (680,149) | (901,862) |
| Changes in operating liabilities: | | |
| Contract liabilities | 71,741 | (108,942) |
| Notes payable | 2 | - |
| Accounts payable | (133,706) | 18,237 |
| Other payables | (32,968) | (112,929) |
| Other current liabilities | 11,932 | (29,459) |
| Net defined benefit liabilities | (21,098) | (12,057) |
| Total changes in operating liabilities, net | (104,097) | (245,150) |
| Total changes in operating assets / liabilities, net | (784,246) | (1,147,012) |
| Total adjustments | 10,626 | (263,915) |
| Cash provided by operating activities | 874,401 | 1,137,917 |
| Interest income received | 177,047 | 128,636 |
| Dividends received | 2,768 | 1,931 |
| Interest paid | (112,937) | (161,158) |
| Income taxes paid | (359,077) | (505,357) |
| Net cash provided by operating activities | 582,202 | 601,969 |
| Cash flows from investing activities: | | |
| Acquisition of financial assets designated at fair value through profit or loss | - | (30,989) |
| Acquisition of property, plant and equipment | (571,231) | (417,317) |
| Proceeds from disposal of property, plant and equipment | 3,794 | 2,194 |
| Decrease (increase) in other non-current assets | (5,920) | 17,304 |
| Net cash used in investing activities | (573,357) | (428,808) |
| Cash flows from financing activities: | | |
| Increase in short-term borrowings | 9,489,917 | 8,455,609 |
| Decrease in short-term borrowings | (7,496,139) | (8,025,083) |
| Increase (decrease) in short term commercial paper payable | (45,000) | 18,000 |
| Proceeds from issuance of bonds | - | 5,000,000 |
| Proceeds from long-term borrowings | 8,909,000 | 10,487,454 |
| Repayments of long-term borrowings | (10,128,166) | (13,204,492) |
| Payment of lease liabilities | (128,593) | (163,848) |
| Decrease in other non-current liabilities | (26,476) | (2,720) |
| Cash dividends paid | (665,747) | (409,900) |
| Interest paid | (23,232) | (34,368) |
| Change in non-controlling interests | - | 4,282,630 |
| Overaging unclaimed dividends | 2,228 | 2,061 |
| Net cash provided by financing activities | (112,208) | 6,405,343 |
| Effect of exchange rate changes on cash and cash equivalents | 336,111 | (360,051) |
| Net increase in cash and cash equivalents | 232,748 | 6,218,453 |
| Cash and cash equivalents at beginning of period | 9,729,803 | 5,721,627 |
| Cash and cash equivalents at end of period | \$ 9,962,551 | 11,940,080 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Namchow Holdings Co., Ltd. (formerly called Namchow Chemical Industrial Co., Ltd.) (the Company) was incorporated on March 29, 1952 as a corporation limited by shares under the laws of the Republic of China (R.O.C.). The consolidated financial statements comprise the Company and its Subsidiaries (the Group). The Group is engaged in the manufacture, sale, and processing of edible and non-edible oil products and frozen dough, as well as dish and laundry liquid detergent, it also provides management consulting services.

In order to improve its business performance and competitiveness, the Company decided to conduct a group restructuring and division of profession. On May 31, 2017, the shareholders of the Company decided to divide its entire departments and categorize them into two, then transfer them to two of its subsidiaries. The Department of Edible Products, which includes frozen dough items, will be transferred to Namchow Oil and Fat Co., Ltd. and the Department of Non-Edible Products will be transferred to Huaciang Industry Co., Ltd.. Both entities are 100% owned by the Company, with a record date of August 1, 2017.

For the purpose of transforming into a holding company, the Company, which was formerly named as Namchow Chemical Industrial Co., Ltd. is renamed as Namchow Holdings Co., Ltd. After the spin-off, the Company only engaged in investment holding.

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

The consolidated financial statements were reported to the Board of Directors and issued on November 10, 2022.

(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

- (c) 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” | <p>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.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p> | January 1, 2024 |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|--|--|--------------------------------|
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | <p>After reconsidering certain aspects of the 2020 amendments¹, 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.</p> <p>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.</p> | January 1, 2024 |

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 other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

(4) Summary of significant accounting policies

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, 2021. For the related information, please refer to note 4 of the consolidated financial statement for the year ended December 31, 2021.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" ("the Regulations") and IAS 34 Interim Financial Reporting endorsed by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, or SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

| Name investor | Name of investee | Scope of business | Percentage of ownership | | | Description |
|---|---|---|-------------------------|-------------------|--------------------|---------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| The Company | Namchow (Thailand) Ltd. (Namchow Thailand) | Manufacturing and selling of instant noodles and rice cracker | 100.00 % | 100.00 % | 100.00 % | |
| The Company | Mostro (Thailand) Ltd. (Mostro) | Manufacturing and selling of food | 100.00 % | 100.00 % | 100.00 % | Note 3 |
| The Company | Nacia International Corp. (Nacia Co.) | Holding of investments | 100.00 % | 100.00 % | 100.00 % | |
| The Company | Chow Ho Enterprise Co., Ltd. (Chow Ho Co.) | Catering services, food and beverage retailing, and frozen food manufacturing | 100.00 % | 100.00 % | 100.00 % | Note 3 |
| The Company | Lucky Royal Co., Ltd. (Lucky Co.) | Manufacturing, selling and processing of various food and beverage products | 99.65 % | 99.65 % | 99.65 % | |
| The Company | Nankyo Japan Co., Ltd. (Nankyo Japan Co.) | Catering services, Bistro and wine-selling | 100.00 % | 100.00 % | 100.00 % | Note 3 |
| The Company | Namchow Consulting Company, Ltd. (Namchow Consulting Co.) | Catering services, food and beverage retailing and other consulting services | 100.00 % | 100.00 % | 100.00 % | Note 3 |
| The Company | Chow Food Biotechnology Co., Ltd. (Chow Food Co.) | Development of biotechnology products | 100.00 % | 100.00 % | 100.00 % | Note 3 |
| The Company | Namchow Oil and Fat Co., Ltd. (Namchow Oil and Fat Co.) | Manufacturing, processing and selling of edible oil and frozen dough | 100.00 % | 100.00 % | 100.00 % | |
| The Company | Huaciang Industry Co., Ltd. (Huaciang Co.) | Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food | 100.00 % | 100.00 % | 100.00 % | |
| The Company and Lucky Co. | Navigator Business Publications Co., Ltd. (NBP Co.) | Publishing, distributing and selling of printed publications | 89.97 % | 89.97 % | 89.97 % | Notes 1 and 3 |
| Lucky Co. | Namchow (British Virgin Island) Ltd. (Namchow BVI Co.) | Holding of investments | 93.00 % | 93.00 % | 93.00 % | Notes 3 and 5 |
| Lucky Co. | Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.) | Liquor importing and retailing, and catering services | 99.65 % | 99.65 % | 99.65 % | Notes 2 and 3 |
| Lucky Co. | Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.) | Catering services and food consulting services | 99.65 % | 99.65 % | 99.65 % | Notes 2 and 3 |
| Namchow BVI Co. | Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.) | Multinational eateries, and the promotion and management of craft beers | 93.00 % | 93.00 % | 93.00 % | Notes 3 and 5 |
| Nacia Co. | Namchow (Cayman Islands) Holding Corp. (Namchow Cayman Co.) | Holding of investments | 100.00 % | 100.00 % | 100.00 % | |
| Shanghai Qiaohao Co. | Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management Co.) | Business management and investment consulting services | 100.00 % | 100.00 % | 100.00 % | |
| Namchow Cayman Co. and Shanghai Qiaohao Co. | Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food Co.) | Food packaging, selling and trading of restaurant equipment | 100.00 % | 100.00 % | 100.00 % | |
| Shanghai Qiaohao Co. | Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao Food Co.) | Food packaging, selling and trading of restaurant equipment | 100.00 % | 100.00 % | 100.00 % | |
| Namchow Cayman Co. | Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.) | Holding of investments and international trade | 100.00 % | 100.00 % | 100.00 % | |
| Namchow Cayman Co. | Shanghai Qizhi Business Consulting Co., Ltd. (Shanghai Qizhi Co.) | Business management and investment consulting services | 100.00 % | 100.00 % | 100.00 % | |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

| Name investor | Name of investee | Scope of business | Percentage of ownership | | | Description |
|---|--|--|-------------------------|-------------------|--------------------|-------------|
| | | | September 30, 2022 | December 31, 2021 | September 30, 2021 | |
| Namchow Cayman Co. and Shanghai Qizhi Co. | Namchow Food Group (Shanghai) Co., Ltd. (Namchow Food Co.) | Food packaging, dairy product and product purchasing management and selling | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Namchow Cayman Co. and Namchow Food Co. | Shanghai Namchow Food Co., Ltd. (Shanghai Namchow Co.) | Selling, developing, manufacturing and processing of fats and frozen food. | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Namchow Food Co. | Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.) | Manufacturing, and selling of edible fat | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Namchow Food Co. | Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.) | Manufacturing, and selling of edible fat | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Namchow Food Co. | Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.) | Food packaging, dairy product and product purchasing management and selling | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Namchow Food Co. | Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.) | The technical service of baking oil and fat product | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Namchow Food Co. | Namchow Trading Singapore Pte., Ltd (Namchow Singapore Pte.) | The sales service of baking oil and fat product | 80.94 % | - % | - % | Note 4 |
| Namchow Food Co. | Chongqing Namchow Food Co., Ltd. (Chongqing Namchow Co.) | Manufacturing and processing of light cream and frozen dough | 80.94 % | - % | - % | Note 4 |
| Tianjin Namchow Co. | Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.) | Developing , manufacturing, and selling of dairy products and related services | 80.94 % | 80.94 % | 81.73 % | Note 4 |
| Tianjin Yoshi Yoshi Co. | Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.) | Developing , manufacturing, and selling of dairy products and related services | 80.94 % | 80.94 % | 81.73 % | Note 4 |

Note 1: The Company, directly or indirectly, holds 89.97% shares of NBP Co.

Note 2: The Company, directly or indirectly, holds 99.65% shares of Dian Shui Lou Co. and Namchow Gastronomy Consulting Co.

Note 3: It is a non-significant subsidiary, and its financial statements have not been reviewed.

Note 4: Namchow Food CO., has submitted the application for A-share listing of the securities market of China, thus the board of directors of the Company has approved the resolution for the subsidiary cash capital increase and award new shares of restricted stock on April 28, 2021 and on November 12, 2021, and the Company ownership percentage to the subsidiary decrease from 96.15% to 81.73% and then to 80.94%.

Note 5: Namchow BVI Co. has approved the resolution to transfer dividends payable \$64,823 thousand for Lucky Co., to the capital increase on September 28, 2021, and Lucky Co., ownership percentage to the subsidiary increased from 90.39% to 93.00%

(c) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year plus any adjustments for significant post-market fluctuations, curtailments, settlements, or other one-time events.

(d) Income tax

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying pretax income of the reporting period by the effective annual tax rate which was forecasted by the management. The outcome is then fully recognized as current tax expense or deferred income tax benefit.

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 the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements is in conformity with IAS 34 “Interim Financial Reporting” endorsed by FSC. The standard requires management to make judgments, estimations 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.

During the preparation of the consolidated financial statements, the management adopts similar method used in accounting policy judgments and assumptions which are in conformity with note 5 of the consolidated financial statement for the year ended December 31, 2021.

(6) Explanation of significant accounts

Except as explained in the following paragraphs, there are no significant differences in description of significant accounts from financial statements as of December 31, 2021. For related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Cash on hand | \$ 11,846 | 11,499 | 11,582 |
| Savings and checking deposits | 9,286,199 | 9,297,381 | 9,807,265 |
| Time deposits | 653,223 | 402,296 | 2,099,708 |
| Cash equivalents | 11,283 | 18,627 | 21,525 |
| Total | <u>\$ 9,962,551</u> | <u>9,729,803</u> | <u>11,940,080</u> |

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

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--|-------------------------------|------------------------------|-------------------------------|
| Mandatorily measured at fair value through profit or loss: | | | |
| Structured deposits | <u>\$ -</u> | <u>-</u> | <u>260,610</u> |

For the net gain or loss on fair value of financial instruments at FVTPL please refer to note 6(v).

(c) Financial assets at fair value through other comprehensive income — non-current

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|---|-------------------------------|------------------------------|-------------------------------|
| Equity investments at fair value through other comprehensive income | | | |
| Stocks listed on domestic markets | <u>\$ 15,433</u> | <u>24,795</u> | <u>22,235</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Equity investments at fair value through other comprehensive income

The Group held equity instrument investment, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

No strategic investments were disposed for the nine months ended September 30, 2022, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

(ii) Credit risk (including depreciation of debt instrument investment) and market risk, please refer to note 6(w).

(iii) The aforesaid financial assets were not pledged as collateral.

(d) Notes and accounts receivable

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--------------------------------|-------------------------------|------------------------------|-------------------------------|
| Notes receivable | \$ 170,268 | 182,401 | 155,742 |
| Accounts receivable | 1,943,927 | 1,946,285 | 1,897,214 |
| Less: allowance for impairment | <u>28,352</u> | <u>27,714</u> | <u>30,077</u> |
| | <u>\$ 2,085,843</u> | <u>2,100,972</u> | <u>2,022,879</u> |

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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The allowance for impairment was determined as follows:

| | September 30, 2022 | | |
|---------------------------|----------------------------------|--|-------------------------------------|
| | Gross carrying amount | Weighted- average expected credit loss rate (%) | Loss allowance provision |
| Not overdue | \$ 1,915,350 | 0~2.96 | 3,933 |
| Overdue 1~30 days | 140,276 | 0.13~30.66 | 3,274 |
| Overdue 31~60 days | 30,320 | 0.08~66.65 | 1,851 |
| Overdue 61~90 days | 4,756 | 0.35~100.00 | 2,093 |
| Overdue 91~180 days | 6,584 | 26.95~100.00 | 3,538 |
| Overdue 181~365 days | 2,536 | 0.10~ 1.68 | 43 |
| Overdue 365 days past due | <u>14,373</u> | 1.56~100.00 | <u>13,620</u> |
| | <u>\$ 2,114,195</u> | | <u>28,352</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | December 31, 2021 | | |
|---------------------------|------------------------------|---|---------------------------------|
| | Gross carrying amount | Weighted-average expected credit loss rate (%) | Loss allowance provision |
| Not overdue | \$ 1,986,413 | 0~0.86 | 3,682 |
| Overdue 1~30 days | 98,085 | 0.37~14.05 | 3,008 |
| Overdue 31~60 days | 19,814 | 0.41~58.60 | 2,092 |
| Overdue 61~90 days | 1,346 | 1.35~100.00 | 903 |
| Overdue 91~180 days | 6,403 | 0.09~100.00 | 4,749 |
| Overdue 181~365 days | 4,965 | 0.10~65.64 | 2,253 |
| Overdue 365 days past due | 11,660 | 100.00 | 11,660 |
| | \$ 2,128,686 | | 28,347 |

| | September 30, 2021 | | |
|---------------------------|------------------------------|---|---------------------------------|
| | Gross carrying amount | Weighted-average expected credit loss rate (%) | Loss allowance provision |
| Not overdue | \$ 1,899,309 | 0~0.87 | 5,945 |
| Overdue 1~30 days | 95,962 | 0.17~13.69 | 2,560 |
| Overdue 31~60 days | 33,634 | 0.38~61.45 | 3,125 |
| Overdue 61~90 days | 2,907 | 26.87~100.00 | 1,697 |
| Overdue 91~180 days | 8,703 | 36.60~100.00 | 5,102 |
| Overdue 181~365 days | 886 | 93.29 | 644 |
| Overdue 365 days past due | 11,555 | 100.00 | 11,555 |
| | \$ 2,052,956 | | 30,628 |

The movement in the allowance for notes receivable and accounts receivable were as follows:

| | For the nine months ended September 30 | |
|-------------------------------------|---|---------------|
| | 2022 | 2021 |
| Balance on January 1 | \$ 27,714 | 24,982 |
| Impairment losses recognized | 529 | 5,531 |
| Amounts written off | (363) | (26) |
| Effect of changes in exchange rates | 472 | (410) |
| Balance on September 30 | \$ 28,352 | 30,077 |

The Group has not provided the notes and accounts receivable as collateral or factored them for cash.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Other receivables

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|----------------------|-------------------------------|------------------------------|-------------------------------|
| Other receivables | \$ 198,553 | 134,450 | 109,398 |
| Less: loss allowance | <u>2,037</u> | <u>1,332</u> | <u>1,081</u> |
| | <u>\$ 196,516</u> | <u>133,118</u> | <u>108,317</u> |

The Group's other receivables which were overdue on September 30, 2022, December 31 and September 30, 2021, have been assessed for impairment losses.

The movement in the allowance for other receivables were as follows:

| | For the nine months ended September 30 | |
|-------------------------------------|---|---------------------|
| | 2022 | 2021 |
| Balance on January 1 | \$ 1,332 | 543 |
| Impairment loss recognized | 658 | 550 |
| Effect of changes in exchange rates | <u>47</u> | <u>(12)</u> |
| Balance on September 30 | <u>\$ 2,037</u> | <u>1,081</u> |

(f) Inventories

The components of the Group's inventories were as follows:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|------------------|-------------------------------|------------------------------|-------------------------------|
| Merchandise | \$ 51,715 | 39,897 | 55,859 |
| Finished goods | 1,742,872 | 1,581,786 | 1,230,066 |
| Work in progress | 219,343 | 147,404 | 135,181 |
| Raw materials | 1,589,958 | 821,742 | 941,745 |
| Supplies | 429,682 | 516,007 | 469,350 |
| Goods in transit | <u>43,669</u> | <u>367,583</u> | <u>236,977</u> |
| Total | <u>\$ 4,077,239</u> | <u>3,474,419</u> | <u>3,069,178</u> |

As of September 30, 2022, December 31 and September 30, 2021, the Group's inventories were not provided as pledged assets.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--|--|----------------|---|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Loss on (reversal of) decline in market value of inventory | \$ 7,425 | (4,542) | 12,998 | 2,363 |
| Loss on physical count, net | 749 | (1,032) | 1,943 | 362 |
| Loss on scrap of inventory | 1,203 | 1,012 | 2,575 | 1,398 |
| Income from sale of scrap | (3,360) | (4,096) | (10,616) | (12,076) |
| Total | <u>\$ 6,017</u> | <u>(8,658)</u> | <u>6,900</u> | <u>(7,953)</u> |

(g) Material non-controlling interests of subsidiaries

| Name of subsidiary | The main operating place / register country | Proportion of Non-controlling interests | | |
|---------------------------|--|--|------------------------------|-------------------------------|
| | | September 30, 2022 | December 31, 2021 | September 30, 2021 |
| Namchow Food CO. | China | 19.06 % | 19.06 % | 18.27 % |

The following information of the aforementioned subsidiary has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information is the fair value adjustment made during the acquisition and the relevant difference in accounting principles between the Group and its subsidiary as at the acquisition date. Intra-group transactions were not eliminated in this information.

Summary of financial information of Namchow Food CO.

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|---------------------------|-------------------------------|------------------------------|-------------------------------|
| Current assets | \$ 12,335,812 | 12,350,678 | 12,489,059 |
| Non-current assets | 5,638,677 | 5,517,527 | 5,375,044 |
| Current liabilities | (3,007,556) | (3,331,861) | (4,203,996) |
| Non-current liabilities | (340,322) | (355,111) | (339,156) |
| Net assets | <u>\$ 14,626,611</u> | <u>14,181,233</u> | <u>13,320,951</u> |
| Non-controlling interests | <u>\$ 2,857,175</u> | <u>2,719,579</u> | <u>2,433,635</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--|--|------------------|---|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | <u>\$ 2,887,865</u> | <u>2,973,970</u> | <u>9,183,456</u> | <u>8,883,909</u> |
| Net income | \$ 30,416 | 335,663 | 585,059 | 1,182,337 |
| Other comprehensive income (loss) | - | - | - | - |
| Total comprehensive income (loss) | <u>\$ 30,416</u> | <u>335,663</u> | <u>585,059</u> | <u>1,182,337</u> |
| Total net income attributable to non-controlling interests | <u>\$ 5,739</u> | <u>62,200</u> | <u>111,447</u> | <u>94,764</u> |
| Total comprehensive income attributable to non-controlling interests | <u>\$ 5,739</u> | <u>62,200</u> | <u>111,447</u> | <u>94,764</u> |

| | For the nine months ended September 30 | |
|--|---|------------------|
| | 2022 | 2021 |
| Net Cash flow from operating activities | \$ (321,831) | 284,828 |
| Net Cash flow used in investing activities | (244,971) | (72,680) |
| Net Cash flow from financing activities | 66,448 | 4,442,674 |
| Effect of exchange rate changes on cash and cash equivalents | (1,031) | 187 |
| Increase (decrease) in cash and cash equivalents | <u>\$ (501,385)</u> | <u>4,655,009</u> |

(h) Property, plant and equipment

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

| | Land | Buildings | Machinery | Other equipment | Unfinished construction | Total |
|-------------------------------------|---------------------|------------------|------------------|------------------------|--------------------------------|-------------------|
| Cost and revaluation: | | | | | | |
| Balance at January 1, 2022 | \$ 2,777,223 | 6,493,094 | 7,108,275 | 4,157,325 | 407,726 | 20,943,643 |
| Additions | 4,778 | 21,696 | 15,399 | 54,882 | 409,322 | 506,077 |
| Disposals | - | (738) | (15,555) | (15,563) | (1,763) | (33,619) |
| Reclassification | - | 101,782 | 203,271 | 59,066 | (349,973) | 14,146 |
| Effect of changes in exchange rates | (51,665) | 60,636 | 130,873 | 77,208 | 2,796 | 219,848 |
| Balance at September 30, 2022 | <u>\$ 2,730,336</u> | <u>6,676,470</u> | <u>7,442,263</u> | <u>4,332,918</u> | <u>468,108</u> | <u>21,650,095</u> |
| Balance at January 1, 2021 | \$ 2,887,928 | 6,690,798 | 7,318,881 | 4,239,438 | 310,058 | 21,447,103 |
| Additions | - | 11,784 | 27,420 | 87,577 | 134,671 | 261,452 |
| Disposals | - | (100) | (1,351) | (78,270) | (229) | (79,950) |
| Reclassification | - | 33,248 | 51,478 | 88,779 | (161,975) | 11,530 |
| Effect of changes in exchange rates | (89,536) | (260,478) | (349,622) | (86,611) | (29,906) | (816,153) |
| Balance at September 30, 2021 | <u>\$ 2,798,392</u> | <u>6,475,252</u> | <u>7,046,806</u> | <u>4,250,913</u> | <u>252,619</u> | <u>20,823,982</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>Land</u> | <u>Buildings</u> | <u>Machinery</u> | <u>Other equipment</u> | <u>Unfinished construction</u> | <u>Total</u> |
|-------------------------------------|---------------------|------------------|------------------|----------------------------|------------------------------------|-------------------|
| Depreciation and impairment loss: | | | | | | |
| Balance at January 1, 2022 | \$ 31,953 | 1,833,166 | 4,353,862 | 2,837,551 | - | 9,056,532 |
| Depreciation | - | 156,072 | 227,646 | 229,418 | - | 613,136 |
| Disposal | - | (738) | (15,362) | (14,543) | - | (30,643) |
| Impairment loss | - | 2,160 | 6,893 | - | - | 9,053 |
| Effect of changes in exchange rates | - | 29,642 | 76,117 | 52,185 | - | 157,944 |
| Balance at September 30, 2022 | <u>\$ 31,953</u> | <u>2,020,302</u> | <u>4,649,156</u> | <u>3,104,611</u> | <u>-</u> | <u>9,806,022</u> |
| Balance at January 1, 2021 | \$ 31,953 | 1,660,692 | 4,219,386 | 2,785,144 | - | 8,697,175 |
| Depreciation | - | 155,334 | 237,505 | 242,801 | - | 635,640 |
| Disposal | - | (100) | (1,144) | (48,377) | - | (49,621) |
| Reclassification | - | - | (22) | 630 | - | 608 |
| Effect of changes in exchange rates | - | (42,746) | (196,535) | (53,158) | - | (292,439) |
| Balance at September 30, 2021 | <u>\$ 31,953</u> | <u>1,773,180</u> | <u>4,259,190</u> | <u>2,927,040</u> | <u>-</u> | <u>8,991,363</u> |
| Carrying value: | | | | | | |
| January 1, 2022 | <u>\$ 2,745,270</u> | <u>4,659,928</u> | <u>2,754,413</u> | <u>1,319,774</u> | <u>407,726</u> | <u>11,887,111</u> |
| September 30, 2022 | <u>\$ 2,698,383</u> | <u>4,656,168</u> | <u>2,793,107</u> | <u>1,228,307</u> | <u>468,108</u> | <u>11,844,073</u> |
| January 1, 2021 | <u>\$ 2,855,975</u> | <u>5,030,106</u> | <u>3,099,495</u> | <u>1,454,294</u> | <u>310,058</u> | <u>12,749,928</u> |
| September 30, 2021 | <u>\$ 2,766,439</u> | <u>4,702,072</u> | <u>2,787,616</u> | <u>1,323,873</u> | <u>252,619</u> | <u>11,832,619</u> |

(i) Impairment loss and subsequent reversal

On September 30, 2022, Namchow Thailand conducted an asset impairment assessment on the buildings and machinery of the Instant Noodles and Rice Crackers Divisions. An impairment loss of \$9,053 thousand, by which the carrying value is lower than the recoverable amount, is recognized.

The movement of the accumulated impairment loss were as follows:

| | For the nine months ended September 30 | |
|-------------------------------------|---|----------------|
| | 2022 | 2021 |
| Beginning balance | \$ 243,114 | 243,114 |
| Impairment loss recognized | 9,053 | - |
| Effect of changes in exchange rates | (60) | - |
| Ending balance | <u>\$ 252,107</u> | <u>243,114</u> |

(ii) Collateral

Please refer to note 8 for information on pledged property, plant and equipment as of September 30, 2022, December 31 and September 30, 2021.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee is presented below:

| | <u>Land</u> | <u>Buildings</u> | <u>Transportation equipment</u> | <u>Total</u> |
|-------------------------------------|-------------------|------------------|-------------------------------------|------------------|
| Cost: | | | | |
| Balance at January 1, 2022 | \$ 329,160 | 1,138,057 | 86,659 | 1,553,876 |
| Additions | - | 50,868 | 25,868 | 76,736 |
| Modification | - | (188,297) | (22,716) | (211,013) |
| Effect of changes in exchange rates | 9,774 | 26,138 | 380 | 36,292 |
| Balance at September 30, 2022 | <u>\$ 338,934</u> | <u>1,026,766</u> | <u>90,191</u> | <u>1,455,891</u> |
| Balance at January 1, 2021 | \$ 331,660 | 1,371,586 | 83,425 | 1,786,671 |
| Additions | - | 150,532 | 7,715 | 158,247 |
| Modification | - | (406,043) | (3,572) | (409,615) |
| Reclassification | - | - | (1,921) | (1,921) |
| Effect of changes in exchange rates | (5,455) | (19,459) | (1,463) | (26,377) |
| Balance at September 30, 2021 | <u>\$ 326,205</u> | <u>1,096,616</u> | <u>84,184</u> | <u>1,507,005</u> |
| Accumulated depreciation: | | | | |
| Balance at January 1, 2022 | \$ 91,954 | 466,630 | 49,391 | 607,975 |
| Depreciation | 5,159 | 111,692 | 20,292 | 137,143 |
| Modification | - | (109,873) | (22,262) | (132,135) |
| Effect of changes in exchange rates | 2,783 | 11,547 | 263 | 14,593 |
| Balance at September 30, 2022 | <u>\$ 99,896</u> | <u>479,996</u> | <u>47,684</u> | <u>627,576</u> |
| Balance at January 1, 2021 | \$ 85,663 | 447,082 | 28,382 | 561,127 |
| Depreciation | 5,193 | 155,203 | 19,113 | 179,509 |
| Modification | - | (168,045) | (2,229) | (170,274) |
| Reclassification | - | - | (622) | (622) |
| Effect of changes in exchange rates | (1,445) | (7,580) | (264) | (9,289) |
| Balance at September 30, 2021 | <u>\$ 89,411</u> | <u>426,660</u> | <u>44,380</u> | <u>560,451</u> |
| Carrying value: | | | | |
| January 1, 2022 | <u>\$ 237,206</u> | <u>671,427</u> | <u>37,268</u> | <u>945,901</u> |
| September 30, 2022 | <u>\$ 239,038</u> | <u>546,770</u> | <u>42,507</u> | <u>828,315</u> |
| January 1, 2021 | <u>\$ 245,997</u> | <u>924,504</u> | <u>55,043</u> | <u>1,225,544</u> |
| September 30, 2021 | <u>\$ 236,794</u> | <u>669,956</u> | <u>39,804</u> | <u>946,554</u> |

(j) Investment property

| | <u>Buildings</u> |
|-------------------------------------|------------------|
| Cost: | |
| Balance as at January 1, 2022 | \$ 71,842 |
| Effect of changes in exchange rates | 2,133 |
| Balance as at September 30, 2022 | <u>\$ 73,975</u> |
| Balance as at January 1, 2021 | \$ 72,387 |
| Effect of changes in exchange rates | (1,190) |
| Balance as at September 30, 2021 | <u>\$ 71,197</u> |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>Buildings</u> |
|-------------------------------------|-------------------------|
| Depreciation: | |
| Balance as at January 1, 2022 | \$ 35,562 |
| Depreciation | 2,472 |
| Effect of changes in exchange rates | 1,080 |
| Balance as at September 30, 2022 | <u><u>\$ 39,114</u></u> |
| Balance as at January 1, 2021 | \$ 32,574 |
| Depreciation | 2,420 |
| Effect of changes in exchange rates | (552) |
| Balance as at September 30, 2021 | <u><u>\$ 34,442</u></u> |
| Carrying value: | |
| Balance as at January 1, 2022 | <u><u>\$ 36,280</u></u> |
| Balance as at September 30, 2022 | <u><u>\$ 34,861</u></u> |
| Balance as at January 1, 2021 | <u><u>\$ 39,813</u></u> |
| Balance as at September 30, 2021 | <u><u>\$ 36,755</u></u> |
| Fair value: | |
| Balance as at January 1, 2022 | <u><u>\$ 76,103</u></u> |
| Balance as at September 30, 2022 | <u><u>\$ 88,176</u></u> |
| Balance as at January 1, 2021 | <u><u>\$ 75,420</u></u> |
| Balance as at September 30, 2021 | <u><u>\$ 74,353</u></u> |

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(v) for further information.

The fair value of investment property is based on expected cash flow from the rental income, discounted at yields which reflect the specific level of risk associated with the cash flow.

| <u>Region</u> | <u>September 30, 2022</u> | <u>September 30, 2021</u> |
|-----------------------|--------------------------------------|--------------------------------------|
| Xuhui Dist., Shanghai | 3.20% | 3.97% |

As of September 30, 2022, December 31 and September 30, 2021, the Group's investment properties were not provided as pledged assets.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Short-term and long-term borrowings

The details, terms and clauses of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

| September 30, 2022 | | | | |
|---------------------------|-----------------|------------------------------------|-------------------------|----------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Unsecured loans | RMB | 2.90~4.00 | 2022~2023 | \$ 1,963,919 |
| Unsecured loans | TWD | 1.15~1.46 | 2022 | 2,097,000 |
| Unsecured loans | JPY | 0.59~0.92 | 2022~2023 | 413,788 |
| Total | | | | <u><u>\$ 4,474,707</u></u> |

| December 31, 2021 | | | | |
|--------------------------|-----------------|------------------------------------|-------------------------|----------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Unsecured loans | RMB | 3.30~3.95 | 2022 | \$ 1,705,905 |
| Unsecured loans | USD | 0.71 | 2022 | 16,106 |
| Unsecured loans | TWD | 0.65~0.90 | 2022 | 357,766 |
| Unsecured loans | JPY | 0.57~0.98 | 2022 | 381,193 |
| Total | | | | <u><u>\$ 2,460,970</u></u> |

| September 30, 2021 | | | | |
|---------------------------|-----------------|------------------------------------|-------------------------|----------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Unsecured loans | RMB | 2.95~3.95 | 2021~2022 | \$ 2,384,337 |
| Unsecured loans | USD | 0.73 | 2021 | 16,236 |
| Unsecured loans | TWD | 0.65~0.94 | 2021 | 452,205 |
| Unsecured loans | JPY | 0.58~0.98 | 2021~2022 | 486,795 |
| Total | | | | <u><u>\$ 3,339,573</u></u> |

As of September 30, 2022, December 31 and September 30, 2021, the unused credit facilities amounted to \$14,946,933 thousand, \$16,394,866 thousand and \$13,564,766 thousand, respectively.

(ii) Short-term commercial paper payable

| September 30, 2022 | | | | |
|---------------------------|-----------------|------------------------------------|-------------------------|-------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Commercial paper payable | TWD | 1.11 | 2022 | \$ 45,000 |
| Discount | | | | (14) |
| Total | | | | <u><u>\$ 44,986</u></u> |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| December 31, 2021 | | | | |
|--------------------------|-----------------|------------------------------------|-------------------------|-------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Commercial paper payable | TWD | 0.73 | 2022 | \$ 90,000 |
| Discount | | | | (17) |
| Total | | | | <u><u>\$ 89,983</u></u> |

| September 30, 2021 | | | | |
|---------------------------|-----------------|------------------------------------|-------------------------|--------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Commercial paper payable | TWD | 0.63~0.73 | 2021 | \$ 108,000 |
| Discount | | | | (32) |
| Total | | | | <u><u>\$ 107,968</u></u> |

The Group did not pledge assets against the short-term commercial paper payable.

As of September 30, 2022, December 31 and September 30, 2021, the unused credit facilities amounted to \$765,000 thousand, \$680,000 thousand and \$530,000 thousand, respectively.

(iii) Long-term borrowings

| September 30, 2022 | | | | |
|---------------------------|-----------------|------------------------------------|-------------------------|----------------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Secured loans | JPY | 1.25 | 2038~2039 | \$ 666,828 |
| Secured loans | TWD | 1.4 | 2025 | 231,000 |
| Unsecured loans | JPY | 0.93 | 2023 | 22,010 |
| Unsecured loans | THB | 2.13 | 2023 | 67,616 |
| Unsecured loans | TWD | 0.9500~1.4050 | 2023~2024 | 1,605,000 |
| Unsecured loans | RMB | 4.55 | 2022~2023 | 51,529 |
| Total | | | | <u><u>\$ 2,643,983</u></u> |
| Current | | | | \$ 355,341 |
| Non-current | | | | 2,288,642 |
| Total | | | | <u><u>\$ 2,643,983</u></u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| December 31, 2021 | | | | |
|--------------------------|-----------------|------------------------------------|-------------------------|---------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Secured loans | JPY | 1.275 | 2038~2039 | \$ 757,972 |
| Secured loans | TWD | 0.95 | 2024 | 359,000 |
| Unsecured loans | JPY | 0.93545 | 2023 | 36,075 |
| Unsecured loans | THB | 1.92 | 2025 | 166,940 |
| Unsecured loans | TWD | 0.8400~1.0500 | 2023~2024 | 2,450,000 |
| Unsecured loans | RMB | 4.2250~4.7000 | 2022~2023 | 152,735 |
| Total | | | | \$ 3,922,722 |
| Current | | | | \$ 237,893 |
| Non-current | | | | 3,684,829 |
| Total | | | | \$ 3,922,722 |

| September 30, 2021 | | | | |
|---------------------------|-----------------|------------------------------------|-------------------------|---------------------|
| | Currency | Range of interest rates (%) | Year of maturity | Amount |
| Secured loans | JPY | 1.275 | 2038~2039 | \$ 933,856 |
| Unsecured loans | JPY | 0.93545 | 2023 | 37,350 |
| Unsecured loans | THB | 1.92 | 2025 | 497,040 |
| Unsecured loans | TWD | 1.0267~1.0900 | 2023 | 500,000 |
| Unsecured loans | RMB | 3.8000~4.7500 | 2022~2023 | 200,613 |
| Total | | | | \$ 2,168,859 |
| Current | | | | \$ 331,544 |
| Non-current | | | | 1,837,315 |
| Total | | | | \$ 2,168,859 |

As of September 30, 2022, December 31 and September 30, 2021, the unused credit facilities amounted to \$5,121,081 thousand, \$6,034,461 thousand and \$6,547,125 thousand, respectively.

The Group has disclosed the related risk exposure to the financial instruments in note 6(w).

The Group has pledge certain assets against the loans; please refer to note 8 for additional information.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Bonds payable

(i) The details of bonds payable were as follows:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--|-----------------------|----------------------|-----------------------|
| Secured bonds | \$ 5,000,000 | 5,000,000 | 9,000,000 |
| Less: discounts on bonds payable | 126,169 | 146,473 | 156,823 |
| Less: current portion of bonds payable | - | - | 3,996,418 |
| Total | <u>\$ 4,873,831</u> | <u>4,853,527</u> | <u>4,846,759</u> |

(ii) As August 11, 2021, the Group issued its 1st domestic secured bonds, and its major obligations are as follows:

| Item | 110-1 Secured Bonds (Tranche A) |
|---------------------|--|
| 1) Issue date | August 11, 2021 |
| 2) Issue period | 5 years, commencing from August 11, 2021 and matured on August 11, 2026. |
| 3) Offering amount | 3,000,000 thousand |
| 4) Denomination | Issued by par value, each value at 10 million, and total of 300 bonds |
| 5) Coupon Rate | Annual interest rate 0.47% |
| 6) Repayment | Bullet repayment at an amount equal to the principal amount of the Bonds |
| 7) Interest Payment | According to coupon rate. Interest is payable annually. |
| 8) Way of guarantee | Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution |

| Item | 110-1 Secured Bonds (Tranche B) |
|---------------------|--|
| 1) Issue date | August 11, 2021 |
| 2) Issue period | 7 years, commencing from August 11, 2021 and matured on August 11, 2028. |
| 3) Offering amount | 2,000,000 thousand |
| 4) Denomination | Issued by par value, each value at 10 million, and total of 200 bonds |
| 5) Coupon Rate | Annual interest rate 0.53% |
| 6) Repayment | Bullet repayment at an amount equal to the principal amount of the Bonds |
| 7) Interest Payment | According to coupon rate. Interest is payable annually. |
| 8) Way of guarantee | Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) As November 29, 2016, the Group issued its 1st domestic secured bonds, and its major obligations are as follows:

| Item | 105-1 Secured Bonds |
|---------------------|--|
| 1) Issue date | November 29, 2016 |
| 2) Issue period | 5 years, commencing from November 29, 2016 and matured on November 29, 2021. |
| 3) Offering amount | 4,000,000 thousand |
| 4) Denomination | Issued by par value, each value at 10 million, and total of 400 bonds |
| 5) Coupon Rate | Annual interest rate 0.75% |
| 6) Repayment | Bullet repayment at an amount equal to the principal amount of the Bonds |
| 7) Interest Payment | According to coupon rate. Interest is payable annually. |
| 8) Way of guarantee | Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution |

- (m) Provisions

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|------------------|-------------------------------|------------------------------|-------------------------------|
| Site restoration | \$ <u>10,264</u> | <u>10,264</u> | <u>12,134</u> |

For the nine months ended September 30, 2022 and 2021, the Group did not have any significant change on the provisions. For other relative information, please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2021.

- (n) Lease liabilities

The carrying amounts of lease liabilities for the Group were as follows:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|-------------|-------------------------------|------------------------------|-------------------------------|
| Current | \$ <u>134,986</u> | <u>158,142</u> | <u>151,511</u> |
| Non-current | \$ <u>503,938</u> | <u>603,722</u> | <u>607,316</u> |

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--|--|---------------|---|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest on lease liabilities | \$ <u>6,847</u> | <u>9,758</u> | <u>23,232</u> | <u>34,368</u> |
| Variable lease payments not included in the measurement of lease liabilities | \$ <u>5,488</u> | <u>4,143</u> | <u>29,938</u> | <u>27,605</u> |
| Income from sub-leasing right-of-use assets | \$ <u>(322)</u> | <u>(309)</u> | <u>(939)</u> | <u>(926)</u> |
| Expenses relating to short-term leases | \$ <u>7,742</u> | <u>10,020</u> | <u>41,592</u> | <u>52,826</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>882</u> | <u>1,997</u> | <u>4,352</u> | <u>5,368</u> |

The amounts recognized in the statement of cash flows for the Group were as follows:

| | For the nine months ended September 30 | |
|-------------------------------|---|----------------|
| | 2022 | 2021 |
| Total cash outflow for leases | \$ <u>226,768</u> | <u>283,089</u> |

(o) Employee benefits

(i) Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2021 and 2020.

The Group's expenses recognized in profit or loss were as follows:

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--------------------|--|--------------|---|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating costs | \$ 673 | 1,240 | 3,238 | 3,884 |
| Operating expenses | (445) | 1,143 | 3,871 | 3,546 |
| Total | \$ <u>228</u> | <u>2,383</u> | <u>7,109</u> | <u>7,430</u> |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The Group's expenses (under pension plan cost) to the Bureau of Labor Insurance and the local government were as follows:

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--------------------|--|---------------|---|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating costs | \$ 17,023 | 14,886 | 47,303 | 44,889 |
| Operating expenses | 31,865 | 26,897 | 90,800 | 80,479 |
| Total | <u>\$ 48,888</u> | <u>41,783</u> | <u>138,103</u> | <u>125,368</u> |

(iii) Short-term employee benefit

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--|-------------------------------|------------------------------|-------------------------------|
| Compensated absence liabilities (recorded under other payables) | <u>\$ 27,793</u> | <u>26,788</u> | <u>25,600</u> |

(p) Income tax

i) Income tax expense was best estimated by multiplying pretax income for the interim reporting period by the effective tax rate which was forecasted by the management.

ii) Income tax expenses

The components of income tax are as follows:

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--|--|----------------|---|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Current tax expenses | | | | |
| Current period | \$ 22,436 | 87,333 | 276,701 | 475,096 |
| Adjustment for prior period | - | - | (1,185) | (3,136) |
| | <u>22,436</u> | <u>87,333</u> | <u>275,516</u> | <u>471,960</u> |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | 17,505 | 64,697 | 32,163 | 46,815 |
| Income tax on continuing operations | <u>\$ 39,941</u> | <u>152,030</u> | <u>307,679</u> | <u>518,775</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Examination and approval

The tax returns of the Company have been examined and approved by the tax authorities through 2018.

(q) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the nine months ended September 30, 2022 and 2021. Please refer to note 6(r) to the consolidated financial statements for the year ended December 31, 2021, for related information.

(i) Capital surplus

The components of capital surplus were as follows:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|---|-------------------------------|------------------------------|-------------------------------|
| Share premium | \$ 1,280 | 1,280 | 1,280 |
| Overaging unclaimed dividends | 7,096 | 4,868 | 4,868 |
| Treasury stock | 1,284,757 | 1,183,820 | 1,183,820 |
| Recognize changes in all equity in subsidiaries | <u>2,400,897</u> | <u>2,400,897</u> | <u>2,273,017</u> |
| | <u><u>\$ 3,694,030</u></u> | <u><u>3,590,865</u></u> | <u><u>3,462,985</u></u> |

(ii) Retained earnings

In accordance with the Company's articles of incorporation, in the event that the annual audit renders earnings, the Company shall pay taxes according to law and cover cumulative losses before setting aside 10% to be the legal reserve; if the legal reserve has reached the Company's paid-in capital size, however, it is allowed not to set aside further earnings. From the remainder the special reserve shall be set aside or reversed as required by law and any further remainder after that shall be brought forth in the shareholder's meeting based on the Earnings Distribution Proposal prepared by the Board of Directors along with accumulated retained earnings for a decision on assignment of dividend bonus to shareholders.

The dividend policy of the Company reflects its current and future development plans and takes into accounts factors such as investment climate, funding demand, and domestic and international competition as well as shareholders' interests. Each year, no less than 30% of earnings available for distribution are assigned to shareholders as dividend bonus. The dividend bonus may be done in case or in the form of stock. When it is done in cash, the value may not exceed 10% of the overall dividends.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Special earnings reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of \$512,508 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of above mentioned special reserve amounted to \$512,508 thousand as of September 30, 2022, December 31 and September 30, 2021.

For the regulatory permission mentioned above, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of the above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

2) Distribution of retained earnings

The Company's Board of Directors resolved to appropriate the 2021 and 2020 other earnings in the board meeting held on March 15, 2022 and March 12, 2021, respectively. These other earnings were appropriated as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|----------------|
| Dividends distributed to common shareholders: | | |
| Cash | \$ <u>647,093</u> | <u>588,266</u> |

(iii) Treasury stock

None shares were purchased by the Company and its subsidiaries during the nine months ended September 30, 2022 and 2021. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of September 30, 2022, December 31 and September 30, 2021, the subsidiaries held the Company's shares as follows:

| September 30, 2022 | | | | | |
|---------------------------|---|---------------------------------------|--|-----------------------------------|-------------------------------------|
| <u>Subsidiary name</u> | <u>Number of shares (in thousand)</u> | <u>Market price per share</u> | <u>Adjusted cost per share</u> | <u>Total market value</u> | <u>Total treasury stock</u> |
| Lucky Co. | 46,041 | 44.60 | 11.51 | \$ <u>2,053,440</u> | <u>530,114</u> |

| December 31, 2021 | | | | | |
|--------------------------|---|---------------------------------------|--|-----------------------------------|-------------------------------------|
| <u>Subsidiary name</u> | <u>Number of shares (in thousand)</u> | <u>Market price per share</u> | <u>Adjusted cost per share</u> | <u>Total market value</u> | <u>Total treasury stock</u> |
| Lucky Co. | 46,041 | 49.05 | 11.51 | \$ <u>2,311,271</u> | <u>530,114</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Subsidiary name | September 30, 2021 | | | | |
|------------------------|---|---------------------------------------|--|-----------------------------------|-------------------------------------|
| | Number of shares (in thousand) | Market price per share | Adjusted cost per share | Total market value | Total treasury stock |
| Lucky Co. | 46,041 | 49.05 | 11.51 | <u>\$ 2,258,324</u> | <u>530,114</u> |

Under the Business Mergers and Acquisitions Act, the treasury stock held by the Company shall not be pledged nor be entitled to any distribution of dividends or voting rights.

(iv) Other equities (net for tax)

| | Foreign exchange differences arising from foreign operations | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Non-controlling interests | Total |
|---|---|--|--------------------------------------|--------------------|
| Balance as of January 1, 2022 | \$ (1,059,576) | (40,183) | 207,069 | (892,690) |
| Foreign exchange differences arising from foreign operations | 5,415 | - | 81,245 | 86,660 |
| Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method | 356,607 | - | - | 356,607 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | (7,586) | - | (7,586) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method | - | (1,770) | - | (1,770) |
| Balance as of September 30, 2022 | <u>\$ (697,554)</u> | <u>(49,539)</u> | <u>288,314</u> | <u>(458,779)</u> |
| Balance as of January 1, 2021 | \$ (681,563) | (45,154) | 162,100 | (564,617) |
| Foreign exchange differences arising from foreign operations | (344,798) | - | (111,054) | (455,852) |
| Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method | (152,876) | - | - | (152,876) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | 1,957 | - | 1,957 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method | - | 456 | - | 456 |
| Balance as of September 30, 2021 | <u>\$ (1,179,237)</u> | <u>(42,741)</u> | <u>51,046</u> | <u>(1,170,932)</u> |

(r) Share-based payment

- (i) On October 15, 2021 and November 12, 2021, the board of directors of Namchow Food CO., resolved to issue 4,595 thousand shares of RSAs, including 4,125 thousand shares of restricted stock and 470 thousand reserved shares of restricted stock; the grant price was RMB 16.425 per share of RSAs, the fair value was RMB 16.945 per share at the grant date. The recipients are limited to the full-time employees of Namchow Food CO. who meet certain conditions. As of October 10, 2022, the grant price of the reserved restricted shares is adjusted from RMB 16.425 per share to RMB 16.095 per share.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The sales restriction period of restricted stocks granted by this incentive plan is 12 months, 24 months, 36 months from the date of registration of the granted restricted stocks. The restricted stocks granted by this incentive plan shall not be transferred, and used for security or debt repayment before the restriction is lifted. The stocks resulting from the conversion from capital reserves to share capital, stock dividends and stock splits of the restricted stocks granted for incentive objects are also restricted for sales, and shall not be sold in the secondary market or transferred by other means, or used for security and debt repayment before the restriction is lifted. The releasing period of these shares is the same as that of the restricted stocks.

The cash dividends obtained by this incentive plan due to the restricted stocks granted shall be managed by the Company before the restriction is lifted, and shall be regarded as the dividend payable by the Company, and shall not be paid until the restriction is lifted. If the restricted stocks cannot be lifted according to this plan, the dividends corresponding to the restricted stocks that cannot be lifted will be recovered by the Company

The unlocking period of the restricted stocks granted for the first time in this plan and the timetable for unlocking the restricted stocks in each period are as follows:

- 1) Employees who have been working in the Company for 1 year: 20% of vested shares can be sold.
- 2) Employees who have been working in the Company for 2 years: 40% of vested shares can be sold.
- 3) Employees who have been working in the Company for 3 years: 40% of vested shares can be sold.

For those restricted stocks that have not been applied for releasing the restriction in above agreed period or have not been released due to failure to meet the conditions of restriction releasing, Namchow Food CO., will repurchase according to this incentive plan and disconnect those restricted stocks from the original incentive object.

Information about restricted shares was as follows:

| | For the nine months ended September 30, 2022 |
|---|---|
| Shares outstanding on September 30 (Shares outstanding on January 1) | <u><u>4,125</u></u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Compensation cost

| | For the nine months ended September 30, 2022 |
|-----------------------------|---|
| Expenses resulting from RSA | <u><u>\$ 64,507</u></u> |

(s) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the nine months ended September 30, 2022 and 2021, were as follows:

(i) Basic earnings per share

| | For the three months ended September 30 | | Unit: thousand of shares For the nine months ended September 30 | |
|---|--|----------------|--|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to common shareholders of the Company | <u>\$ 98,776</u> | <u>253,791</u> | <u>447,321</u> | <u>793,326</u> |
| Weighted-average number of common shares | <u>248,092</u> | <u>248,092</u> | <u>248,092</u> | <u>248,092</u> |
| Basic earnings per share (in NT dollars) | <u>\$ 0.40</u> | <u>1.02</u> | <u>1.80</u> | <u>3.20</u> |

ii) Diluted earnings per share

| | For the three months ended September 30 | | Unit: thousand of shares For the nine months ended September 30 | |
|---|--|----------------|--|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to common shareholders of the Company (diluted) | <u>\$ 98,776</u> | <u>253,791</u> | <u>447,321</u> | <u>793,326</u> |
| Weighted-average number of common shares (basic) | 248,092 | 248,092 | 248,092 | 248,092 |
| Impact of potential common shares: | | | | |
| Effect of employees' remuneration | 116 | 191 | 190 | 251 |
| Weighted-average number of shares outstanding (diluted) | <u>248,208</u> | <u>248,283</u> | <u>248,282</u> | <u>248,343</u> |
| Diluted earnings per share (in NT dollars) | <u>\$ 0.40</u> | <u>1.02</u> | <u>1.80</u> | <u>3.19</u> |

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

| For the three months ended September 30, 2022 | | | | | | | | |
|---|---|-----------------------|----------------|-----------------------|------------------|----------------|---|------------------|
| Area of distribution: | Edible and non- edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Total |
| China | \$ 2,637,040 | - | 203,845 | - | 55,342 | 86,833 | 2,240 | 2,985,300 |
| Taiwan | 242,995 | 121,596 | 127,271 | 481,062 | 127,521 | 81,269 | 11,499 | 1,193,213 |
| Thailand | - | - | - | - | 51,936 | - | 375 | 52,311 |
| New Zealand and Australia | - | - | - | - | 279,369 | - | - | 279,369 |
| United states | - | - | - | - | 231,860 | - | - | 231,860 |
| Europe | - | - | - | - | 222,214 | - | - | 222,214 |
| Others | 10,704 | - | - | - | 75,462 | 3,839 | - | 90,005 |
| | <u>\$ 2,890,739</u> | <u>121,596</u> | <u>331,116</u> | <u>481,062</u> | <u>1,043,704</u> | <u>171,941</u> | <u>14,114</u> | <u>5,054,272</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

| For the three months ended September 30, 2021 | | | | | | | | |
|---|--|-------------------------------|---------------------|-------------------------------|----------------|-----------------|--|------------------|
| | Edible and non- edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Total |
| Area of distribution: | | | | | | | | |
| China | \$ 2,680,677 | - | 293,337 | - | 1,942 | 103,228 | 11,162 | 3,090,346 |
| Taiwan | 271,173 | 125,552 | 96,756 | 394,502 | 127,298 | 50,041 | 23,797 | 1,089,119 |
| Thailand | - | - | - | - | 51,349 | - | 338 | 51,687 |
| New Zealand and Australia | - | - | - | - | 269,378 | - | - | 269,378 |
| United states | - | - | - | - | 193,900 | - | - | 193,900 |
| Europe | - | - | - | - | 151,507 | - | - | 151,507 |
| Others | 6,135 | - | - | - | 54,037 | 3,058 | - | 63,230 |
| | \$ 2,957,985 | 125,552 | 390,093 | 394,502 | 849,411 | 156,327 | 35,297 | 4,909,167 |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

| For the nine months ended September 30, 2022 | | | | | | | | |
|--|--|-------------------------------|---------------------|-------------------------------|------------------|-----------------|--|-------------------|
| | Edible and non- edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Total |
| Area of distribution: | | | | | | | | |
| China | \$ 8,530,344 | - | 609,638 | - | 60,356 | 147,582 | 27,607 | 9,375,527 |
| Taiwan | 735,431 | 361,623 | 372,507 | 1,089,609 | 363,477 | 226,635 | 41,860 | 3,191,142 |
| Thailand | - | - | - | - | 143,548 | - | 1,637 | 145,185 |
| New Zealand and Australia | - | - | - | - | 744,023 | - | - | 744,023 |
| United states | - | - | - | - | 703,145 | - | - | 703,145 |
| Europe | - | - | - | - | 557,120 | - | - | 557,120 |
| Others | 21,858 | - | - | - | 211,244 | 12,589 | - | 245,691 |
| | \$ 9,287,633 | 361,623 | 982,145 | 1,089,609 | 2,782,913 | 386,806 | 71,104 | 14,961,833 |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

| | For the nine months ended September 30, 2021 | | | | | | | |
|---------------------------|--|-----------------------|------------------|-----------------------|------------------|----------------|---|-------------------|
| | Edible and non- edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Total |
| Area of distribution: | | | | | | | | |
| China | \$ 8,213,599 | - | 697,094 | - | 7,622 | 383,595 | 27,236 | 9,329,146 |
| Taiwan | 813,216 | 365,140 | 330,718 | 943,851 | 355,103 | 222,253 | 32,629 | 3,062,910 |
| Thailand | - | - | - | - | 143,600 | - | 1,027 | 144,627 |
| New Zealand and Australia | - | - | - | - | 762,121 | - | - | 762,121 |
| United states | - | - | - | - | 542,344 | - | 250 | 542,594 |
| Europe | - | - | - | - | 446,013 | - | - | 446,013 |
| Others | 15,187 | - | - | - | 184,859 | 8,651 | - | 208,697 |
| | \$ 9,042,002 | 365,140 | 1,027,812 | 943,851 | 2,441,662 | 614,499 | 61,142 | 14,496,108 |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balance

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--------------------|-----------------------|----------------------|-----------------------|
| Contract liability | \$ <u>612,326</u> | <u>540,585</u> | <u>465,442</u> |

The amount of revenue recognized for the nine months ended September 30, 2022 and 2021, that was included in the contract liability balance at the beginning of the period was \$393,816 thousand and \$547,378 thousand, respectively.

(u) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company shall set aside no less than 1% of its profit as for employee remuneration and no more than 5% as directors' remuneration. However, priority shall be given to covering cumulative losses, if any.

Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the three months and nine months ended September 30, 2022 and 2021, the estimated amounts of employees' compensation were \$1,117 thousand, \$2,814 thousand, \$5,183 thousand and \$9,357 thousand, respectively, and the estimated amounts of directors' remuneration were \$5,029 thousand, \$12,664 thousand, \$23,326 thousand and \$42,107 thousand, respectively. The estimated amounts mentioned above are based on the net profit before tax, excluding employee compensation and directors' remuneration, of each respective ending period, multiplied by the percentage of the employee compensation, and the directors' remuneration, as specified in the Company's article. The estimations are recorded under operating expenses and cost.

The Company estimated its remuneration to employees amounting to \$13,343 thousand and \$11,065 thousand, as well as its directors' \$53,372 thousand and \$44,261 thousand for the years 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020. The aforementioned remuneration to employees and directors is consistent to the estimated amounts disclosed in the Company's consolidated financial statements for the years ended December 31, 2021 and 2020.

(v) Non-operating income and expenses

(i) Interest income

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|------------------------------------|--|---------------|---|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest income from bank deposits | \$ <u>59,888</u> | <u>55,155</u> | <u>177,047</u> | <u>128,636</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|--------------------------|--|----------------------|---|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Rental income | \$ 2,652 | 2,542 | 7,944 | 7,233 |
| Dividend income | 2,768 | 1,931 | 2,768 | 1,931 |
| Other income—other | | | | |
| Government grants | 5,080 | 51,985 | 50,791 | 84,082 |
| Others | <u>15,633</u> | <u>14,322</u> | <u>44,844</u> | <u>38,433</u> |
| Total other income—Other | <u>20,713</u> | <u>66,307</u> | <u>95,635</u> | <u>122,515</u> |
| Total other income | <u><u>\$ 26,133</u></u> | <u><u>70,780</u></u> | <u><u>106,347</u></u> | <u><u>131,679</u></u> |

(iii) Other gains and losses

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|---|--|----------------------|---|----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Losses (gains) on disposal of property, plant and equipment | \$ 126 | 334 | 818 | (28,135) |
| Gains on lease modification | 8,465 | 34,621 | 8,469 | 34,634 |
| Gains foreign exchange | 21,491 | 23,954 | 56,460 | 53,647 |
| Gains on financial assets at fair value through profit or loss | - | 2,195 | - | 2,195 |
| Recognize impairment loss | (9,053) | - | (9,053) | - |
| Others | <u>(15,951)</u> | <u>(35,594)</u> | <u>(28,444)</u> | <u>(51,836)</u> |
| Net other gains and losses | <u><u>\$ 5,078</u></u> | <u><u>25,510</u></u> | <u><u>28,250</u></u> | <u><u>10,505</u></u> |

(iv) Finance costs

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|------------------|--|----------------------|---|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest expense | <u><u>\$ 54,923</u></u> | <u><u>67,326</u></u> | <u><u>156,476</u></u> | <u><u>196,511</u></u> |

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, liquidity risk— interest rate risk and market risk arising from financial instruments. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

| | Carrying amount | Contractual cash flows | Within a year | 1-2 years | 2-5 years | More than 5 years |
|--------------------------------------|----------------------|---------------------------|-------------------|------------------|------------------|----------------------|
| September 30, 2022 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Secured loans | \$ 897,828 | 978,334 | 47,558 | 91,882 | 365,691 | 473,203 |
| Unsecured loans | 6,220,862 | 6,271,913 | 4,859,354 | 610,745 | 801,814 | - |
| Short-term commercial paper payable | 44,986 | 45,000 | 45,000 | - | - | - |
| Notes payable | 2 | 2 | 2 | - | - | - |
| Accounts payable | 1,213,620 | 1,213,620 | 1,213,620 | - | - | - |
| Other payables | 1,445,234 | 1,445,234 | 1,445,234 | - | - | - |
| Bonds payable | 4,873,831 | 5,000,000 | - | - | 3,000,000 | 2,000,000 |
| Lease liabilities | 638,924 | 724,547 | 159,596 | 166,911 | 265,373 | 132,667 |
| Guarantee deposits received | 60 | 60 | 60 | - | - | - |
| | <u>\$ 15,335,347</u> | <u>15,678,710</u> | <u>7,770,424</u> | <u>869,538</u> | <u>4,432,878</u> | <u>2,605,870</u> |
| December 31, 2021 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Secured loans | \$ 1,116,972 | 1,207,054 | 51,843 | 456,528 | 145,297 | 553,386 |
| Unsecured loans | 5,266,720 | 5,317,576 | 2,747,450 | 2,570,126 | - | - |
| Short-term commercial paper payable | 89,983 | 90,000 | 90,000 | - | - | - |
| Accounts payable | 1,347,326 | 1,347,326 | 1,347,326 | - | - | - |
| Other payables | 1,483,345 | 1,483,345 | 1,483,345 | - | - | - |
| Bonds payable | 4,853,527 | 5,000,000 | - | - | 3,000,000 | 2,000,000 |
| Lease liabilities | 761,864 | 869,880 | 188,157 | 186,002 | 319,900 | 175,821 |
| Guarantee deposits received | 60 | 60 | 60 | - | - | - |
| | <u>\$ 14,919,797</u> | <u>15,315,241</u> | <u>5,908,181</u> | <u>3,212,656</u> | <u>3,465,197</u> | <u>2,729,207</u> |
| September 30, 2021 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Secured loans | \$ 933,856 | 1,040,542 | 59,395 | 118,789 | 178,184 | 684,174 |
| Unsecured loans | 4,574,576 | 4,742,934 | 3,730,114 | 727,866 | 284,954 | - |
| Short-term commercial paper payable | 107,968 | 108,000 | 108,000 | - | - | - |
| Accounts payable | 1,180,210 | 1,180,210 | 1,180,210 | - | - | - |
| Other payables | 86,606 | 86,606 | 86,606 | - | - | - |
| Other payables | 1,357,923 | 1,357,923 | 1,357,923 | - | - | - |
| Bonds payable | 8,843,177 | 9,000,000 | 4,000,000 | - | - | 5,000,000 |
| Lease liabilities | 758,827 | 871,799 | 181,531 | 174,163 | 325,550 | 190,555 |
| Guarantee deposits received | 50 | 50 | 50 | - | - | - |
| | <u>\$ 17,843,193</u> | <u>18,388,064</u> | <u>10,703,829</u> | <u>1,020,818</u> | <u>788,688</u> | <u>5,874,729</u> |

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk—Currency risk

| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> |
|---------------------------|-----------------------------|--------------------------|------------|
| September 30, 2022 | | | |
| Financial assets: | | | |
| Monetary assets: | | | |
| USD | \$ 4,118 | 31.750 | 130,753 |
| Financial liabilities: | | | |
| Monetary liabilities: | | | |
| USD | \$ 2,909 | 31.750 | 92,354 |
| EUR | 10,065 | 31.260 | 314,641 |
| December 31, 2021 | | | |
| Financial assets: | | | |
| Monetary assets: | | | |
| USD | \$ 4,467 | 27.680 | 123,645 |
| Financial liabilities: | | | |
| Monetary liabilities: | | | |
| USD | \$ 6,164 | 27.680 | 170,617 |
| EUR | 8,684 | 31.320 | 271,980 |
| September 30, 2021 | | | |
| Financial assets: | | | |
| Monetary assets: | | | |
| USD | \$ 4,240 | 27.850 | 118,072 |
| Financial liabilities: | | | |
| Monetary liabilities: | | | |
| USD | \$ 1,649 | 27.850 | 45,918 |
| EUR | 10,127 | 32.320 | 327,310 |

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of September 30, 2022 and 2021 would have increased (decreased) the net income after tax for the nine months ended September 30, 2022 and 2021 by \$2,762 thousand and \$2,552 thousand, respectively. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$21,491 thousand, \$23,954 thousand, \$56,460 thousand and \$53,647 thousand, respectively.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting to the management internally, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$48,491 thousand and \$25,565 thousand for the nine months ended September 30, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing and time deposits at floating rates.

(iv) Fair value and carrying amount

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

| | | September 30, 2022 | | | | |
|---|--|--------------------|---------------|----------|----------|---------------|
| | | Carrying amount | Fair value | | | Total |
| | | | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Stocks listed on domestic markets | | \$ <u>15,433</u> | <u>15,433</u> | <u>-</u> | <u>-</u> | <u>15,433</u> |
| | | December 31, 2021 | | | | |
| | | Carrying amount | Fair value | | | Total |
| | | | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Stocks listed on domestic markets | | \$ <u>24,795</u> | <u>24,795</u> | <u>-</u> | <u>-</u> | <u>24,795</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | September 30, 2021 | | | | |
|---|--------------------|---------------|----------------|----------|----------------|
| | Carrying amount | Fair value | | | Total |
| | | 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 | \$ 260,610 | - | 260,610 | - | 260,610 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stocks listed on domestic markets | 22,235 | 22,235 | - | - | 22,235 |
| Total | <u>\$ 282,845</u> | <u>22,235</u> | <u>260,610</u> | <u>-</u> | <u>282,845</u> |

2) Valuation techniques and assumptions used in fair value determination— Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

Stocks of listed Companies and open-ended funds are financial assets possessing standard provision and trading in active markets. The fair values are determined based on the market quotes and net assets value, respectively.

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Company reclassified the financial instruments from one level to another as of the reporting date.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the nine months ended September 30, 2022 and 2021.

(x) Financial risk management

The objective and policies of the consolidated company are identical to those disclosed in note 6(y) of the consolidated financial statement for the year ended 2021.

(y) Capital management

The disclosure of objectives, policies and procedures of the Group's capital management are the same as those specified in the consolidated financial statements for the year ended December 31, 2021; and there were no significant changes in the Group's collective quantitative information from those disclosed in the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2021.

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

The Group did not have any non-cash flow transactions on the investing and financing activities for the nine months ended September 30, 2022 and 2021.

(aa) The reconciliation of liabilities arising from financing activities

For the nine months ended September 30, 2022 and 2021, the reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2022 | Cash flows | Non-cash changes | | September 30, 2022 |
|--|----------------------------|-------------------|--|---------------|-------------------------------|
| | | | Foreign exchange movement | Others | |
| Short-term borrowings | \$ 2,460,970 | 1,993,778 | 19,959 | - | 4,474,707 |
| Short-term commercial paper payable | 89,983 | (45,000) | - | 3 | 44,986 |
| Bonds payable | 4,853,527 | - | - | 20,304 | 4,873,831 |
| Long-term borrowings (including current portion) | 3,922,722 | (1,219,166) | (59,573) | - | 2,643,983 |
| Lease liabilities | 761,864 | (151,825) | 16,264 | 12,621 | 638,924 |
| Other non-current liabilities | 165,839 | (26,476) | - | - | 139,363 |
| Total liabilities from financing activities | <u>\$ 12,254,905</u> | <u>551,311</u> | <u>(23,350)</u> | <u>32,928</u> | <u>12,815,794</u> |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | January 1, 2021 | Cash flows | Non-cash changes | | September 30, 2021 |
|--|----------------------|------------------|---------------------------------|------------------|-----------------------|
| | | | Foreign exchange movement | Others | |
| Short-term borrowings | \$ 2,998,640 | 430,526 | (89,593) | - | 3,339,573 |
| Short-term commercial paper payable | 89,962 | 18,000 | - | 6 | 107,968 |
| Bonds payable | 3,980,298 | 5,000,000 | - | (137,121) | 8,843,177 |
| Long-term borrowings (including current portion) | 5,073,191 | (2,717,038) | (187,294) | - | 2,168,859 |
| Lease liabilities | 1,052,141 | (198,216) | (13,738) | (81,360) | 758,827 |
| Other non-current liabilities | 57,266 | 106,298 | - | - | 163,564 |
| Total liabilities from financing activities | <u>\$ 13,251,498</u> | <u>2,639,570</u> | <u>(290,625)</u> | <u>(218,475)</u> | <u>15,381,968</u> |

(7) Related-party transactions

(a) Names and relationship with related parties

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

| Name of related party | Relationship with the Group |
|-----------------------|-----------------------------|
| Chen Fei Lung | Key management personnel |
| Chen Fei Peng | " |

(b) Significant transactions with related parties — leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$7 thousand, \$29 thousand, \$38 thousand and \$103 thousand as interest expense, respectively. As of September 30, 2022, December 31 and September 30, 2021, the balance of lease liabilities amounted to \$2,090 thousand, \$8,326 thousand and \$10,395 thousand, respectively.

(c) Personnel transactions from key management

The compensation of the key management personnel comprised as the following:

| | For the three months ended September 30 | | For the nine months ended September 30 | |
|------------------------------|--|---------------|---|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Short-term employee benefits | \$ 59,244 | 27,795 | 167,164 | 123,116 |
| Post-employments benefits | 443 | 300 | 1,534 | 1,161 |
| | <u>\$ 59,687</u> | <u>28,095</u> | <u>168,698</u> | <u>124,277</u> |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

| Pledged assets | Object | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--------------------------------|----------------------|-------------------------------|------------------------------|-------------------------------|
| Property, plant and equipment: | | | | |
| Land | Long-term borrowings | \$ 1,724,264 | 1,776,263 | 1,797,929 |
| Buildings | Long-term borrowings | 759,256 | 833,694 | 864,458 |
| | | <u>\$ 2,483,520</u> | <u>2,609,957</u> | <u>2,662,387</u> |

(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

(i) The Group's unrecognized contractual commitments were as follows:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--|-------------------------------|------------------------------|-------------------------------|
| Acquisition of property, plant and equipment | <u>\$ 70,908</u> | <u>157,318</u> | <u>120,728</u> |

(ii) The Group's unused letters of credit for purchases of materials:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|---|-------------------------------|------------------------------|-------------------------------|
| Unused letters of credit for purchases of materials | <u>\$ 852,597</u> | <u>939,781</u> | <u>802,497</u> |

(iii) Long-term letters of credit guarantee bill:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|--|-------------------------------|------------------------------|-------------------------------|
| Long-term letters of credit guarantee bill | <u>\$ 392,000</u> | <u>392,000</u> | <u>392,000</u> |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) Lucky Co., Namchow BVI Co. and Paulaner Brauhaus Consult GmbH (PBCG) have entered into a contract for the use of the PBCG brand name and beer brewing techniques. In accordance with the contract, PBCG has to provide the right to use its brand name and its management consultation service for restaurant management, information service. The contract lasts for 10 years, starting from October 1, 2019 to September 30, 2029, with the option of extending it for an additional of 10 years, and there will be an automatic renewal for five years after the first renewal.

| | September 30, 2022 |
|----------------------|-------------------------------|
| One year | \$ 750 |
| Less than five years | 3,001 |
| More than five years | 1,563 |
| | \$ 5,314 |

- (c) Dian Shui Lou Co. entered into an agreement with several malls, it is agreed to take a certain percentage according to the turnover of each store.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

- (a) The employee benefit expenses, depreciation and amortization, categorized by function, were as follows:

| By function | Three months ended September 30, 2022 | | | Three months ended September 30, 2021 | | |
|----------------------------|--|--------------------|---------|--|--------------------|---------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| By nature | | | | | | |
| Employee benefits | | | | | | |
| Salary | 227,601 | 351,417 | 579,018 | 242,321 | 345,399 | 587,720 |
| Labor and health insurance | 79,297 | 46,559 | 125,856 | 78,010 | 39,246 | 117,256 |
| Pension | 17,696 | 31,420 | 49,116 | 16,126 | 28,040 | 44,166 |
| Remuneration of directors | - | 6,211 | 6,211 | - | 13,976 | 13,976 |
| Others | 16,473 | 17,533 | 34,006 | 14,534 | 23,656 | 38,190 |
| Depreciation (note 1) | 138,613 | 104,962 | 243,575 | 163,521 | 97,669 | 261,190 |
| Amortization | - | - | - | - | - | - |

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| By function By nature | Nine months ended September 30, 2022 | | | Nine months ended September 30, 2021 | | |
|----------------------------|---|--------------------|-----------|---|--------------------|-----------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 668,025 | 1,083,609 | 1,751,634 | 749,348 | 1,106,030 | 1,855,378 |
| Labor and health insurance | 223,303 | 130,266 | 353,569 | 230,717 | 124,792 | 355,509 |
| Pension | 50,541 | 94,671 | 145,212 | 48,773 | 84,025 | 132,798 |
| Remuneration of directors | - | 26,869 | 26,869 | - | 46,055 | 46,055 |
| Others | 46,306 | 144,137 | 190,443 | 44,685 | 70,599 | 115,284 |
| Depreciation (note 1) | 437,858 | 312,421 | 750,279 | 522,531 | 292,618 | 815,149 |
| Amortization | - | - | - | - | - | - |

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses— other gains and losses amounting to \$825 thousand, \$800 thousand, \$2,472 thousand and \$2,420 thousand for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were not excluded, respectively.

(b) Operating and seasonality

The ice cream department of the Group's operation is affected by the weather conditions and the impact of seasonal fluctuations. In which ice cream sales at the main areas are easily adversely impacted due to the winter weather conditions from November to the following February each year. The Group's attempts satisfy supply needs by inventory management during this period to reduce the seasonal effects. Generally, revenue and operating profit in the first quarter of ice cream department is relatively low.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2022:

(i) Loans extended to other parties:

Unit: thousand dollars

| No. | Name of lender | Name of borrower | Financial statement account | Related party | Highest balance of financing to other parties during the period | Ending balance (Note 1) | Amount actually drawn | Range of interest rates | Purposes of fund financing for the borrowers | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Financing limit for each borrowing company | Maximum financing limit for the lender |
|-----|------------------|-----------------------|-------------------------------------|---------------|---|-------------------------|-----------------------|-------------------------|--|---|----------------------------------|------------------------|------------|-------|--|--|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | Namchow Food Co. | Tianjin Namchow Co. | Other receivable -- related parties | Yes | 1,716,407 | 1,703,837 | 1,703,837 | - | Short term financing | - | Capital for operation | - | - | - | 5,846,143 (Note 2) | 5,846,143 (Note 2) |
| 1 | Namchow Food Co. | Guangzhou Namchow Co. | Other receivable -- related parties | Yes | 335,472 | 333,015 | 333,015 | - | Short term financing | - | Capital for operation | - | - | - | 5,846,143 (Note 2) | 5,846,143 (Note 2) |
| 1 | Namchow Food Co. | Shanghai Namchow Co. | Other receivable -- related parties | Yes | 1,473,062 | 1,462,274 | 1,462,274 | - | Short term financing | - | Capital for operation | - | - | - | 5,846,143 (Note 2) | 5,846,143 (Note 2) |

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.

Note 2: Based on the Namchow Food CO.'s guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company cannot exceed 40% of the Namchow Food Co.'s stockholder's equity.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

| No. | Name of company | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for one party | Highest balance for guarantees and endorsements during the period | Ending balance of guarantees and endorsements | Amount actually drawn | Property pledged on guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum allowable amount for guarantees and endorsements | Parent company endorsement / guarantees to third parties on behalf of subsidiary | Subsidiary endorsement / guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of company in Mainland China |
|-----|-----------------|--|-------------------------------|---|---|---|-----------------------|--|---|--|--|--|--|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 0 | The Company | Nankyo Japan Co. | 2 | 9,363,021 | 1,315,565 | 1,021,820 | 435,798 | - | 10.91 % | 9,363,021 | Y | N | N |

Note 1: The guarantee's relationship with the guarantor is as follows:

- (1) A company that has business transaction with another company.
- (2) A public company which, directly or indirectly, holds more than 50 percent of the voting shares.
- (3) A company that, directly or indirectly, holds more than 50 percent of the voting shares in the public company.
- (4) A public company which, directly or indirectly, holds 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company wherein all its capital contributing shareholders can make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies within the same industry that provide joint and several security among themselves for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 2: According to the Company's guarantee and endorsement policies, the total guarantee and endorsement not exceed 100% of the Company's net worth, while the total guarantees and endorsements for an individual party not exceed 100% of the Company's net worth.

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand of shares

| Name of holder | Nature and name of security | Relationship with the security issuer | Account name | Ending balance | | | | Remarks |
|----------------|-------------------------------------|---------------------------------------|---|------------------|------------|--------------------|--------------|---------|
| | | | | Number of shares | Book value | Holding percentage | Market value | |
| The Company | Stock: Capital Securities Co., Ltd. | — | Financial assets at fair value through comprehensive income — non-current | 1,185 | 12,506 | 0.05 % | 12,506 | |
| Lucky Co. | Stock: The Company | The Company | Financial assets at fair value through comprehensive income — non-current | 46,041 | 2,053,440 | 15.65 % | 2,053,440 | Note 1 |
| Lucky Co. | Stock: Capital Securities Co., Ltd. | — | Financial assets at fair value through comprehensive income — non-current | 277 | 2,927 | 0.01 % | 2,927 | |

Note 1: The stated book value is after subtraction of the amount being reclassified treasury stock.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

| Name of company | Counter-party | Relationship | Transaction details | | | | Status and reason for deviation from arm's-length transaction | | Accounts / notes receivable (payable) | | Remarks |
|---------------------------|---------------------------|--------------|---------------------|-------------|---------------------------------------|---------------|---|---------------|---------------------------------------|---|---------|
| | | | Purchase / Sale | Amount | Percentage of total purchases / sales | Credit period | Unit price | Credit period | Balance | Percentage of total accounts / notes receivable (payable) | |
| Lucky Co. | Huaciang Co. | Subsidiary | Purchase | (237,471) | (29) % | Note 1 | - | 0 | (58,827) | (28) % | Note 2 |
| Huaciang Co. | Lucky Co. | Subsidiary | (Sales) | 237,471 | 30 % | Note 1 | - | - | 58,827 | 37 % | Note 2 |
| Huaciang Co. | Namchow Oil and Fat Co. | Subsidiary | Purchase | 122,153 | 34 % | Note 1 | - | 0 | (20,143) | (7) % | Note 2 |
| Namchow Oil and Fat Co. | Huaciang Co. | Subsidiary | (Sales) | (122,153) | (9) % | Note 1 | - | 0 | 20,143 | 26 % | Note 2 |
| Tianjin Yoshi Yoshi Co. | Tianjin Namchow Co. | Subsidiary | Purchase | 329,774 | (70) % | Note 1 | - | - | (68,813) | 82 % | Note 2 |
| Tianjin Namchow Co. | Tianjin Yoshi Yoshi Co. | Subsidiary | (Sales) | (329,774) | (16) % | Note 1 | - | - | 68,813 | 28 % | Note 2 |
| Namchow Food Co. | Tianjin Namchow Co. | Subsidiary | Purchase | 1,353,326 | (23) % | Note 1 | - | - | (150,152) | 23 % | Note 2 |
| Tianjin Namchow Co. | Namchow Food Co. | Subsidiary | (Sales) | (1,353,326) | (65) % | Note 1 | - | - | 150,152 | 61 % | Note 2 |
| Namchow Food Co. | Guangzhou Namchow Co. | Subsidiary | Purchase | 1,292,958 | (22) % | Note 1 | - | - | (162,205) | 25 % | Note 2 |
| Guangzhou Namchow Co. | Namchow Food Co. | Subsidiary | (Sales) | (1,292,958) | (52) % | Note 1 | - | - | 162,205 | 52 % | Note 2 |
| Namchow Food Co. | Tianjin Yoshi Yoshi Co. | Subsidiary | Purchase | 486,316 | (8) % | Note 1 | - | - | (85,270) | 13 % | Note 2 |
| Tianjin Yoshi Yoshi Co. | Namchow Food Co. | Subsidiary | (Sales) | (486,316) | (78) % | Note 1 | - | - | 85,270 | 77 % | Note 2 |
| Namchow Food Co. | Shanghai Namchow Co. | Subsidiary | Purchase | 1,061,540 | (18) % | Note 1 | - | - | - | - % | Note 2 |
| Shanghai Namchow Co. | Namchow Food Co. | Subsidiary | (Sales) | (1,061,540) | (75) % | Note 1 | - | - | - | - % | Note 2 |
| Chongqing Qiaoxing Co. | Tianjin Namchow Co. | Subsidiary | Purchase | 304,794 | (9) % | Note 1 | - | - | (25,746) | 5 % | Note 2 |
| Tianjin Namchow Co. | Chongqing Qiaoxing Co. | Subsidiary | (Sales) | (304,794) | (15) % | Note 1 | - | - | 25,746 | 10 % | Note 2 |
| Chongqing Qiaoxing Co. | Tianjin Yoshi Yoshi Co. | Subsidiary | Purchase | 131,809 | (4) % | Note 1 | - | - | (25,348) | 6 % | Note 2 |
| Tianjin Yoshi Yoshi Co. | Chongqing Qiaoxing Co. | Subsidiary | (Sales) | (131,809) | (21) % | Note 1 | - | - | 25,348 | 23 % | Note 2 |
| Chongqing Qiaoxing Co. | Shanghai Namchow Co. | Subsidiary | Purchase | 268,381 | (8) % | Note 1 | - | - | (67,638) | 12 % | Note 2 |
| Shanghai Namchow Co. | Chongqing Qiaoxing Co. | Subsidiary | (Sales) | (268,381) | (19) % | Note 1 | - | - | 67,638 | 100 % | Note 2 |
| Chongqing Qiaoxing Co. | Guangzhou Namchow Co. | Subsidiary | Purchase | 726,853 | (22) % | Note 1 | - | - | (104,408) | 18 % | Note 2 |
| Guangzhou Namchow Co. | Chongqing Qiaoxing Co. | Subsidiary | (Sales) | (726,853) | (29) % | Note 1 | - | - | 104,408 | 33 % | Note 2 |
| Guangzhou Yoshi Yoshi Co. | Guangzhou Namchow Co. | Subsidiary | Purchase | 422,026 | (75) % | Note 1 | - | - | (46,220) | 81 % | Note 2 |
| Guangzhou Namchow Co. | Guangzhou Yoshi Yoshi Co. | Subsidiary | (Sales) | (422,026) | (17) % | Note 1 | - | - | 46,220 | 15 % | Note 2 |
| Namchow Food Co. | Guangzhou Yoshi Yoshi Co. | Subsidiary | Purchase | 539,949 | (9) % | Note 1 | - | - | (56,974) | 9 % | Note 2 |
| Guangzhou Yoshi Yoshi Co. | Namchow Food Co. | Subsidiary | (Sales) | (539,949) | (67) % | Note 1 | - | - | 56,974 | 73 % | Note 2 |
| Chongqing Qiaoxing Co. | Guangzhou Yoshi Yoshi Co. | Subsidiary | Purchase | 264,718 | (8) % | Note 1 | - | - | (20,600) | 4 % | Note 2 |
| Guangzhou Yoshi Yoshi Co. | Chongqing Qiaoxing Co. | Subsidiary | (Sales) | (264,718) | (33) % | Note 1 | - | - | 20,600 | 27 % | Note 2 |
| Namchow Food Co. | Chongqing Qiaoxing Co. | Subsidiary | Purchase | 1,244,635 | (21) % | Note 1 | - | - | (203,796) | 31 % | Note 2 |
| Chongqing Qiaoxing Co. | Namchow Food Co. | Subsidiary | (Sales) | (1,244,635) | (35) % | Note 1 | - | - | 203,796 | 50 % | Note 2 |

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

(Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand dollars

| Name of related party | Counter-party | Relationship | Balance of receivables from related party (Note 1) | Turnover rate | Overdue amount | | Amounts received in subsequent period | Allowances for bad debts |
|------------------------|------------------------|--------------|--|---------------|----------------|--------------|---------------------------------------|--------------------------|
| | | | | | Amount | Action taken | | |
| Guangzhou Namchow Co. | Namchow Food Co. | Subsidiary | 162,205 | 7.39 | - | | 134,190 (As of November 10, 2022) | - |
| Tianjin Namchow Co. | Namchow Food Co. | Subsidiary | 150,152 | 6.60 | - | | 134,190 (As of November 10, 2022) | - |
| Guangzhou Namchow Co. | Chongqing Qiaoxing Co. | Subsidiary | 104,408 | 6.23 | - | | - (As of November 10, 2022) | - |
| Chongqing Qiaoxing Co. | Namchow Food Co. | Subsidiary | 203,796 | 7.48 | - | | 178,920 (As of November 10, 2022) | - |

Note1: The transactions within the Group were eliminated in the consolidated financial statements.

Note2: Loan to the subsidiary.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

| No. | Name of company | Name of counter-party | Existing relationship with the counter-party | Transaction details | | | |
|-----|-------------------------|---------------------------|--|---------------------|------------------------|----------------------------|--|
| | | | | Account name | Amount (Notes 3 and 4) | Trading terms | Percentage of the total consolidated revenue or total assets |
| 1 | Tianjin Namchow Co. | Tianjin Yoshi Yoshi Co. | 3 | Sales revenue | 329,774 | No significant differences | 2.20 % |
| 1 | Tianjin Namchow Co. | Tianjin Yoshi Yoshi Co. | 3 | Accounts receivable | 68,813 | No significant differences | 0.23 % |
| 1 | Tianjin Namchow Co. | Namchow Food Co. | 3 | Sales revenue | 1,353,326 | No significant differences | 9.05 % |
| 1 | Tianjin Namchow Co. | Namchow Food Co. | 3 | Accounts receivable | 150,152 | No significant differences | 0.50 % |
| 1 | Tianjin Namchow Co. | Chongqing Qiaoxing Co. | 3 | Sales revenue | 304,794 | No significant differences | 2.04 % |
| 1 | Tianjin Namchow Co. | Chongqing Qiaoxing Co. | 3 | Accounts receivable | 25,746 | No significant differences | 0.09 % |
| 2 | Guangzhou Namchow Co. | Namchow Food Co. | 3 | Sales revenue | 1,292,958 | No significant differences | 8.64 % |
| 2 | Guangzhou Namchow Co. | Namchow Food Co. | 3 | Accounts receivable | 162,205 | No significant differences | 0.54 % |
| 2 | Guangzhou Namchow Co. | Chongqing Qiaoxing Co. | 3 | Sales revenue | 726,853 | No significant differences | 4.86 % |
| 2 | Guangzhou Namchow Co. | Chongqing Qiaoxing Co. | 3 | Accounts receivable | 104,408 | No significant differences | 0.35 % |
| 2 | Guangzhou Namchow Co. | Guangzhou Yoshi Yoshi Co. | 3 | Sales revenue | 422,026 | No significant differences | 2.82 % |
| 2 | Guangzhou Namchow Co. | Guangzhou Yoshi Yoshi Co. | 3 | Accounts receivable | 46,220 | No significant differences | 0.15 % |
| 3 | Tianjin Yoshi Yoshi Co. | Namchow Food Co. | 3 | Sales revenue | 486,316 | No significant differences | 3.25 % |
| 3 | Tianjin Yoshi Yoshi Co. | Namchow Food Co. | 3 | Accounts receivable | 85,270 | No significant differences | 0.28 % |
| 3 | Tianjin Yoshi Yoshi Co. | Chongqing Qiaoxing Co. | 3 | Accounts receivable | 131,809 | No significant differences | 0.88 % |

(Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

| No. | Name of company | Name of counter-party | Existing relationship with the counter-party | Transaction details | | | |
|-----|---------------------------|------------------------|--|----------------------------------|------------------------|----------------------------|--|
| | | | | Account name | Amount (Notes 3 and 4) | Trading terms | Percentage of the total consolidated revenue or total assets |
| 3 | Tianjin Yoshi Yoshi Co. | Namchow Food Co. | 3 | Accounts receivable | 25,348 | Determined capital demand | 0.08 % |
| 4 | Shanghai Namchow Co. | Namchow Food Co. | 3 | Sales revenue | 1,061,540 | No significant differences | 7.09 % |
| 4 | Shanghai Namchow Co. | Chongqing Qiaoxing Co. | 3 | Sales revenue | 268,381 | No significant differences | 1.79 % |
| 4 | Shanghai Namchow Co. | Chongqing Qiaoxing Co. | 3 | Accounts receivable | 67,638 | No significant differences | 0.22 % |
| 5 | Guangzhou Yoshi Yoshi Co. | Namchow Food Co. | 3 | Sales revenue | 539,949 | No significant differences | 3.61 % |
| 5 | Guangzhou Yoshi Yoshi Co. | Namchow Food Co. | 3 | Accounts receivable | 56,974 | No significant differences | 0.19 % |
| 5 | Guangzhou Yoshi Yoshi Co. | Chongqing Qiaoxing Co. | 3 | Sales revenue | 264,718 | No significant differences | 1.77 % |
| 5 | Guangzhou Yoshi Yoshi Co. | Chongqing Qiaoxing Co. | 3 | Accounts receivable | 20,600 | No significant differences | 0.07 % |
| 6 | Chongqing Qiaoxing Co. | Namchow Food Co. | 3 | Sales revenue | 1,244,635 | No significant differences | 8.32 % |
| 6 | Chongqing Qiaoxing Co. | Namchow Food Co. | 3 | Accounts receivable | 203,796 | No significant differences | 0.67 % |
| 7 | Namchow Oil and Fat Co. | Huaciang Co. | 3 | Sales revenue | 122,153 | No significant differences | 0.82 % |
| 7 | Namchow Oil and Fat Co. | Huaciang Co. | 3 | Accounts receivable | 20,143 | No significant differences | 0.07 % |
| 8 | Huaciang Co. | Lucky Co. | 3 | Sales revenue | 237,471 | No significant differences | 1.59 % |
| 8 | Huaciang Co. | Lucky Co. | 3 | Accounts receivable | 58,827 | No significant differences | 0.19 % |
| 9 | Namchow Food Co. | Tianjin Namchow Co. | 3 | Other receivable-related parties | 1,703,837 | Determined capital demand | 5.64 % |
| 9 | Namchow Food Co. | Guangzhou Namchow Co. | 3 | Other receivable-related parties | 333,015 | Determined capital demand | 1.10 % |
| 9 | Namchow Food Co. | Shanghai Namchow Co. | 3 | Other receivable-related parties | 1,462,274 | Determined capital demand | 4.84 % |

Note 1: Company numbering is as follows:

- (1) Parent company - 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

Note 3: Disclose that the individual amount record under the assets and liabilities are greater than \$20,000 thousand; profit and loss are greater than \$50,000 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

| Name of investor | Name of investee | Address | Scope of business | Original cost | | Ending balance | | Net income (losses) of investee | Investment income (losses) | Remarks |
|------------------|-----------------------------------|------------------------------------|---|--------------------|-------------------|----------------|-------------------------|---------------------------------|----------------------------|------------------------|
| | | | | September 30, 2022 | December 31, 2021 | Shares | Percentage of ownership | | | |
| The Company | Namchow Thailand | Bangkok, Thailand | Manufacturing and selling instant noodles and rice cracker | 1,027,405 | 1,027,405 | 9,245 | 100.00 % | 2,831,945 | 410,284 | 410,284 Note 3 |
| The Company | Mostro | Bangkok, Thailand | Manufacturing and selling food | 10,201 | 10,201 | 100 | 100.00 % | 30,913 | 586 | 586 Note 3 |
| The Company | Nacia Co. | Tortola, British Virgin Islands | Holding of investments | 343,443 | 343,443 | 1 | 100.00 % | 12,650,890 | 327,081 | 327,081 Note 3 |
| The Company | Chow Ho Co. | Taipei, Taiwan | Catering services, food and beverage retailing, and frozen food manufacturing | 137,000 | 137,000 | 2,900 | 100.00 % | 15,261 | (5,976) | (5,972) Note 3 |
| The Company | Lucky Co. | Taipei, Taiwan | Manufacturing, selling and processing various food and beverage products | 938,438 | 938,438 | 95,338 | 99.65 % | 726,413 | 128,397 | 27,148 Note 3 |
| The Company | NBP Co. | Taipei, Taiwan | Publishing, distributing and selling printed publications | 763 | 763 | 80 | 80.00 % | 236 | 31 | 25 Note 3 |
| The Company | Nankyo Japan Co. | Tokyo, Japan | Catering services, Bistro and wine-selling | 690,580 | 690,580 | - (Note 2) | 100.00 % | 203,178 | (64,660) | (64,660) Notes 3 |
| The Company | Namchow Consulting Co. | Taipei, Taiwan | Catering services, food and beverage retailing and other consulting | 9,200 | 5,000 | 500 | 100.00 % | 4,894 | (68) | (67) Note 3 |
| The Company | Chow Food Co. | Taipei, Taiwan | Development of biotechnology products | 49,000 | 49,000 | 1,300 | 100.00 % | 4,143 | (2,366) | (2,358) Note 3 |
| The Company | Namchow Oil and Fat Co. | Taipei, Taiwan | Manufacturing, processing and selling of edible oil and frozen dough | 411,731 | 411,731 | 41,173 | 100.00 % | 568,742 | 71,449 | 71,813 Note 3 |
| The Company | Huaciang Co. | Taipei, Taiwan | Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food | 392,341 | 392,341 | 30,000 | 100.00 % | 233,344 | (25,169) | (24,833) Note 3 |
| Lucky Co. | Namchow BVI Co. | Tortola, British Virgin Islands | Holding of investments | 293,793 | 293,793 | 6,705 | 93.32 % | 26,295 | (46,780) | (43,655) Notes 1 and 3 |
| Lucky Co. | Dian Shui Lou Co. | Taipei, Taiwan | Liquor importing and retailing | 352,000 | 352,000 | 13,100 | 100.00 % | 7,731 | (48,290) | (48,241) Notes 1 and 3 |
| Lucky Co. | Namchow Gastronomy Consulting Co. | Taipei, Taiwan | Catering services and food consulting | 18,300 | 18,300 | 500 | 100.00 % | 3,411 | (1,236) | (1,235) Note 3 |
| Lucky Co. | NBP Co. | Taipei, Taiwan | Publishing, distributing and selling printed publications | 100 | 100 | 10 | 10.00 % | 29 | 31 | 3 Note 3 |
| Nacia Co. | Namchow Cayman Co. | Gayman Islands British West Indies | Holding of investments | 2,522,207 | 2,522,207 | 35,378 | 100.00 % | 12,639,723 | 326,320 | 326,320 Note 3 |
| Namchow Food Co. | Namchow Singapore Pte. | Singapore | The sales service of baking oil and fat product | 2,965 | - | - | 80.94 % | 761 | (2,102) | (1,701) Note 3 |

Note 1: Its investment gain and loss are also recognized by parent company.

Note 2: The Company holds the shares in subsidiaries Nankyo Japan Co. totaling 6 shares.

Note 3: All intercompany accounts and transactions are eliminated.

(c) Information on investment in mainland China:

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

| Name of investee in Mainland China | Scope of business | Issued capital | Method of investment (Note 1) | Cumulative investment (amount) from Taiwan as of January 1, 2022 | Investment flow during current period | | Cumulative investment (amount) from Taiwan as of September 30, 2022 | Net income (losses) of investee | Direct / indirect investment holding percentage | Investment income (loss) (note 2) | Book value as of September 30, 2022 | Accumulated remittance of earnings in current period |
|--|--|----------------|-------------------------------|--|---------------------------------------|---------------------|---|---------------------------------|---|-----------------------------------|-------------------------------------|--|
| | | | | | Remittance amount | Repatriation amount | | | | | | |
| Shanghai Qiaohao Co. | Holding of investments and international trade | 1,058,568 | (3) | - | - | - | - | (93,186) | 100.00 % | (93,186) ((2)b.) | 453,823 | - |
| Shanghai Qiaohao Enterprise Management Co. | Business management and investment consulting | 961 | (3) | - | - | - | - | - | 100.00 % | (2)b.) | 895 | - |
| Shanghai Qiaohao Food Co. | Food packaging, selling and trading of restaurant equipment and trading | 704,181 | (3) | - | - | - | - | (73,870) | 100.00 % | (73,870) ((2)b.) | 303,241 | - |
| Tianjin Qiaohao Food Co. | Food packaging, selling and trading of restaurant equipment and trading | 90,836 | (3) | - | - | - | - | (8,286) | 100.00 % | (8,286) ((2)b.) | 26,226 | - |
| Namchow Food Co. | Food packaging, dairy product and product purchasing management and selling | 1,149,800 | (3) | - | - | - | - | 585,059 | 80.94 % | 473,612 ((2)a.) | 11,769,436 | 856,146 |
| Tianjin Namchow Co. | Manufacturing and selling of edible fat | 756,875 | (3) | 372,813 | - | - | 372,813 | 232,863 | 80.94 % | 188,485 ((2)a.) | 2,062,310 | 45,974 |
| Tianjin Yoshi Yoshi Co. | Developing , manufacturing, and selling of dairy products and related services | 121,100 | (3) | - | - | - | - | 138,077 | 80.94 % | 111,763 ((2)a.) | 824,426 | - |
| Guangzhou Yoshi Yoshi Co. | Developing , manufacturing, and selling of dairy products and related services | 452,150 | (3) | - | - | - | - | 104,786 | 80.94 % | 84,816 ((2)a.) | 577,683 | - |
| Guangzhou Namchow Co. | Manufacturing and selling of edible fat | 544,950 | (3) | - | - | - | - | 171,466 | 80.94 % | 138,789 ((2)a.) | 1,924,086 | 279,529 |
| Shanghai Namchow Co. | Selling, developing, manufacturing and processing of fats and frozen food | 676,597 | (3) | - | - | - | - | (13,248) | 80.94 % | (10,723) ((2)a.) | 910,790 | - |
| Chongqing Qiaoxing Co. | Food packaging dairy product and product purchasing management and selling | 94,200 | (3) | - | - | - | - | 74,730 | 80.94 % | 60,488 ((2)a.) | 782,790 | - |
| Wuhan Qianxing CO. | The technical service of baking oil and fat product | 215,250 | (3) | - | - | - | - | 2,366 | 80.94 % | 1,915 ((2)a.) | 179,295 | - |
| Chongqing Namchow Co. | Manufacturing and processing of light cream and frozen dough | 49,038 | (3) | - | - | - | - | 2 | 80.94 % | (2)b.) | 39,828 | - |
| Shanghai Qizhi Co. | Business management and investment consulting services | 4,541 | (3) | - | - | - | - | 95 | 100.00 % | (2)c.) | 95 | 8,613 |
| Bao Lai Na Co. | Multinational cateries, and the promotion, and management of self-made beers | 112,018 | (3) | 226,649 | - | - | 226,649 | (46,599) | 93.00 % | (43,337) ((2)c.) | 20,550 | 35,967 |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: Amount of investment income (loss) was recognized base on:

- (1) There is no investment income for the preparatory case.
- (2) Investment gains and losses were based on three basic:
 - a. The financial statements were reviewed by an international accounting firm that has a cooperative relationship with accounting firms of the Republic of China.
 - b. The financial statements were reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.
 - c. Others: the financial statements were not reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.

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

(ii) Limitation on investment in Mainland China:

| Company name | Accumulated investment amount in Mainland China as of September 30, 2022 | Investment (amount) approved by Investment Commission, Ministry of Economic Affairs | Maximum investment amount set by Investment Commission, Ministry of Economic Affairs |
|--------------|--|---|--|
| The Company | 372,813 | 3,373,763 | 5,617,813 |
| Lucky Co. | 226,649 | 194,406 | 1,693,199 |

(iii) Significant transactions with investees in Mainland China: None.

(d) Major shareholders:

| Unit: Share | | | |
|-----------------------|--------------|------------|------------|
| Shareholder's Name | Shareholding | Shares | Percentage |
| Lucky Royal Co., Ltd. | | 46,041,259 | 15.65 % |
| Chen Fei Lung | | 33,814,934 | 11.49 % |
| Chen Fei Peng | | 19,537,995 | 6.64 % |

(14) Segment information

There are seven service departments which should be reported: Edible and non-edible oil department, frozen dough department, detergent department, ice cream department, food department, catering department and management and rental revenue department and other departments. The Edible and non-edible oil department provides manufacturing and selling of edible oil; frozen dough department provides manufacturing and selling of frozen dough; detergent department provides manufacturing and selling of detergent; ice cream department provides manufacturing and selling of variant ice cream; food department provides manufacturing and selling of instant noodles and rice cracker; catering department provides liquor importing and retailing and management and rental revenue department and other department provides business management and investment consulting services.

A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on reportable segments and reconciliation for the Group is as follows:

| | Edible and non-edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Adjustments elimination | Total |
|--|---|-------------------------------|---------------------|-------------------------------|------------------|-----------------|--|---------------------------------------|-------------------|
| Three months ended September 30, 2022 | | | | | | | | | |
| Revenue: | | | | | | | | | |
| Revenue from external customers | \$ 2,890,739 | 121,596 | 331,116 | 481,062 | 1,043,704 | 171,941 | 14,114 | - | 5,054,272 |
| Inter-segment revenues | 57,529 | - | 909 | 7,931 | 90,056 | 2,556 | 45,781 | (204,762) | - |
| Total revenue | \$ 2,948,268 | 121,596 | 332,025 | 488,993 | 1,133,760 | 174,497 | 59,895 | (204,762) | 5,054,272 |
| Reportable segment profit or loss | \$ (42,688) | (14,765) | 27,655 | 43,223 | 157,297 | (13,922) | (44,641) | (1,907) | 110,252 |
| Interest income and other income | | | | | | | | | 86,021 |
| Other gains and losses | | | | | | | | | 5,078 |
| Finance costs | | | | | | | | | (54,923) |
| Net income before tax | | | | | | | | | \$ 146,428 |
| | | | | | | | | | |
| | Edible and non-edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Adjustments or elimination | Total |
| Three months ended September 30, 2021 | | | | | | | | | |
| Revenue from external customers | \$ 2,957,985 | 125,552 | 390,093 | 394,502 | 849,411 | 156,327 | 35,297 | - | 4,909,167 |
| Inter-segment revenues | 55,063 | - | 1,221 | 6,724 | 82,286 | 2,225 | 50,263 | (197,782) | - |
| Total revenue | \$ 3,013,048 | 125,552 | 391,314 | 401,226 | 931,697 | 158,552 | 85,560 | (197,782) | 4,909,167 |
| Reportable segment profit or loss | \$ 302,311 | (559) | 16,494 | 45,856 | 101,121 | (53,171) | (25,887) | (3,098) | 383,067 |
| Interest income and other income | | | | | | | | | 125,936 |
| Other gains and losses | | | | | | | | | 25,510 |
| Finance costs | | | | | | | | | (67,326) |
| Net income before tax | | | | | | | | | \$ 467,187 |

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

| | Edible and non-edible oil products | Detergent products | Frozen dough | Ice cream products | Foods | Catering | Management, rental revenue and others | Adjustments or elimination | Total |
|---|---|-------------------------------|---------------------|-------------------------------|------------------|------------------|--|---------------------------------------|----------------------------|
| Nine months ended September 30, 2022 | | | | | | | | | |
| Revenue: | | | | | | | | | |
| Revenue from external customers | \$ 9,287,633 | 361,623 | 982,145 | 1,089,609 | 2,782,913 | 386,806 | 71,104 | - | 14,961,833 |
| Inter-segment revenues | <u>179,162</u> | <u>-</u> | <u>2,744</u> | <u>21,966</u> | <u>255,935</u> | <u>8,943</u> | <u>136,739</u> | <u>(605,489)</u> | <u>-</u> |
| Total revenue | \$ 9,466,795 | 361,623 | 984,889 | 1,111,575 | 3,038,848 | 395,749 | 207,843 | (605,489) | 14,961,833 |
| Reportable segment profit or loss | <u>\$ 470,106</u> | <u>(22,360)</u> | <u>86,754</u> | <u>94,382</u> | <u>371,861</u> | <u>(162,865)</u> | <u>(125,948)</u> | <u>(3,323)</u> | 708,607 |
| Interest income and other income | | | | | | | | | 283,394 |
| Other gains and losses | | | | | | | | | 28,250 |
| Finance costs | | | | | | | | | (156,476) |
| Net income before tax | | | | | | | | | <u><u>\$ 863,775</u></u> |
| Nine months ended September 30, 2021 | | | | | | | | | |
| Revenue: | | | | | | | | | |
| Revenue from external customers | \$ 9,042,002 | 365,140 | 1,027,812 | 943,851 | 2,441,662 | 614,499 | 61,142 | - | 14,496,108 |
| Inter-segment revenues | <u>143,887</u> | <u>-</u> | <u>3,441</u> | <u>19,046</u> | <u>243,586</u> | <u>9,889</u> | <u>154,631</u> | <u>(574,480)</u> | <u>-</u> |
| Total revenue | \$ 9,185,889 | 365,140 | 1,031,253 | 962,897 | 2,685,248 | 624,388 | 215,773 | (574,480) | 14,496,108 |
| Reportable segment profit or loss | <u>\$ 1,263,838</u> | <u>14,479</u> | <u>49,405</u> | <u>75,284</u> | <u>247,952</u> | <u>(185,858)</u> | <u>(133,011)</u> | <u>(4,566)</u> | 1,327,523 |
| Interest income and other income | | | | | | | | | 260,315 |
| Other gains and losses | | | | | | | | | 10,505 |
| Finance costs | | | | | | | | | (196,511) |
| Net income before tax | | | | | | | | | <u><u>\$ 1,401,832</u></u> |

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (a) For the three months and nine months ended September 30, 2022 and 2021, inter-segment revenues amounted to \$204,762 thousand, \$197,782 thousand, \$605,489 thousand and \$574,480 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and nine months ended September 30, 2022 and 2021, share of associate loss under equity method amounted to \$1,907 thousand, \$3,098 thousand, \$3,323 thousand and \$4,566 thousand, respectively, should be eliminated.