

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended
March 31, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of Jarllytec Co., Ltd.:

Introduction

We have reviewed the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended March 31, 2023 and 2022, and changes in equity and cash flows for the three 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 these 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 these consolidated financial statements based on our reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the International Standard on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 4(b), the financial statements of certain non-significant subsidiaries were not reviewed by independent auditors. These financial statements reflect total assets of these subsidiaries amounted to NT\$1,475,495 thousand and NT\$1,510,566 thousand, constituting 17% and 16% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounted to NT\$593,106 thousand and NT\$1,244,424 thousand, constituting 15% and 23% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income of these subsidiaries amounted to NT\$25,760 thousand and NT\$(14,797) thousand, constituting 138% and (6)% of the consolidated total comprehensive income for the three months ended March 31, 2023 and 2022, respectively.

Notes to Readers

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

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.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, 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 Jarllytec Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and consolidated cash flows for the three months then ended March 31, 2023 and 2022 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
May 5, 2023

Notes to Readers

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

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Review only, not audited in accordance with Generally Auditing Standards as of March 31, 2023 and 2022

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 1,906,810	23	2,841,048	31	1,763,697	18	2100	Short-term borrowings (Note 6(j) and 8)	\$ 318,827	4	515,833	6	\$ 715,747	8
								2170	Notes and accounts payable	1,470,716	18	1,573,815	18	2,494,032	26
1110	Current financial assets at fair value through profit or loss (Note 6(b))	661,379	8	29,155	-	658,571	7	2200	Other payables	942,831	11	1,113,971	12	1,085,317	11
1170	Notes and accounts receivable, net (Note 6(c)(s))	2,025,914	24	2,395,310	26	3,194,425	33	2216	Dividend payables	180,364	2	-	-	-	-
								2230	Current tax liabilities	25,134	-	63,163	1	104,276	1
1200	Other receivables, net (Note 6(d))	37,982	-	46,109	1	40,990	-	2280	Current lease liabilities (Note 6(m))	27,387	-	31,911	-	28,818	-
								2322	Long term borrowings, current portion (Note 6(k) and 8)	217,361	3	217,361	3	220,948	2
1220	Current tax assets	3,151	-	8,413	-	3,691	-	2399	Other current liabilities	31,742	-	24,007	-	37,743	-
130X	Inventories (Note 6(e))	785,196	9	679,004	8	859,675	9		Total current liabilities	3,214,362	38	3,540,061	40	4,686,881	48
1410	Prepayments and other current assets (Note 6(f) and 8)	71,497	1	78,805	1	110,618	1		Non-Current liabilities:						
	Total current assets	5,491,929	65	6,077,844	67	6,631,667	68	2530	Bonds payable (Note 6(l))	387,853	5	386,421	4	-	-
Non-current assets:								2540	Long-term borrowings (Note 6(k) and 8)	200,580	2	254,921	3	386,931	4
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	541	-	657	-	1,341	-	2570	Deferred income tax liabilities	181,549	2	181,549	2	148,354	2
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	90,256	1	83,032	1	92,007	1	2580	Non-current lease liabilities (Note 6(m))	67,513	1	77,142	1	78,844	1
1600	Property, plant and equipment (Note 6(g) and 8)	2,488,234	29	2,454,189	27	2,529,130	26	2640	Net defined benefit liability, non-current	30,953	-	31,272	-	46,715	-
1755	Right-of-use assets (Note 6(h))	243,009	3	254,101	3	263,605	3	2670	Other non-current liabilities, others	3,064	-	2,915	-	2,443	-
1780	Intangible assets (Note 6(i))	22,565	-	21,715	-	20,248	-		Total non-current liabilities	871,512	10	934,220	10	663,287	7
1840	Deferred income tax assets	29,790	-	29,790	-	39,629	-		Total liabilities	4,085,874	48	4,474,281	50	5,350,168	55
1915	Prepayments for business facilities	77,522	1	71,313	1	87,892	1	3110	Equity (Note 6(q)):						
1990	Other non-current assets, others (Note 6(f) and 8)	58,857	1	60,191	1	65,854	1	3200	Ordinary share	601,214	7	601,214	7	601,214	6
	Total non-current assets	3,010,774	35	2,974,988	33	3,099,706	32		Capital surplus	1,385,445	16	1,385,445	15	1,334,534	14
									Retained earnings:						
								3310	Legal reserve	404,763	5	404,763	4	380,412	4
								3320	Special reserve	76,485	1	76,485	1	1,292	-
								3350	Unappropriated retained earnings	1,980,950	24	2,157,823	24	2,051,605	21
									Total retained earnings	2,462,198	30	2,639,071	29	2,433,309	25
									Other equity:						
								3410	Exchange differences on translation of foreign financial statements	(46,058)	(1)	(58,328)	(1)	(7,404)	(
								3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	14,030	-	11,149	-	19,552	-
									Other equity	(32,028)	(1)	(47,179)	(1)	12,148	-
									Total equity	4,416,829	52	4,578,551	50	4,381,205	45
									Total liabilities and equity	\$ 8,502,703	100	9,052,832	100	\$ 9,731,373	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Generally Auditing Standards

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, except for earnings per common share)

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(s))	\$1,319,114	100	2,232,349	100
5000	Operating costs (Note 6(e)(o))	1,150,069	87	1,765,638	79
	Net gross profit	169,045	13	466,711	21
	Operating expenses (Note 6(c)(m)(o)(t)):				
6100	Selling expenses	47,498	4	113,801	5
6200	Administrative expenses	73,936	7	103,237	5
6300	Research and development expenses	44,884	3	47,453	2
6450	Expected credit loss (gain)	1,130	-	(485)	-
	Total operating expenses	167,448	14	264,006	12
	Net operating income	1,597	(1)	202,705	9
	Non-operating income and expenses (Note 6(m)(u)):				
7010	Other income	26,639	2	30,923	1
7020	Other gains and losses	(21,806)	(2)	9,832	-
7050	Finance cost	(7,000)	(1)	(3,504)	-
7100	Interest income	15,700	1	2,500	-
	Total non-operating income and expenses	13,533	-	39,751	1
	Profit from continuing operations before tax	15,130	(1)	242,456	10
7950	Less: Income tax expenses (Note 6(p))	11,639	1	79,372	4
	Profit	3,491	(2)	163,084	6
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	2,881	-	430	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	2,881	-	430	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	12,270	1	88,203	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	12,270	1	88,203	4
8300	Other comprehensive income (loss), net of tax	15,151	1	88,633	4
8500	Total comprehensive income	<u>\$ 18,642</u>	<u>(1)</u>	<u>\$ 251,717</u>	<u>10</u>
	Earnings per share (NT dollars) (Note 6(r)):				
9750	Basic earnings per share	<u>\$ 0.06</u>		<u>\$ 2.71</u>	
9850	Diluted earnings per share	<u>\$ 0.06</u>		<u>\$ 2.70</u>	

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Generally Auditing Standards
JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the Three months Ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity		Total equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2022	\$ 601,214	1,334,534	380,412	1,292	1,888,521	(95,607)	19,122	4,129,488
Profit	-	-	-	-	163,084	-	-	163,084
Other comprehensive income	-	-	-	-	-	88,203	430	88,633
Total comprehensive income	-	-	-	-	163,084	88,203	430	251,717
Balance at March 31, 2022	<u>\$ 601,214</u>	<u>1,334,534</u>	<u>380,412</u>	<u>1,292</u>	<u>2,051,605</u>	<u>(7,404)</u>	<u>19,552</u>	<u>4,381,205</u>
Balance at January 1, 2023	\$ 601,214	1,385,445	404,763	76,485	2,157,823	(58,328)	11,149	4,578,551
Profit	-	-	-	-	3,491	-	-	3,491
Other comprehensive income	-	-	-	-	-	12,270	2,881	15,151
Total comprehensive income	-	-	-	-	3,491	12,270	2,881	18,642
Appropriation and distribution of retained earnings:								
Cash dividends on ordinary shares	-	-	-	-	(180,364)	-	-	(180,364)
Balance at March 31, 2023	<u>\$ 601,214</u>	<u>1,385,445</u>	<u>404,763</u>	<u>76,485</u>	<u>1,980,950</u>	<u>(46,058)</u>	<u>14,030</u>	<u>4,416,829</u>

(See accompanying notes to financial statements)

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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Three months Ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 15,130	\$ 242,456
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	75,434	70,982
Amortization expense	6,453	5,524
Expected credit gain	1,130	(485)
Net profit (loss) on financial assets at fair value through profit or loss	(3,566)	116
Interest expense	7,000	3,504
Interest revenue	(15,700)	(2,500)
Dividend revenue	(2,921)	(4,655)
Loss from disposal of property, plant and equipment	2,466	1,019
Gain on disposals of investments	(365)	-
Other	-	8,095
Total adjustments to reconcile profit (loss)	69,931	81,600
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	(62,260)	(42,211)
Notes receivables	(292)	996
Accounts receivable	368,558	(12,561)
Other receivables	9,239	12,071
Inventories	(106,192)	(54,903)
Prepayments	2,391	(4,181)
Other current assets	605	(3,441)
Notes payables	8,980	(3,225)
Accounts payable	(112,079)	241,527
Other payables	(170,282)	26,517
Other current liabilities	7,735	(990)
Net defined benefit liability	(320)	(79)
Total changes in operating assets and liabilities	(53,917)	159,520
Total adjustments	16,014	241,120
Cash inflow generated from operations	31,144	483,576
Interest received	14,588	2,448
Interest paid	(5,905)	(3,277)
Income taxes paid	(44,406)	(3,314)
Net cash flows provided by operating activities	(4,579)	479,433
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(4,209)	-
Acquisition of financial assets at fair value through profit or loss	(721,367)	(609,662)
Proceeds from disposal of financial assets at fair value through profit or loss	155,450	31,542
Acquisition of property, plant and equipment	(61,344)	(73,385)
Proceeds from disposal of property, plant and equipment	441	135
Acquisition of intangible assets	(3,070)	(391)
Increase in other non-current-assets	(2,864)	(1,405)
Increase in prepayments for equipment	(41,328)	(49,126)
Dividends received	2,921	4,655
Net cash flows used in investing activities	(675,370)	(697,637)
Cash flows from financing activities:		
Increase in short-term borrowings	-	63,133
Decrease in short-term borrowings	(200,536)	-
Repayments of long-term borrowings	(54,341)	(39,514)
Payment of lease liabilities	(10,926)	(17,113)
Increase in other non-current liabilities	150	88
Net cash flows provided by (used in) from financing activities	(265,653)	6,594
Effect of movements in exchange on cash and cash equivalents	11,364	87,383
Net decrease in cash and cash equivalents	(934,238)	(124,227)
Cash and cash equivalents at beginning of period	2,841,048	1,887,924
Cash and cash equivalents at end of period	\$ 1,906,810	\$ 1,763,697

(See accompanying notes to financial statements)

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

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

Reviewed only, not audited in accordance with Generally Auditing Standards of March 31, 2023 and 2022

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Three months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

(1) Company history

Jarlllytec Co., Ltd. (the “Company”) was legally established with the approval of the Ministry of Economic Affairs (R.O.C.) on July 7, 2004, with registered address at No.13, Wugong 5th Rd., SinJhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Group”) are primarily engaged in R&D, designing, manufacturing, assembly, inspection, production, and sales business of stamping parts, hinges and metal injection molding (MIM). The Group has been actively developing various hinges, which are widely applied in NB, LCD monitor, and other 3C related products and parts.

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

These consolidated financial statements were authorized for issue by the Board of Directors on May 5, 2023.

(3) New standards, amendments and interpretations adopted

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

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

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

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

The following new and amended standards and interpretations, 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”	In according to current IAS 1, an entity shall classify a liability as non-current, if the entity does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The amendments delete the regulations about the right shall be unconditional. The right shall exist at the end of the reporting	January 1, 2024

(See accompanying notes to financial statements)

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	period and have substance.	
	The amendments indicate how to classify the liabilities settled by the entity's own equity instruments (e.g., convertible bonds)	
Amendments to IAS 1 "Non-current Liabilities with Covenants"	<p>After reconsidering the amendments to IAS 1 in 2020, the new amendments indicate only the covenants that an entity is required to comply with on or before the end of the reporting period affect the classification of a liability as current or non-current.</p> <p>Covenants that an entity shall comply with after the reporting period (future covenants) do not affect the classification of a liability at the reporting date. However, if a non-current liability is restricted by future covenants, the entity shall disclose the information to make the users of financial statements obtain an understanding of the risk of the liability that may be settled within 12 months after the reporting date.</p> <p style="text-align: center;">\</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 following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"

(See accompanying notes to financial statements)

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

(4) Summary of significant accounting policies

(a) Statement of compliance

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

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2023.3.31	2022.12.31	2022.3.31	
The company	Great Hinge Trading Ltd. (Great Hinge)	Investments	100%	100%	100%	Note 1
The company	Smart Hinge Holdings Ltd.(Smart Hinge)	Investments	100%	100%	100%	-
The company	Jarson Precision Technology Co., Ltd. (Jarson Precision)	Powder metallurgy and other metal products manufacturing and trading business	100%	100%	100%	Note 1
The company	Jarlllytec USA L.L.C. (Jarlllytec USA)	Computer design and service	-%	-%	100%	Note 1, Note 2
The company	Jarwin Investment Co., Ltd. (Jarwin Investment)	Investments	100%	100%	100%	Note 1
The company	Jarlllytec Singapore Pte. Ltd. (Jarlllytec Singapore)	Computer design and service	100%	100%	100%	Note 1
Great Hinge	Jarlllytec (Vietnam) Co., Ltd. (Jarlllytec Vietnam)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Smart Hinge	Royal Jarlly Holding Ltd. (Royal Jarlly)	Investments	100%	100%	100%	-
Royal Jarlly	Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly)	Component equipment for the production and sale of materials business	100%	100%	100%	-
Royal Jarlly	Fu Qing Jarlly Electronics Co., Ltd. (Fu Qing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarllly Electronics Shanghai)	Production and sales business of precision hinges	100%	100%	100%	-

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

Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2023.3.31	2022.12.31	2022.3.31	
Royal Jarlly	Xiamen Jarlly Electronics Co., Ltd. (Xiamen Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarllytec (Thailand) Co., Ltd. (Jarllytec Thailand)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	ZheJiang Zhaowang Precision Technology Co. LTD. (ZheJiang Zhaowang)	Production and sales business of precision hinges	100%	-%	-%	Note 1, Note 3

Note 1: Insignificant subsidiary.

Note 2: Jarllytec USA invested by the Company was liquidated in 2022.

Note 3: The Company indirectly invested in Royal Jarlly in March, 2023 through the Smart Hinge, which the Company holds 100% of ownership, and indirectly established ZheJiang Zhaowang Precision Technology Co. LTD. through Royal Jarlly by investing US\$2,500 thousand, which is included in the consolidated financial statements since March, 2023.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Financial instruments

Derivative financial instruments

The Group holds derivative financial instruments to avoid risks of exposure to foreign currency and interest rate. Embedded derivatives will be handled separately from the host contract when certain conditions are met and the host contract is not a financial asset.

Derivatives are initially recognized at fair value; subsequently, they are measured at fair value, and the gain or loss arising from the re-measurement is directly included in profit or loss.

(d) Income taxes

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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 effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and adjusted for significant market fluctuations, significant curtailments, settlements, or other significant one-off events.

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in accordance with IAS 34 “Interim Financial Reporting.” and endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

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

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 840	965	931
Demand deposits and checking deposits	1,032,657	1,916,954	1,497,591
Time deposits	873,313	923,129	265,175
	<u>\$ 1,906,810</u>	<u>2,841,048</u>	<u>1,763,697</u>

(b) Financial instruments

(i) Financial assets at fair value through profit or loss

	March 31, 2023	December 31, 2022	March 31, 2022
Current mandatorily measured at fair value through profit or loss			
Domestic stocks	\$ 25,002	19,116	30,440
Open-ended funds	70,095	10,039	50,011
Investment products	566,282	-	578,120
	<u>\$ 661,379</u>	<u>29,155</u>	<u>658,571</u>
Non-current mandatorily measured at fair value through profit or loss			
Private offered funds	\$ 461	457	1,341
Redemption right to convertible bonds	80	200	-
	<u>\$ 541</u>	<u>657</u>	<u>1,341</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(ii) Financial assets at fair value through other comprehensive income

	March 31, 2023	December 31, 2022	March 31, 2022
Equity investments at fair value through other comprehensive income-non-current:			
Stocks unlisted on domestic market-Taiwan	\$ 60,170	57,289	65,692
Stocks unlisted on domestic market-China	30,086	25,743	26,315
Total	<u>\$ 90,256</u>	<u>83,032</u>	<u>92,007</u>

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purpose.

(iii) As of March 31, 2023, December 31, 2022 and March 31, 2022, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivables	\$ 1,436	1,144	754
Accounts receivable	2,038,835	2,407,484	3,195,863
Less: loss allowance	(14,357)	(13,318)	(2,192)
	<u>\$ 2,025,914</u>	<u>2,395,310</u>	<u>3,194,425</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, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information.

The loss allowance provisions were determined as follows:

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,986,408	0%~1%	5,183
1 to 30 days past due	12,262	0%~15%	1,277
31 to 60 days past due	31,583	0%~20%	4,955
61 to 90 days past due	2,938	0%~30%	818
More than 90 days past due	7,080	30%~100%	2,124
	<u>\$ 2,040,271</u>		<u>14,357</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,266,307	0%~1%	2,031
1 to 30 days past due	9,546	0%~5%	351
31 to 60 days past due	86,813	0%~10%	4,985
61 to 90 days past due	45,962	0%~15%	5,951
	<u>\$ 2,408,628</u>		<u>13,318</u>

	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 3,105,650	0%~1%	-
1 to 30 days past due	31,003	0%~1%	-
31 to 60 days past due	39,042	0%~1%	-
61 to 90 days past due	16,538	0%~1%	-
More than 90 days past due	4,384	50%~100%	2,192
	<u>\$ 3,196,617</u>		<u>2,192</u>

The movements in the allowance for notes and accounts receivable during the period were as follows:

	For the three months ended March 31,	
	2023	2022
Balance at January 1	\$ 13,318	2,634
Impairment losses recognized	1,130	-
Impairment losses reversed	-	(485)
Effect of movements in exchange	(91)	43
Balance at March 31	<u>\$ 14,357</u>	<u>2,192</u>

(d) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Overpaid business tax returned	\$ 16,568	12,498	24,203
Interest receivable	4,362	3,250	86
Others	17,052	30,361	16,701
	<u>\$ 37,982</u>	<u>46,109</u>	<u>40,990</u>

For further credit risk information, please refer to note 6(v).

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(e) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials and supplies	\$ 143,705	161,186	296,530
Work in process	220,278	192,668	217,799
Finished goods	421,213	325,150	345,346
	<u>\$ 785,196</u>	<u>679,004</u>	<u>859,675</u>

- (i) For the three months ended March 31, 2023, the amount of the loss on valuation of inventories was NT\$21,317, wherein such loss was included in cost of sales.
- (ii) For the three months ended March 31, 2022, the amount of the loss on valuation of inventories was NT\$14,268, wherein such loss was included in cost of sales.
- (iii) As of March 31, 2023, December 31, 2022 and March 31, 2022, the inventories were not pledged as collateral.

(f) Prepayments, other current assets and others

Components of prepayments, other current and non-current assets were listed below:

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayment for mold	\$ 22,585	27,944	21,267
Other prepayments	24,982	28,080	31,153
Prepayments to suppliers	6	-	15,096
Input tax	3,775	-	6,451
Tax overpaid	16,009	18,036	19,792
Other financial assets	-	-	180
Others	4,140	4,745	16,679
Total prepayments and other current assets	<u>\$ 71,497</u>	<u>78,805</u>	<u>110,618</u>
Other deferred expenses	\$ 47,465	48,657	53,909
Refundable deposits	9,176	8,945	9,439
Other financial assets	1,218	1,228	1,145
Others	998	1,361	1,361
Total other noncurrent assets	<u>\$ 58,857</u>	<u>60,191</u>	<u>65,854</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, other financial assets pledged as collateral for Forward Exchange Transaction and investment product were NT\$0, NT\$0 and NT\$180. Please refer to Note 8.

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(g) Property, plant and equipment

Information about the Group's property, plant and equipment were presented below:

	Land	Buildings and construction	Machine and equipment	Mold equipment	Rental equipment	Other facilities	Construction in progress and testing equip	Total
Cost:								
Balance at January 1, 2023	\$ 1,054,470	745,848	1,625,169	3,012	98,296	214,401	152	3,741,348
Additions	-	-	94,040	-	-	2,623	99	96,762
Reclassifications	-	(3,886)	-	-	3,886	-	-	-
Disposals	-	-	(28,438)	-	-	(767)	-	(29,205)
Effect of movements in exchange	128	1,665	2,788	4	513	407	-	5,505
Balance at March 31, 2023	<u>\$ 1,054,598</u>	<u>743,627</u>	<u>1,628,391</u>	<u>3,016</u>	<u>102,695</u>	<u>216,664</u>	<u>251</u>	<u>3,814,410</u>
Balance at January 1, 2022	\$ 1,051,950	668,253	1,467,274	3,353	86,227	181,947	60,655	3,519,659
Additions	-	2,798	147,847	-	-	1,865	1,127	153,637
Reclassifications	-	11,314	-	-	-	-	(11,314)	-
Disposals	-	-	(5,264)	-	-	(691)	-	(5,955)
Effect of movements in exchange	1,281	12,589	18,534	23	3,215	2,596	(10)	38,228
Balance at March 31, 2022	<u>\$ 1,053,231</u>	<u>694,954</u>	<u>1,628,391</u>	<u>3,376</u>	<u>89,442</u>	<u>185,717</u>	<u>50,458</u>	<u>3,705,569</u>
Accumulated depreciation:								
Balance at January 1, 2023	\$ -	243,092	883,532	2,950	38,956	118,629	-	1,287,159
Depreciation	-	10,679	47,292	-	-	5,140	-	63,111
Reclassifications	-	(2,412)	-	-	2,412	-	-	-
Disposals	-	-	(25,533)	-	-	(683)	-	(26,216)
Effect of movements in exchange	-	619	803	3	203	494	-	2,122
Balance at March 31, 2023	<u>\$ -</u>	<u>251,978</u>	<u>906,094</u>	<u>2,953</u>	<u>41,571</u>	<u>123,580</u>	<u>-</u>	<u>1,326,176</u>
Balance at January 1, 2022	\$ -	209,854	753,694	3,292	31,287	109,033	-	1,107,160
Depreciation	-	8,654	47,026	-	660	4,907	-	61,247
Disposals	-	-	(4,123)	-	-	(678)	-	(4,801)
Effect of movements in exchange	-	4,206	5,703	21	1,182	1,721	-	12,833
Balance at March 31, 2022	<u>\$ -</u>	<u>222,714</u>	<u>802,300</u>	<u>3,313</u>	<u>33,129</u>	<u>114,983</u>	<u>-</u>	<u>1,176,439</u>
Carrying amounts								
Balance at January 1, 2023	<u>\$ 1,054,470</u>	<u>502,756</u>	<u>741,637</u>	<u>62</u>	<u>59,340</u>	<u>95,772</u>	<u>152</u>	<u>2,454,189</u>
Balance at March 31, 2023	<u>\$ 1,054,598</u>	<u>491,649</u>	<u>787,465</u>	<u>63</u>	<u>61,124</u>	<u>93,084</u>	<u>251</u>	<u>2,488,234</u>
Balance at January 1, 2022	<u>\$ 1,051,950</u>	<u>458,399</u>	<u>713,580</u>	<u>61</u>	<u>54,940</u>	<u>72,914</u>	<u>60,655</u>	<u>2,412,499</u>
Balance at March 31, 2022	<u>\$ 1,053,231</u>	<u>472,240</u>	<u>826,091</u>	<u>63</u>	<u>56,313</u>	<u>70,734</u>	<u>50,458</u>	<u>2,529,130</u>

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As of March 31, 2023, December 31, 2022 and March 31, 2022, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note 8.

(h) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 151,179	226,499	777	378,455
Effect of movements in exchange	566	1,282	-	1,848
Balance at March 31, 2023	<u>\$ 151,745</u>	<u>227,781</u>	<u>777</u>	<u>380,303</u>
Balance at January 1, 2022	\$ 160,312	169,935	1,264	331,511
Depreciation	-	71,893	-	71,893
Disposals	-	(33,442)	(487)	(33,929)
Other	(10,695)	(15,571)	-	(26,266)
Effect of movements in exchange	3,247	6,339	-	9,586
Balance at March 31, 2022	<u>\$ 152,864</u>	<u>199,154</u>	<u>777</u>	<u>352,795</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2023	\$ 12,945	111,107	302	124,354
Depreciation	941	11,317	65	12,323
Effect of movements in exchange	58	559	-	617
Balance at March 31, 2023	<u>\$ 13,944</u>	<u>122,983</u>	<u>367</u>	<u>137,294</u>
Balance at January 1, 2022	\$ 8,549	112,389	530	121,468
Depreciation	1,466	8,204	65	9,735
Disposals	-	(33,442)	(487)	(33,929)
Other	-	(12,037)	-	(12,037)
Effect of movements in exchange	(424)	4,377	-	3,953
Balance at March 31, 2022	<u>\$ 9,591</u>	<u>79,491</u>	<u>108</u>	<u>89,190</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 138,234</u>	<u>115,392</u>	<u>475</u>	<u>254,101</u>
Balance at March 31, 2023	<u>\$ 137,801</u>	<u>104,798</u>	<u>410</u>	<u>243,009</u>
Balance at January 1, 2022	<u>\$ 151,763</u>	<u>57,546</u>	<u>734</u>	<u>210,043</u>
Balance at March 31, 2022	<u>\$ 143,273</u>	<u>119,663</u>	<u>669</u>	<u>263,605</u>

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(i) Intangible assets

Information about the Group's intangible assets was presented below:

	<u>Software</u>
Cost:	
Balance at January 1, 2023	\$ 121,057
Additions	3,070
Disposals	(47)
Effect of movements in exchange	166
Balance at March 31, 2023	<u>\$ 124,246</u>
Balance at January 1, 2022	\$ 113,017
Additions	391
Effect of movements in exchange	1,178
Balance at March 31, 2022	<u>\$ 114,586</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2023	\$ 99,342
Amortization for the period	2,255
Disposals	(47)
Effect of movements in exchange	131
Balance at March 31, 2023	<u>\$ 101,681</u>
Balance at January 1, 2022	\$ 91,196
Amortization for the period	2,178
Effect of movements in exchange	964
Balance at March 31, 2022	<u>\$ 94,338</u>
Carrying amounts :	
Balance at January 1, 2023	<u>\$ 21,715</u>
Balance at March 31, 2023	<u>\$ 22,565</u>
Balance at January 1, 2022	<u>\$ 21,821</u>
Balance at March 31, 2022	<u>\$ 20,248</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, none of the intangible assets were pledged as collateral.

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(j) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	<u>\$ 318,827</u>	<u>515,833</u>	<u>715,747</u>
Unused short-term credit lines	<u>\$ 1,105,311</u>	<u>950,215</u>	<u>750,112</u>
Range of interest rates	<u>1.65%~5.45%</u>	<u>1.45%~5.15%</u>	<u>0.88%~2.05%</u>

(k) Long-term borrowings

The details were as follows:

March 31, 2023			
Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	1.035%~1.575%	2024~2029
			\$ 193,301
Unsecured bank loans	TWD	0.975%~1.025%	2024
			224,640
Less: current portion			<u>(217,361)</u>
Total			<u>\$ 200,580</u>
Unused long-term credit lines			<u>\$ 500,000</u>

December 31, 2022			
Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	1.035%~1.575%	2024~2029
			\$ 215,550
Unsecured bank loans	TWD	0.975%~1.025%	2024
			256,732
Less: current portion			<u>(217,361)</u>
Total			<u>\$ 254,921</u>
Unused long-term credit lines			<u>\$ 500,000</u>

March 31, 2022			
Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	0.66%~1.40%	2022~2029
			\$ 307,934
Unsecured bank loans	TWD	0.35%~0.40%	2024
			299,945
Less: current portion			<u>(220,948)</u>
Total			<u>\$ 386,931</u>
Unused long-term credit lines			<u>\$ 1,002,325</u>

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(i) Borrowings issue and repayment

The long-term borrowings increased amounted to both NT\$0 for the three months ended March 31, 2023 and 2022, respectively; the repayment amounts were NT\$54,341 and NT\$39,514.

(ii) Collaterals for bank secured borrowings

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(l) Bonds payable

The details were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Total convertible bonds issued	\$ 400,000	400,000	-
Discount on bonds payable, balance unamortized	(12,147)	(13,579)	-
Cumulative amount redeemed	-	-	-
Cumulative amount converted	-	-	-
Balance at March 31, 2023	<u>\$ 387,853</u>	<u>386,421</u>	<u>-</u>
Embedded derivatives-redemption right (carried at financial assets-non-current at fair value through profit or loss)	<u>\$ 80</u>	<u>200</u>	<u>-</u>
Equity component-conversion right (carried at capital surplus)	<u>\$ 50,911</u>	<u>50,911</u>	<u>-</u>

	For the three months ended March 31, 2023	For the six months ended March 31, 2022
Gain or loss arising from the re-measurement of embedded derivatives at fair value	<u>\$ (320)</u>	<u>-</u>

The Group's rights and obligations to the outstanding unsecured convertible bonds issued are as follows:

Item	1st domestic unsecured convertible corporate bonds
Total amount issued	NT\$400,000 thousand
Issue date	April 28, 2022
Issue period	April 28, 2022 ~ April 28, 2025
Coupon rate	0%
Trustee	Bank Sincac Co., Ltd.
Terms of repayment	Unless the bonds are converted to ordinary shares of the Company in accordance with Article 10 of these Regulations, or the Company redeems in advance in accordance with Article 18 of these Regulations, or the Company buys back from the TPEX for the cancellation, the Company shall repay in cash one lump sum according to the bond face value when the convertible bonds mature. Payments shall be made within five business days (including the fifth business day) after the due date.
Terms of redemption	(1) From the day following the three-month period after the issuance of the

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prior to maturity	<p>convertible bonds (July 29, 2022) to 40 days before the expiry of the issuance period (March 19, 2025), when the closing price of the Company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, within the next 30 business days, send the "Bond Redemption Notice" expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period as stated in Article 9) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the "Bond Redemption Notice"; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEx for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within five business days from the bond redemption base date.</p> <p>(2) From the day following the three-month period after the issuance of the convertible bonds (July 29, 2022) to 40 days before the expiry of the issuance period (March 19, 2025), when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Company may, at any time thereafter, send the "Bond Redemption Notice" expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period as stated in Article 9) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the "Bond Redemption Notice"; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEx for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within five business days from the bond redemption base date.</p> <p>(3) If the creditor fails to reply in writing to the Company's stock transfer agent before the bond redemption base date as stated in the "Bond Redemption Notice" (it will take effect immediately upon delivery, and the postmark date shall be used as the basis for the post mails), the Company will redeem the convertible bonds in cash at the bond par value within five business days after the bond redemption base date.</p> <p>(4) If the Company executes the redemption request, the deadline for bond holders to request for conversion is the second business day after the trading day on TPEx of the converted bonds is terminated.</p>
Conversion period	<p>From the day following the three-month period after the issuance of the convertible bonds (July 29, 2022) to the maturity date (April 28, 2025), the bond holders may, through the original trading securities company, notify Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") to the Company's stock transfer agent to request the conversion of the convertible bonds into the Company's ordinary shares in accordance with these Regulations and the provisions of Article 10, Article 11, Article 13 and Article 15 of these Regulations; except (1) the book closure period of the</p>

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	<p>ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company's stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction; (4) from the starting date of the conversion (subscription) closure date for changing the denomination of the stock to the day before the trading day of producing the new stock certificates.</p> <p>The starting date the conversion closure date for changing the denomination of the stock in the preceding paragraph is the business day before applying to the Ministry of Economic Affairs for the change registration. The Company shall announce four business days before the starting date of the conversion closure period.</p>
Conversion price	NT\$69.7

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 27,387</u>	<u>31,911</u>	<u>28,818</u>
Non-current	<u>\$ 67,513</u>	<u>77,142</u>	<u>78,844</u>

For the maturity analysis, please refer to Note 6(v).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2023	2022
Interest on lease liabilities	<u>\$ 521</u>	<u>374</u>
Expenses relating to short-term leases	<u>\$ 2,953</u>	<u>2,027</u>

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

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	<u>\$ 14,400</u>	<u>19,514</u>

(i) Real estate leases

The Group leases buildings for its office space, which typically run for a period of 3 years.

(ii) Other leases

The Group leases employee dormitory and other equipment, with contract terms of one to three years. These leases are short-term or leases of low-value items. Therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

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(n) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	\$ 15,134	17,327	17,749
One to two years	15,946	13,397	14,546
Two to three years	331	10,213	8,461
Three to four years	-	-	5,269
	<u>\$ 31,411</u>	<u>40,937</u>	<u>46,025</u>

(o) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time events since prior fiscal year. As a result, pension cost in the accompanying interim consolidated financial statement was measured and disclosed in accordance with the actuarial report measured as of December 31, 2022 and 2021.

The pension costs of the defined benefit plans were as follows:

	For the three months ended March 31,	
	2023	2022
Operating costs	<u>\$ -</u>	<u>-</u>
Operating expenses	<u>\$ -</u>	<u>-</u>

(ii) Defined contribution plans

The pension costs under the defined contribution plans were as follows:

	For the three months ended March 31,	
	2023	2022
Operating costs	<u>\$ 10,406</u>	<u>11,396</u>
Operating expenses	<u>\$ 4,116</u>	<u>4,193</u>

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(p) Income taxes

(i) The components of income tax expense were as follows:

		For the three months ended March 31,	
		2023	2022
Current tax expense			
Current period	\$	11,639	79,372
Deferred tax expense			
Origination and reversal of temporary differences		-	-
	\$	<u>11,639</u>	<u>79,372</u>

(ii) The Group's tax returns for the years through 2020 were assessed by the National Taiwan Bureau.

(q) Capital and other equity

There was no significant change for capital and other equity for the periods from for the three months ended March 31, 2023 and 2022. For the related information, please refer to Note 6(q) of the consolidated financial statements for the year ended December 31, 2022.

(i) Ordinary shares

As of March 31, 2023, December 31, 2022 and March 31, 2022, the number of authorized ordinary share each consisted were \$1,000,000. In addition, the issuance of ordinary shares each consisted of 60,121, with a par value of \$10 per share.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Share capital	\$ 1,314,010	1,314,010	1,314,010
Treasury share transactions	6,195	6,195	6,195
Employee share options	14,329	14,329	14,329
Issuance of convertible bond options	50,911	50,911	-
	<u>\$ 1,385,445</u>	<u>1,385,445</u>	<u>1,334,534</u>

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(iii) Retained earnings

The Company's Articles of incorporation stipulate that any Company's net earnings should first be used to offset the prior years' deficits, before paying any income taxes. Then 10% of the remaining balance is to be appropriated as legal reserve, unless such legal reserve has amounted to the paid-in capital. The remainder, if any, should be set aside as special reserve in accordance with the operating requirement and the laws, together with any undistributed retained earnings that can be distributed up to 90% of the shareholder dividend after the board of directors has made the proposal of earnings distribution, wherein the distributable dividend and bonus may be paid by issuing new shares after a resolution has been adopted in the shareholders' meeting.

When providing special reserve in accordance with regulations, the Company shall allocate special reserve in an amount equivalent to the portion of the amount of the net increase in fair value of investment properties and the net amount of other deductions from equity. However, if there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, the current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors to be approved during the meeting of the shareholders. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing fund, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulations of the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meetings on March 13, 2023 and May 11, 2022, respectively. The amounts of dividends distributed to shareholders were as follows:

	2022		2021	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 3.00	<u>180,364</u>	2.00	<u>120,243</u>

(iv) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (58,328)	11,149	(47,179)
Exchange differences on foreign operations	12,270	-	12,270
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	2,881	2,881
Balance at March 31, 2023	<u>\$ (46,058)</u>	<u>14,030</u>	<u>(32,028)</u>
Balance at January 1, 2022	\$ (95,607)	19,122	(76,485)
Exchange differences on foreign operations	88,203	-	88,203
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	430	430
Balance at March 31, 2022	<u>\$ (7,404)</u>	<u>19,552</u>	<u>(12,148)</u>

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(r) Earnings per share

	For the three months ended March 31,	
	2023	2022
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ 3,491	163,084
Weighted average number of ordinary shares (in thousands)	60,121	60,121
Basic earnings per share (in dollars)	\$ 0.06	2.71
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (basic)	\$ 3,491	163,084
After-tax effect of convertible bonds (Note)	-	-
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 3,491	163,084
Weighted average number of ordinary shares (in thousands)	60,121	60,121
Effect of employee share bonus (in thousands)	646	368
Effect of convertible bonds (in thousands) (Note)	-	-
Weighted average number of ordinary shares (diluted) (in thousands)	60,767	60,489
Diluted earnings per share (in dollars)	\$ 0.06	2.70

Note: As the item is anti-dilutive, it is not included in the calculation of diluted earnings per share.

(s) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31, 2023		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,226,887	30,072	1,256,959
America	5,317	23,825	29,142
Thailand	224	-	224
Taiwan	27,018	308	27,326
Other country	4,336	1,127	5,463
	<u>\$ 1,263,782</u>	<u>55,332</u>	<u>1,319,114</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 1,263,782</u>	<u>55,332</u>	<u>1,319,114</u>

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	For the three months ended March 31, 2022		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 2,030,686	27,087	2,057,773
America	28,113	51,277	79,390
Thailand	2	-	2
Taiwan	22,447	211	22,658
Other country	70,771	1,755	72,526
Total	<u>\$ 2,152,019</u>	<u>80,330</u>	<u>2,232,349</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 2,152,019</u>	<u>80,330</u>	<u>2,232,349</u>

(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivables	\$ 1,436	1,144	754
Accounts receivable	2,038,835	2,407,484	3,195,863
Less: loss allowance	(14,357)	(13,318)	(2,192)
Total	<u>\$ 2,025,914</u>	<u>2,395,310</u>	<u>3,194,425</u>

For details on notes and accounts receivable and its loss allowance, please refer to Note 6(c).

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(t) Remuneration to employees, and directors

The Group's Articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 2% will be distributed as employee remuneration, and a maximum of 2% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Group's subsidiaries who meet certain specific requirements.

For the three months ended March 31, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to \$363 and \$16,960, respectively; as well as its remuneration to directors amounting to \$68 and \$3,180, respectively. These estimates amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For 2022 and 2021, the Company recognized its employee remuneration amounting to \$50,996 and \$15,538, respectively, and its remuneration to directors of \$12,749 and \$3,884, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distribution for 2022 and 2021. Related information is available on the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended March 31,	
	2023	2022
Interest income from bank deposits	\$ 15,633	2,417
Other interest income	67	83
	<u>\$ 15,700</u>	<u>2,500</u>

(ii) Other income

The details of other income were as follows:

	For the three months ended March 31,	
	2023	2022
Rent income	\$ 8,570	8,318
Dividend income	2,921	4,655
Sample income	542	1,297
Mold income	1,197	544

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	For the three months ended March 31,	
	2023	2022
Others	13,409	16,109
	<u>\$ 26,639</u>	<u>30,923</u>

(i) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2023	2022
Losses on disposal of property, plant and equipment	\$ (2,466)	(1,019)
Foreign exchange gains	(16,092)	28,268
Losses on leasehold improvements	-	(8,095)
Gains (loss) on financial assets at fair value through profit or loss	3,931	(546)
Sample expenses	(1,261)	(4,346)
Mold expenses	(357)	(332)
Others	(5,561)	(4,098)
	<u>\$ (21,806)</u>	<u>9,832</u>

(ii) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31,	
	2023	2022
Interest expense for bank loans	\$ 5,047	3,310
Interest expense for lease liabilities	521	374
Amortization of discount on convertible bonds	1,432	-
	<u>\$ 7,000</u>	<u>3,504</u>

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(v) Financial instruments

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

(i) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within six months	6-12 months	1-2 years	2-5 years	Over 5 years
March 31, 2023							
Non derivative financial liabilities							
Short-term borrowings	\$ 318,827	320,649	320,649	-	-	-	-
Notes and accounts payable	1,470,716	1,470,716	1,470,716	-	-	-	-
Other payables	942,831	942,831	942,831	-	-	-	-
Dividends payables	180,364	180,364	180,364	-	-	-	-
Corporate bonds payables	387,853	400,000	-	-	-	400,000	-
Lease liabilities	94,900	109,421	20,339	20,597	30,625	37,860	-
Long-term borrowings (current portion included)	417,941	425,055	110,984	110,310	136,652	43,547	23,562
	<u>\$ 3,813,432</u>	<u>3,849,036</u>	<u>3,045,883</u>	<u>130,907</u>	<u>167,277</u>	<u>481,407</u>	<u>23,562</u>
December 31, 2022							
Non derivative financial liabilities							
Short-term borrowings	\$ 515,833	522,908	482,113	40,795	-	-	-
Notes and accounts payable	1,573,815	1,573,815	1,573,815	-	-	-	-
Other payables	1,113,971	1,113,971	1,113,971	-	-	-	-
Corporate bonds payables	386,421	400,000	-	-	-	400,000	-
Lease liabilities	109,053	119,727	20,859	20,491	34,353	44,024	-
Long-term borrowings (current portion included)	472,282	480,731	110,988	110,397	187,793	44,301	27,252
	<u>\$ 4,171,375</u>	<u>4,211,152</u>	<u>3,301,746</u>	<u>171,683</u>	<u>222,146</u>	<u>488,325</u>	<u>27,252</u>
March 31, 2022							
Non derivative financial liabilities							
Short-term borrowings	\$ 715,747	718,875	637,637	81,238	-	-	-
Notes and accounts payable	2,494,032	2,494,032	2,494,032	-	-	-	-
Other payables	1,085,317	1,085,317	1,085,317	-	-	-	-
Lease liabilities	107,662	116,831	19,243	20,505	30,410	46,673	-
Long-term borrowings (current portion included)	607,879	615,667	131,138	93,658	207,891	151,054	31,926
	<u>\$ 5,010,637</u>	<u>5,030,722</u>	<u>4,367,367</u>	<u>195,401</u>	<u>238,301</u>	<u>197,727</u>	<u>31,926</u>

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	\$ 90,328	30.450	2,750,488	100,132	30.710	3,075,065	134,775	28.625	3,857,934
Financial liabilities									
Monetary items									
USD	41,963	30.450	1,277,773	47,198	30.710	1,449,458	72,942	28.625	2,087,974

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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of the three-month periods ended March 31, 2023 and 2022 would have increased (decreased) the net profit before tax by \$73,636 and \$88,498, respectively. The analysis for the two periods was on the same basis.

3) Foreign exchange gains and loss on monetary items

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(16,092) and \$28,268, respectively.

(iii) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on 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 interest rate increases or decreases by 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased (decreased) by 1% basis points, the Group's net income would have decreased or increased by \$1,842 and \$3,309 for the three-month periods ended March 31, 2023 and 2022, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates.

(iv) Other price risk

The impacts on items of comprehensive income by the changes in prices of equity securities at the reporting date (The analyses of the two periods are on the same basis, and assume other variable factors remain constant.) are as follows:

Security price at the reporting date	For the three months ended March 31, 2023		For the three months ended March 31, 2022	
	Other comprehensive income, net of tax	Profit or loss before tax	Other comprehensive income, net of tax	Profit or loss before tax
Increase by 1%	\$ <u>903</u>	<u>250</u>	<u>920</u>	<u>304</u>
Decrease by 1%	\$ <u>(903)</u>	<u>(250)</u>	<u>(920)</u>	<u>(304)</u>

(v) Fair value of financial instruments

1) Fair value hierarchy

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 for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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March 31, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 661,920	95,097	80	566,743	661,920
Financial assets at fair value through other comprehensive income	90,256	-	-	90,256	90,256
Financial assets measured at amortized cost					
Cash and cash equivalents	1,906,810	-	-	-	-
Notes and accounts receivable	2,025,914	-	-	-	-
Other receivables	37,982	-	-	-	-
Subtotal	3,970,706	-	-	-	-
Total	<u>\$ 4,722,882</u>	<u>95,097</u>	<u>80</u>	<u>656,999</u>	<u>752,176</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 318,827	-	-	-	-
Notes and accounts payable	1,470,716	-	-	-	-
Other payables	942,831	-	-	-	-
Lease liabilities	180,364	-	-	-	-
Dividends payables	387,853	-	-	-	-
Corporate bonds payables	94,900	-	-	-	-
Long-term borrowings (current portion included)	417,941	-	-	-	-
Subtotal	3,813,432	-	-	-	-
Total	<u>\$ 3,813,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 29,812	29,155	200	457	29,812
Financial assets at fair value through other comprehensive income	83,032	-	-	83,032	83,032
Financial assets measured at amortized cost					
Cash and cash equivalents	2,841,048	-	-	-	-
Notes and accounts receivable	2,395,310	-	-	-	-
Other receivables	46,109	-	-	-	-
Subtotal	5,282,467	-	-	-	-
Total	<u>\$ 5,395,311</u>	<u>29,155</u>	<u>200</u>	<u>83,489</u>	<u>112,844</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 515,833	-	-	-	-
Notes and accounts payable	1,573,815	-	-	-	-
Other payables	1,113,971	-	-	-	-
Corporate bonds payables	386,421	-	-	-	-
Lease liabilities	109,053	-	-	-	-
Long-term borrowings (current portion included)	472,282	-	-	-	-
Subtotal	4,171,375	-	-	-	-
Total	<u>\$ 4,171,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	March 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 659,912	80,451	-	579,461	659,912
Financial assets at fair value through other comprehensive income	92,007	-	-	92,007	92,007
Financial assets measured at amortized cost					
Cash and cash equivalents	1,763,697	-	-	-	-
Notes and accounts receivable	3,194,425	-	-	-	-
Other receivables	40,990	-	-	-	-
Subtotal	4,999,112	-	-	-	-
Total	<u>\$ 5,751,031</u>	<u>80,451</u>	<u>-</u>	<u>671,468</u>	<u>751,919</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 715,747	-	-	-	-
Notes and accounts payable	2,494,032	-	-	-	-
Other payables	1,085,317	-	-	-	-
Lease liabilities	107,662	-	-	-	-
Long-term borrowings (current portion included)	607,879	-	-	-	-
Subtotal	5,010,637	-	-	-	-
Total	<u>\$ 5,010,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

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

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

Measurements of fair value of financial instruments without an active market are based on fair value valuation technique, which is extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technology, including a model using observable market data at the balance sheet date.

i. Derivative financial instruments

For financial instruments with quoted prices in an active market, the fair value shall be the quoted prices in an active market. The market prices in primary stock exchanges and the market prices of Central Government Bonds, which are determined to be hot bonds, declared by TPEX are the basis for fair value of TWSE- or TPEX-listed equity instruments and debt instruments with quoted prices in active markets.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the aforementioned conditions are not met, the market is regarded as not active. Generally speaking, the indicators of a market which is not active include big bid-ask spreads, significant increases in bid-ask spread or low transaction volume.

Equity instruments without quoted prices: The fair value shall be estimated by discounted cash flow model, which measures fair value by discounting the expected future cash flows of the

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investors by the rate of return that reflects time value of money and the investment risk.

ii. Derivative financial instruments

The fair value is estimated by the valuation models widely accepted by the market users, including discount method and option pricing model. Forward exchange contracts are usually valued by current forward exchange rate. Structured interest rate derivative financial instruments are measured by appropriate option pricing model (e.g., Black-Scholes model) or other valuation method, e.g., Monte Carlo simulation.

3) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Most of the Group's financial instruments that use Level 3 inputs have only single significant unobservable inputs. Only those equity investments without an active market have plural significant unobservable inputs. The significant unobservable inputs of equity investment without an active market are independent with one another, so they are not correlated.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market	Net Asset Value Method	·Net asset value ·The market illiquidity discount rate (30% on March 31, 2023, December 31, 2022 and March 31, 2022)	·The market illiquidity discount were lower (higher)
Financial assets at fair value through profit or loss – Investment product	Discounted Cash Flow Method	·Discount rate (1.50%~3.10%, -, 1.00%~3.00% on March 31, 2023, December 31, 2022 and March 31, 2022, respectively)	·The discount rate were lower (higher)
Financial assets at fair value through profit or loss – Private offered funds	Net Asset Value Method	·Net asset value	Not applicable

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4) Fair value measurement in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

			Profit or loss		Other comprehensive income	
		Assumptions		Unfavorable		Unfavorable
	Input		Favorable		Favorable	
March 31, 2023						
Financial assets at fair value through profit or loss — Investment product	Discount rate	5%	188	(188)	-	-
Financial assets at fair value through profit or loss — Private offered funds	Net asset value	5%	23	(23)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,513	(4,513)
December 31, 2022						
Financial assets at fair value through profit or loss — Private offered funds	Net asset value	5%	33	(33)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,152	(4,152)
March 31, 2022						
Financial assets at fair value through profit or loss — Investment product	Discount rate	5%	459	(459)	-	-
Financial assets at fair value through profit or loss — Private offered funds	Net asset value	5%	67	(67)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,600	(4,600)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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(w) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the Note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(x) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2022. There were no significant changes of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(y) Investments and financing activities through non-cash transactions

The Group's investments and financing activities through non-cash transactions for the three-month periods ended March 31, 2023 and 2022 were as follows:

(i) Right-of-use assets are acquired through leasing. Please refer to Note 6(h).

(ii) The Group's assets through financing activities and reconciliation were as follows:

	January 1, 2023	Cash flows	Non-cash changes				March 31, 2023
			Acquired	Changes in Foreign Exchange Rate	Interest Expense	Other	
Short-term borrowings	\$ 515,833	(200,536)	-	3,530	-	-	318,827
Long-term borrowings (current portion included)	472,282	(54,341)	-	-	-	-	417,941
Lease liabilities	109,053	(10,926)	-	564	-	(3,791)	94,900
Bonds payables	386,421	-	-	-	1,432	-	387,853
Total liabilities arising from financing activities	<u>\$1,483,589</u>	<u>(265,803)</u>	<u>-</u>	<u>4,094</u>	<u>1,432</u>	<u>(3,791)</u>	<u>1,219,521</u>
	January 1, 2022	Cash flows	Non-cash changes				March 31, 2022
			Acquired	Changes in Foreign Exchange Rate	Interest Expense	Other	
Short-term borrowings	\$ 652,614	63,133	-	-	-	-	715,747
Long-term borrowings (current portion included)	647,393	(39,514)	-	-	-	-	607,879
Lease liabilities	\$ 39,977	(17,487)	71,893	18,800	374	(5,895)	107,662
Total liabilities arising from financing activities	<u>\$ 1,339,984</u>	<u>6,132</u>	<u>71,893</u>	<u>18,800</u>	<u>374</u>	<u>(5,895)</u>	<u>1,431,288</u>

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(7) Related-party transactions

- (a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group.

- (b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 6,929	4,529
Post-employment benefits	211	156
	<u>\$ 7,140</u>	<u>4,685</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Land	Secured loans	\$ 1,016,281	1,016,281	1,016,281
Buildings	Secured loans	227,078	233,691	238,785
Bank guarantee (classified as prepayments and other current assets)	Performance guarantee	-	-	180
		<u>\$ 1,243,359</u>	<u>1,249,972</u>	<u>1,255,246</u>

(9) Commitments and contingencies

The Group's significant contractual commitments were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 48,481</u>	<u>81,306</u>	<u>101,577</u>

- (10) Losses due to major disasters: None.**

- (11) Subsequent events: None.**

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(12) Other

- (i) The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:**

By item	By function	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
Salaries		176,668	65,930	242,598	210,994	105,559	316,553
Labor and health insurance		11,778	6,065	17,843	10,877	6,396	17,273
Pension		10,507	4,116	14,623	11,396	4,193	15,589
Remuneration of directors		-	410	410	-	3,531	3,531
Others		8,443	4,788	13,231	11,558	3,981	15,539
Depreciation		63,265	12,169	75,434	60,062	10,920	70,982
Amortization		2,175	4,023	6,198	2,027	3,497	5,524

- (ii) Seasonality of operations:**

The Group's operations are not affected by seasonal or cyclical factors.

(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 as of March 31, 2023:

- (i) Loans to other parties:**

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of financing (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1 & 2)	Maximum limit of fund financing (Note 1 & 2)
													Item	Value		
0	The Company	Jarson Precision Technology Co., Ltd.	Other receivables	Yes	40,000	20,000	10,000 (Note 4)	2%	2	-	Operating turnover	-		-	588,910	1,766,731
0	The Company	Jarlllytec (Vietnam) Co., Ltd.	Other receivables	Yes	121,800	121,800	-	2%	2	-	Operating turnover	-		-	588,910	1,766,731
1	Fu Qing Jarlly Electronics Co., Ltd.	Xiamen Jarlly Electronics Co., Ltd.	Other receivables	Yes	26,586	-	-	2%	2	-	Operating turnover	-		-	571,589	571,589
1	Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	110,775	66,465	66,645 (Note 4)	2%	2	-	Operating turnover	-		-	571,589	571,589
2	Jarlly Technology (Chongqing) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	31,017	31,017	31,017 (Note 4)	2%	2	-	Operating turnover	-		-	196,901	196,901
2	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	88,620	88,620	-	2%	2	-	Operating turnover	-		-	196,901	196,901
3	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	54,810	54,810	54,810 (Note 4)	0%	2	-	Operating turnover	-		-	1,744,634	1,744,634
4	Jarlly Electronics Technology (Shanghai) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	44,310	44,310	-	2%	2	-	Operating turnover	-		-	279,492	279,492

Note 1: The Company

- (a) The total amount available for financing purposes shall not exceed 40% of the Company's net worth.

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(b) The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount in recent year, whichever is lower.

(c) The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount.

Note 2: Subsidiaries

(a) The total amount available for financing purposes shall not exceed 60% of the subsidiaries' net worth. The total amount for short-term financing to one entity shall not exceed one third of the subsidiaries' loanable amount or 40% of the transaction amount in recent year, whichever is lower.

(b) For the entities that have short-term financing needs but have no business transaction with the Company, the total amount available for financing purposes shall not exceed 40% of the subsidiaries' net worth.

(c) For short-term financing needs, the amount available for financing of each entity shall not exceed one third of the Company's loanable amount.

(d) For those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares the amount available for financing shall not exceed the 60% of the Company's net worth.

Note 3: Financing purpose

(a) 1 for entities the Company has business transactions with.

(b) 2 for entities that have short-term financing needs.

Note 4: The transaction has been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

Number	Name of guarantor and endorsements	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantee and endorsements during the period	Balance of guarantees and endorsements as of report date (Note 3)	Actual usage amount during the period	Property pledged for guarantee and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Jarilly Technology (Shanghai) Co., Ltd.	2	1,472,276	365,400	243,600	-	-	5.52%	1,766,731	Y	N	Y
0	The Company	Jarson Precision Technology Co., Ltd.	2	1,472,276	80,000	40,000	-	-	0.91%	1,766,731	Y	N	N
0	The Company	Jarilly Technology (Chongqing) Co., Ltd.	2	1,472,276	121,800	60,900	-	-	1.38%	1,766,731	Y	N	Y
0	The Company	Kunshan Jarilly Electronics Ltd.	2	1,472,276	121,800	60,900	60,900	-	1.38%	1,766,731	Y	N	Y
0	The Company	Jellytec (Vietnam) Co., Ltd.	2	1,472,276	121,800	121,800	-	-	2.76%	1,766,731	Y	N	N

Note 1: The total amount available for endorsement provided to others shall not exceed 40% of the Company's net worth (audited by Certified Public Accountant on March 31, 2023); and the total amount for endorsement provided to one entity shall not exceed one third of the Company's net worth.

Note 2: 7 forms of relationships in which corporate guarantees exist are defined as follows:

(a) Entities have business relations with the Company.

(b) The Company directly or indirectly holds more than 50% of voting shares of its subsidiaries.

(c) Investees directly or indirectly own more than 50% of voting shares of the Company.

(d) The Company directly or indirectly holds 90% of voting shares of its subsidiaries.

(e) Entities have construction contract agreements with the Company.

(f) The reason for The Company jointly invested in the entities is to provide proportionate endorsements.

(g) The Company has contractual pre-sold home agreements with its related parties under the Consumer Protection Law.

Note 3: The transaction has been eliminated in the consolidated financial statements.

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(iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WK Technology Fund IX Ltd.	-	Non-current financial assets at fair value through other comprehensive income	4,614	60,170	4.61 %	60,170	-
The Company	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	3,624	60,039	- %	60,039	-
Fu Qing Jarlly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,545	16.00 %	3,545	-
Fu Qing Jarlly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,785	18.00 %	4,785	-
Fu Qing Jarlly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,393	18.00 %	2,393	-
Xiamen Jarlly Electronics Co., Ltd.	Xiamen Jinli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,209	19.00 %	4,209	-
Xiamen Jarlly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	8,419	19.00 %	8,419	-
Kunshan Jarlly Electronics Ltd.	Kunshan Huli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	6,735	19.00 %	6,735	-
Jarlly Electronics Technology (Shanghai) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	112,104	- %	112,104	-
Jarlly Technology (Shanghai) Co., Ltd.	Product of SinoPac China (Redemption)	-	Current financial assets at fair value through profit or loss	-	239,274	- %	239,274	-
Dong Guan Jarlly Electronics Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	28,802	- %	28,802	-
Dong Guan Jarlly Electronics Co., Ltd.	Product of DRC Bank (Redemption)	-	Current financial assets at fair value through profit or loss	-	44,310	- %	44,310	-
Jarlly Technology (Chongqing) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	88,620	- %	88,620	-
Fu Qing Jarlly Electronics Co., Ltd.	China Merchants Bank structured finance products	-	Current financial assets at fair value through profit or loss	-	53,172	- %	53,172	-
Jarwin Investment Co., Ltd.	TSMC Stock	-	Current financial assets at fair value through profit or loss	20	10,660	- %	10,660	-
Jarwin Investment Co., Ltd.	ASUSTEK COMPUTER INC. Stock	-	Current financial assets at fair value through profit or loss	10	2,725	- %	2,725	-
Jarwin Investment Co., Ltd.	Evergreen Marine Corporation Stock	-	Current financial assets at fair value through profit or loss	12	1,902	- %	1,902	-
Jarwin Investment Co., Ltd.	Novatek Microelectronics Corp. Stock	-	Current financial assets at fair value through profit or loss	10	4,315	- %	4,315	-
Jarwin Investment Co., Ltd.	HD Renewable Energy Co.,Ltd. Stock	-	Current financial assets at fair value through profit or loss	20	2,700	- %	2,700	-

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Jarwin Investment Co., Ltd.	O-TA Precision Industry Co., Ltd. Stock	-	Current financial assets at fair value through profit or loss	20	2,700	- %	2,700	-
Jarwin Investment Co., Ltd.	Yuanta 0-2 Year Investment Grade Corporate Bond Fund	-	Current financial assets at fair value through profit or loss	-	10,056	- %	10,056	-
Jarwin Investment Co., Ltd.	Treasure Cay Private Equity Fund	-	Non-current financial assets at fair value through profit or loss	-	461	1.587%	461	-

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning Balance		Purchase		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	shares	Amount
Shanghai Jarlly	Product of Fubon China (Redemption)	Current financial assets at fair value through profit or loss	-	-	-	-	-	155,085	-	155,450	155,085	365	-	-
Shanghai Jarlly	Product of SinoPac China (Redemption)	Current financial assets at fair value through profit or loss	-	-	-	-	-	239,274	-	-	-	-	-	239,274

- (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.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Name of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchase/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Kunshan Jarlly Electronics Ltd.	The Company	Associates	Sale	(150,233)	54.29%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	334,763	65.40%	Note
The Company	Kunshan Jarlly Electronics Ltd.	Associates	Purchase	150,233	33.17%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(334,763)	41.89%	Note

Note: The amount was eliminated in the consolidated financial statements.

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

Name of company	Counter-party	Nature of relationship	Ending balance (Note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Kunshan Jarlly Electronics Ltd.	The Company	Associates	334,763	1.75	-	-	87,761	-
Jarlly Technology (Shanghai) Co., Ltd.	The Company	Associates	116,214	2.12	-	-	36,704	-
Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Associates	135,682	3.29	-	-	44,494	-

Note: The amount was eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to Note 6(b) and (l).

(x) Business relationships and significant intercompany transactions:

Number	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Jarson Precision	2	Other receivables	10,000	150 days	0.12%
1	Jarson Precision	The Company	2	Sales revenue	30,649	Mark up by cost	2.32%
1	Jarson Precision	The Company	2	Accounts receivable	30,649	150 days	0.36%
2	Chongqing Jarlly	The Company	2	Sales revenue	55,078	Mark up by cost	4.18%
2	Chongqing Jarlly	The Company	2	Accounts receivable	69,406	150 days	0.82%
2	Chongqing Jarlly	Kunshan Jarlly	3	Other receivables	31,017	Follow the agreement	0.36%
3	Fu Qing Jarlly	The Company	2	Sales revenue	21,693	Mark up by cost	1.64%
3	Fu Qing Jarlly	The Company	2	Accounts receivable	31,402	150 days	0.37%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Sales revenue	79,204	Mark up by cost	6.00%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Accounts receivable	135,682	150 days	1.60%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Other receivables	66,465	Follow the agreement	0.78%
4	Kunshan Jarlly	The Company	2	Sales revenue	150,233	Mark up by cost	11.39%
4	Kunshan Jarlly	The Company	2	Accounts receivable	334,763	150 days	3.94%
5	Shanghai Jarlly	The Company	2	Sales revenue	58,888	Mark up by cost	4.46%
5	Shanghai Jarlly	The Company	2	Accounts receivable	116,214	150 days	1.37%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Accounts receivable	21,499	150 days	0.25%
7	Smart Hinge	Great Hinge	3	Other receivables	54,810	Follow the agreement	0.64%

Note 1. Number represents:

- (a) 0 represents the Company.
- (b) 1 and thereafter represent subsidiaries.

Note 2. The relationships between guarantor and guarantee are as follows:

- (a) Parent to subsidiary.
- (b) Subsidiary to parent.
- (c) Subsidiary to subsidiary.

Note 3. Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

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(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investments	318	318	10	100.00%	53,041	34,752	34,752	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investments	827,201	750,588	25,934	100.00%	2,899,341	(4,162)	(4,873)	Note
The Company	Jarson Precision Technology Co., Ltd.	Republic of China	Powder metallurgy industry	134,076	134,076	15,000	100.00%	226,324	(27,996)	(27,597)	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investments	50,000	50,000	5,000	100.00%	48,584	4,640	4,640	Note
The Company	Jarlllytec Singapore Pt. Ltd.	Singapore	Computer design and service	423	423	-	100.00%	256	144	144	Note
Great Hinge Trading Ltd.	Jarlllytec (Vietnam) Co., Ltd.	Vietnam	Sale and produce Precision Hinge	166,723	166,723	-	100.00%	124,890	(3,879)	(3,879)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investments	827,201	750,588	25,934	100.00%	2,852,545	(1,503)	(1,503)	Note
Royal Jarlly Holding Ltd.	Jarlllytec (Thailand) Co., Ltd.	Thailand	Sale and produce Precision Hinge	149,229	149,229	2,000	100.00%	129,648	(2,816)	(2,816)	Note

Note: The amount was eliminated in the consolidated financial statements.

(c) Information on overseas branches and representative offices:

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

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment form Taiwan as of January 1, 2022	Investment flows Remitted to China	Remitted back to Taiwan	Accumulated outflow of investment form Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Invest income (losses) (Note 2 and 3)	Book value (Note 3)	Accumulated remittance of earnings in current period
Jarlly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	261,462	(2)	131,272	-	-	131,272	1,337	100.00%	1,337	704,388	-
Fu Qing Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	8,520	100.00%	8,520	952,650	-
Dong Guan Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	(5,299)	100.00%	(5,299)	111,103	15,366
Kunshan Jarlly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	17,818	100.00%	17,818	133,938	-
Jarlly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	2,095	100.00%	2,095	465,821	-
Xiamen Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	1,194	100.00%	1,194	101,690	-
Jarlly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	2,805	100.00%	2,805	328,169	-
ZheJiang Zhaowang Precision Technology Co. LTD.	Sale and produce Precision Hinge	76,613	(2)	-	76,613	-	76,613	(187)	100.00%	(187)	76,121	-

Note 1: Investments are made through one of three ways:

- (1) Direct investment from Mainland China.
- (2) Indirect investment from third-party country.
- (3) Others.

Note 2: The recognition of gain and loss on investment for partial subsidiaries based on the financial report which was assured by R.O.C. Accountant, the rest of them have not been reviewed.

Note 3: The amount was eliminated in the consolidated financial statements.

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
811,835	811,835	2,650,097

(iii) Significant transactions:

As of the three months ended of March 31, 2023, the significant inter-company directly or indirectly transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's name	Shareholding	Shares	Percentage
Sunrise Investment Co., Ltd.		6,100,000	10.14%
Dellson Investment Co., Ltd.		3,714,000	6.17%

Note:(1) The information on major shareholders, which is provided by Taiwan Depositor & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note:(2) If shares are entrusted, the above information regarding such shares will be revealed by each trustor of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers if the shares declared by the insider include the shares of the trust assets which the insiders have discretion over use. For details of the insider's equity announcement please refer to the MOPS.

(14) Segment information

The Group's operating segment information and reconciliation were as follows:

For the three months ended March 31, 2023				
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 1,263,782	55,332	-	1,319,114
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 1,263,782</u>	<u>55,332</u>	<u>-</u>	<u>1,319,114</u>
Reportable segment profit or loss	<u>\$ 8,251</u>	<u>6,879</u>	<u>-</u>	<u>15,130</u>

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	2022			
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 2,152,019	80,330	-	2,232,349
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 2,152,019</u>	<u>80,330</u>	<u>-</u>	<u>2,232,349</u>
Reportable segment profit or loss	<u>\$ 230,558</u>	<u>11,898</u>	<u>-</u>	<u>242,456</u>

Note: The measurement amounts of department assets are not provided to the operating decision maker, the disclosure amount of the Group is zero.