



喬山健康科技股份有限公司  
Johnson Health Tech. Co., Ltd.

股票代號 1736  
Stock Code

# 一一二年度年報

## 2023 ANNUAL REPORT



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# I. Letter to Shareholders

## 1. 2023 Business Results

### (1) Operation Profile:

In 2023, Johnson Health Tech. Co., Ltd. created a consolidated revenue in NTD 38.1 billion, hitting another new record high performance with an increase of NTD 4.5 bn. by a growth rate of 13.3%, compared with last year.

2023 was a year of growth and recovery for the fitness equipment supply industry. Regardless of the still turbulent factors such as global geopolitical risks, interest rate increases, and inflation, however, with the unfolding of the post-pandemic era, people's life pace gradually resumed to the pre-pandemic normal. In the meantime, more and more attention has been dragged to health management requirements, and consumption demand for fitness equipment has increased significantly, which has also driven the Company with continuous and steady growth.

In 2023, members of large-scale commercial gyms around the world ushered in a wave of returning members after the pandemic and Johnson has earned its growth in commercial market by about 17% compared with the previous year. In addition to the constant growth of customers in existing chain gyms and the increase in supply share to customers, also significant progress been made in developing new customers in various regions around the world, Johnson Health Tech. Co., Ltd. has become the champion in commercial equipment worldwide. 2025 will mark the 50th anniversary of the founding of Johnson. With the continuous hardship of the team, we aim to achieve for 50% of the global market share by the year of the 50th anniversary. In terms of household market, although the sales performance for the whole year has not yet increased significantly compared with the previous year, the high inventory situation in the channels caused by the panic buying in the early stage of the pandemic and the impact of the economic boom in the later period has been lifted in the second half of the year, and market demand has rebounded and returned to its growth trend. Johnson Health Tech. Co., Ltd. will continue to integrate mass merchandisers, e-commerce online shopping, retail stores and digital products, develop new business models of online and offline integration, seize the opportunity of the recovery of the European and American household market, and further develop the household business.

### (2) Financial Performance

Johnson Health Tech.'s 2023 consolidated revenue reached NTD 38.1 bn., which increased by 13.3% from last year's NTD 33.6 bn. The net profit after tax in 2023 amounted to NTD 0.71 bn., with the earnings per share of NTD 2.34.

The 2023 profit margin was 48%, increasing by 5% from the previous year. The operating profit (loss) rate in 2023 was 3.3%, while the previous years was (0.6%.) The 2023 net profit rate after-tax was 1.9%, increasing by 1.2% from the immediately preceding period's 0.7%.

The Consolidated Financial Statements:

(Unit: NTD in thousand)

ITEM	YEAR	2023	2022	Increase (Decrease) Rate
Operating Revenue		38,069,563	33,612,947	13.3%
Operating costs		19,642,253	19,006,576	3.3%
Operating margin (Loss)		18,427,310	14,606,371	26.2%
Operating expenses		1,7184,995	14,821,305	15.9%
Operating Profit (Loss)		1,242,315	(214,934)	-678.0%
Non-operating income and expenses		92,167	518,540	-82.2%
Profit before tax (Loss)		1,334,482	303,606	339.5%
Total income tax expense (Gains)		625,045	78,665	694.6%
Net income of continuing operation of the period (net loss)		709,437	224,941	215.4%
Net income (net loss) attributed to the owners of the parent		709,828	429,024	65.5%
Net income (net loss) attributed to the non-controlling interests		(391)	(204,083)	-99.8%
Total comprehensive income attributable to stockholders of the parent		349,354	754,701	-53.7%
Total comprehensive income attributable to non-controlling interests		(438)	(110,336)	-99.6%
Basic earnings per share (NTD)		2.34	1.42	64.6%

(3) Future Research and Development Strategies:

Main focus for new product research and development:

Commercial products:

- (1) Top-class gyms products development and smart commercial weight training development.
- (2) Introducing a digital interface to help gyms in expanding more group training courses.
- (3) Developing the commercial second brand, Vision, providing the demands in the gyms market of developing countries, and entering the small and medium-sized gym market.

Household products:

- (1) Development of gyms facilities in e-commerce household channels.
- (2) Promotion of gyms APP software to link with Horizon household equipment and providing more value-added functions.
- (3) Development of smart household gyms facilities, which may provide more diversified digital content.
- (4) Development of subscription and use of digital content on different platforms.

2. Overview of 2024 business plan, future development and the impacts of the external competitive environment, regulatory environment, and overall business environment

(1) 2024 Business plan summary

A. Sale Division

1. Commercial Market:

50% of the global commercial market share in 2025.

- a. Complete product series
- b. Reinforcement of market shares in channels
- c. Continuous improvement of core competitiveness

2. Household Market:

30% of the global household market share in 2030.

- a. Development of O2O business model.
- b. Development of fitness digital content business and establish new business model.
- c. Market share of 30% and execute strategic integration.

3. Massage chair market:

- a. Expanding Japan's market and global market share.
- b. Development of overseas market.
- c. Proposal in gross margin improvement.
- d. IPO listing planning.

B. Product development strategy

1. Establishing external strategic partners
2. Reinforcing products and the R&D Division

C. Manufacturing

1. Flexible utilization of the advantages of each manufacturing base to create group manufacturing benefits.
2. Raising the self-manufacturing ratio
3. Increasing key component unit development and production

D. Management

1. Strengthening management team
2. Cash flow improvement and key financial indicators.
3. Future enterprise territory construction and resource mobilization.

(2) Impact of the external competitive environment, regulatory environment, and overall business environment

External competitive environment: In terms of the commercial market, Johnson Health Tech. is currently one of the top eight global chain store gym suppliers in the world, where a large proportion of its revenue growth comes from the demand for store expansions and machine replacements driven by the membership flow of gyms. However, how to maintain high growth momentum and prevent

competitors from seizing Johnson's existing customer base requires investing more resources in product development and aftersales satisfaction. In view of this, Johnson Health Tech. has embarked on the strategy of extending the development of commercial products upward and downward in 2023, and new products is to be launched one after another in 2024. High-end club-type gyms and affordable small and medium-sized regional gyms are not Johnson's main battlefields. However, after the launch of new products, it is expected that Johnson's full-channel development in the commercial market will be driven, thereby promoting market share growth and preventing the penetration of competitors. The biggest challenge in the household market is that the entry barrier is low and there are many competitors. Therefore, to stand out among many suppliers, we must own competitive advantages in new product development, cost reduction, business model and marketing resource investment... etc. Johnson Health Tech. has set clear short, medium, and long-term strategies on these key points to ensure the continued growth of the household market.

Regulatory environment: Johnson continues to comply with the regulatory requirements of each country, including EN957 of EU, ASTM F1250 of US, JIS T1214 and AS 4092 of Japan, etc. Among those, the EN 957, established by EU, is most rigid, which also set up complete applicable regulations in terms of gyms facilities in different pattern. The products produced by the Company all meet the requirements of EN 957 directive in order to ensure customers' safety in use. With regard to issues of sustainable management of ESG and carbon emissions, Johnson gradually implements necessary measures in accordance with legal regulations.

Impact of overall business environment: According to the statistics by Data Bridge, the global fitness equipment industry will have a compound growth rate of 7% from 2023 to 2035. Whether the COVID-19 pandemic has aroused people's attention to health or simply to keep in shape, the concepts and trends of sports and fitness around the world will only become more deeply rooted and enhanced. At all times, Johnson has always focused on its own business and resiliently adjusted its operating strategies at any time in response to the external environment, leading to its revenue growth year by year and success achievement consecutively. We are able to diversify business risks by Johnson's various operations, to gain cost advantages by vertical integration of manufacturing, and to win customers and dominate the market by rapid services locally. In recent years, when geopolitical crisis issues and US political trends have successively impacted Asian equipment suppliers, European and American customers are extremely uneasy about the stability of the Asian supply chain. However, under this situation, the advantages and benefits of Johnson's global layout has outshined.

Johnson Health Tech. Co., Ltd. is about to enter its 50th anniversary and expects to march into a stage of steady forward movement and higher growth, becomes a century-old enterprise with sustainable operations. Our company aims to become a leader in the industry and expects to win a global industry gold medal for Taiwan. Please do continue to provide support and guidance to the Johnson Group and the management team. Thank you!

Johnson Health Tech. Co., Ltd.

Chairman Peter Lo

## II. Company Overview

**1. Date of Founding:** 7th of October 1975

### 2. Company History

- 1975
  - \* Founding of Johnson Metallic Industrial Co., Ltd.
  - \* Registered capital of NTD 4 million, deals with dumbbell/barbell production and sales.
- 1976
  - \* Collaborated with the US manufacturer IVENCO, started to produce weightlifting equipment, and three years later becoming the largest supplier in the world.
- 1986
  - \* Partnered with US supplier ROSS Fitness to produce AIRBIKE, five years later 90% of the fitness equipment from world famous companies such as UNIVERSAL, TUNTURI, SCHWINN, TURE, OMRON, MIZUNO are being manufactured by Johnson.
- 1987
  - \* Capital increase of NTD 26 million, with the paid-in capital reaching NTD 30 million.
- 1995
  - \* Founding of specialty store with its own brand "Vision."
- 1996
  - \* Passed ISO 9001 Certification
- 1997
  - \* Passed Japan's GS Security Association Certification
- 1998
  - \* Won Taiwan Excellence Award
  - \* Received the U.S.' "Best Buy" nomination
  - \* Capital increase, surplus capital increase, and capital reserve transferred to common stock with a total amount of NTD 84 million, with the paid-in capital amounting to NTD 14 million.
- 1999
  - \* Initiating mass merchandise market with its own brand "Horizon"
  - \* Working with 65 agencies in over 60 countries around the world
  - \* Won the Taiwan Excellence Award for the second time
- 2000
  - \* To allow for overseas investment stocks, Johnson Health Tech established JOHNSON INTERNATIONAL HOLDING CORP. LTD. (shorthand JIH), putting investment in American brand marketing cooperation EPIX, INC. and British marketing company, STYLE FITNESS UK, LTD.
  - \* Cash and surplus capital transferred to common stocks amounting to NTD 196 million, with the paid-in capital amounting to NTD 310 million.
  - \* Conducting initial public offering
  - \* Won the 11th National Quality Award
  - \* Won the 9th National Invention Award, Bronze Metal
  - \* Won the 3rd Rising Star Award
  - \* Won the National Award of Excellence for the third time
  - \* Founding of Johnson Health Technology (Shanghai) Co., Ltd, a subsidiary in Shanghai
- 2001
  - \* The inauguration of Johnson Group's headquarters and building
- 2002
  - \* Registration of the marketing subsidiary in the Mainland China- Johnson International Group in Shanghai.
  - \* Won the 2nd Industrial Sustainable Development Award
  - \* Establishment of the club market and its own brand, "Matrix"
  - \* Renaming of Johnson Metallic Industrial Co., Ltd. into "Johnson Health Tech Co., Ltd."
  - \* Ranked 438th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Received the United States' FDA Certification
  - \* Joined Taiwan Medical and Biotech Industry Association
  - \* Direct investment in the US brand marketing companies HORIZON FITNESS INC. and MATRIX FITNESS SYSTEMS INC., and in the German marketing company, HORIZON FITNESS GMBH.

- 2003
- \* Initiated public offerings
  - \* Ranked 338th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Founding of Johnson CAVA fitness training chain stores in Taiwan
  - \* Founding of the subsidiary in France
  - \* Founding of the subsidiary in Spain
- 2004
- \* Ranked 358th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Founding of the subsidiary in Japan
  - \* Founding of the subsidiary in Thailand
  - \* Won the 2nd Annual Golden Root Award
  - \* Won Taiwan's TSMA Award
- 2005
- \* The 30th Annual Ceremony of the founding of Johnson Health Tech. Co.,Ltd.
  - \* Ranked 261st among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Founding of the subsidiary in Italy
  - \* Founding of the subsidiary in Malaysia
  - \* Products ranked as the top 3 best fitness brand for the US fitness equipment retail suppliers
  - \* Received the "Best Buy" nomination in the U.S.
  - \* Won the National Excellence Design Award
  - \* Won Taiwan's Product Invention Award
- 2006
- \* Ranked 218th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Nominated as the top 10 International Brand
  - \* Won Taiwan's Excellence Award, Silver
  - \* Microsoft MVP Award
  - \* Vision's product won the 19th "Best Buy" Award
  - \* Vision won North America's bestselling brand award in treadmill and fitness bikes for two consecutive years
  - \* Vision headed the top 3 best fitness equipment for the US fitness retailers
  - \* Completion of North America's R&D center
  - \* Founding of the marketing and manufacturing subsidiaries in Brazil
  - \* Founding of Johnson Industries (Shanghai) Co., Ltd.
- 2007
- \* Ranked 230th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Nominated as the top 10 International Brand for the second time
  - \* Won Taiwan's Excellence Award, Golden and Silver
  - \* Vision ranked as North America's bestselling brand of treadmills for three consecutive years
  - \* Completion of the subsidiary building in France
- 2008
- \* Capital amounted to NTD 1905.5 million.
  - \* Ranked 233rd among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Won Taiwan's Excellence Award, Silver
  - \* Vision's product won North American market's 25th "Best Buy" Award
  - \* Completion of Household subsidiary office building in Germany
  - \* Founding of the UK's commercial marketing subsidiary, Matrix Fitness System Ltd.
  - \* Founding of the Germain subsidiary, World of Leasing GmbH
- 2009
- \* Capital amounted to NTD 1943.65 million.
  - \* Ranked 251st among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Formed an alliance with Taiwan's Panasonic
  - \* Won Taiwan's Excellence Award, Silver
  - \* Matrix's product won International Excellence Design Award

- \* North America's four subsidiaries merged Johnson Health Tech. North America, Inc.
- 2010
- \* Ranked 272nd among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Matrix's G7 weight training product won the International Excellence Design Award
  - \* Matrix's Krankcycle product won the "2010 Innovation Award"
  - \* Became the 3rd largest commercial fitness equipment manufacturer globally
  - \* Founding of the subsidiary in Australia
  - \* The UK's two marketing subsidiaries merged as Johnson Health Tech UK Limited.
  - \* Johnson International Corp. in Shanghai and Johnson Health Technology (Shanghai) Co., Ltd. merged as Johnson Health Technology (Shanghai) Co., Ltd.
- 2011
- \* Capital amounted to NTD 1,993,018,980.
  - \* Ranked 250th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Won Taiwan's Excellence Award, Silver
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Obtained Japan's FUJIIRYOKI massage chair's exclusive agency in Chinese-speaking zones
- 2012
- \* Capital amounted to NTD 2,003,815,000.
  - \* Ranked 215th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
  - \* Won Taiwan's Excellence Award, Innovation Product Excellence Award
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Constructing global online shopping platform
  - \* Founding of branch in Korea
- 2013
- \* Capital amounted to NTD 2,014,480,000.
  - \* Ranked 228th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Products awarded the US' 50th "Best Buy"
  - \* Won the 1st Prize in fitness equipment category for "Businessman's idealist brand"
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Initiating the charitable event, "Running for Love"
  - \* Founding of the subsidiary in Vietnam
  - \* Founding of the subsidiary in Portland
- 2014
- \* Capital amounted to NTD 3,024,170,000.
  - \* Ranked 206th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Received Germany's "Best Buy 50" nomination
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Won Taiwan's Excellence Award, Innovation Product Excellence Award
  - \* Ranked as the 1st fitness equipment specialty store channel supplier in the world
  - \* Founding of the subsidiary in Greece
- 2015
- \* Capital amounted to NTD 3,040,170,000.
  - \* Ranked 194th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Won the 24th National Quality Award & the 3rd Excellence Medium-Sized Enterprise Award
  - \* Won Taiwan's Excellence Award, 1 Golden and 3 Silver prizes

- \* Founding of the subsidiary in the Philippines
  - \* Founding of the subsidiary in Dubai
  - \* Founding of the subsidiary in Mexico
  - \* Founding of the subsidiary in Canada
  - \* Acquired and merged the US 2nd wind
- 2016
- \* Ranked 161st among Taiwan's 2000 manufacturers by Common Wealth Magazine
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Won Taiwan's Excellence Award, Silver prize and Service prize
  - \* Acquired & merged the US Leisure
  - \* Acquired & merged the US retailer, Busy Body
  - \* Founding of the subsidiary in Denmark
- 2017
- \* Ranked 176th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Nominated as Taiwan's top 20 International Brand
  - \* Massage chair product won three major design awards globally, IF
  - \* Won Taiwan's Excellence Award, Achievement prize
  - \* Shanghai Johnson received the nomination for Excellent Enterprise in Jiading District
  - \* Matrix successfully entered Bolivia Club market
- 2018
- \* Ranked 162nd among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Matrix S-Force Performance Trainer received award in 2018
  - \* Received Japan's Good Design (G-Mark) Award
  - \* Received ISPO Award, 2018 Gold Winner
  - \* Received Taiwan Excellence Award, Highest Honor-Gold Prize
  - \* Won the 18th Prize in 2018 Taiwan's International Brand ranking
  - \* Matrix Functional Training received the first prize review by Europe's professional fitness magazine, Body-LIFE
  - \* Won Plus X Award by nomination for Best Customer Satisfaction
- 2019
- \* Ranked 141st among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Nominated Taiwan's top 20 International Brand
  - \* Massage chair product received the world's four major selections, Good Design Award
  - \* Product received Taiwan's Excellence Award, Silver prize
  - \* Founding of Vietnam's manufacturing plant
  - \* Founding of the subsidiary in Russia \*
- 2020
- \* Won the 17th prize for Taiwan's International Brand
  - \* Acquired Japan's FUJIIRYOKI
  - \* Founding of the subsidiary in Indonesia
  - \* Founding of the subsidiary in Czech Republic
- 2021
- \* Ranked 136th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Product received the FIBO AWARD-INNOVATION Product Innovation Award
  - \* Product received the highest honor of Taiwan Excellence Award - Gold Award
  - \* Ranked 637th in the Forbes Global Best Employers Ranking
  - \* Won the 17th prize for Taiwan's International Brand
  - \* Founding of the subsidiary in Turkey
  - \* Founding of the subsidiary in South Africa
  - \* Founding of the FIT subsidiary in Thailand
  - \* Founding of the Digital subsidiary in UK
- 2022
- \* Ranked 129th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
  - \* Product received the PLUS X AWARD 2022 Best Customer Satisfaction

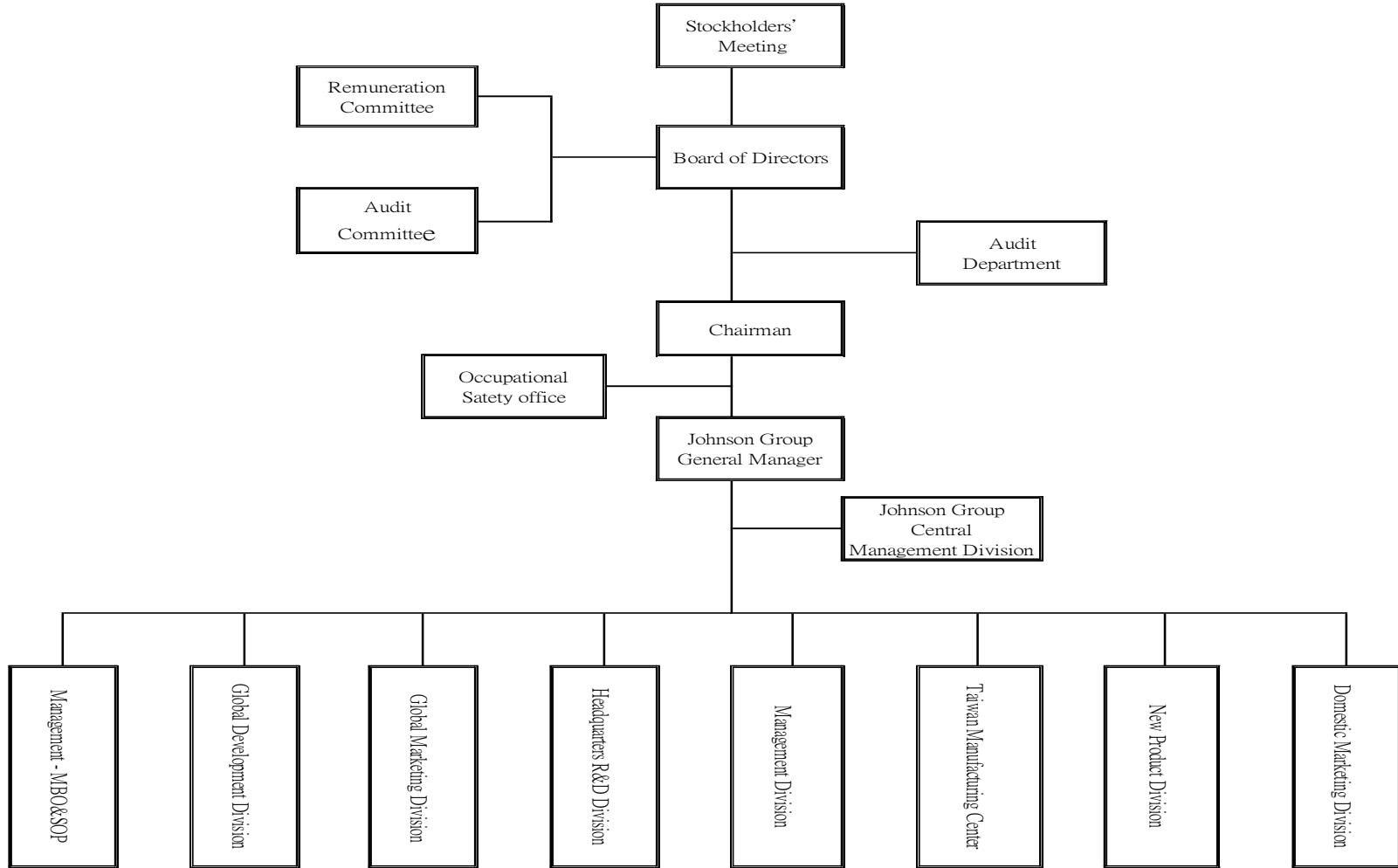
Award

- \* Product received Taiwan's Excellence Award, Silver prize
- \* Won the 18th prize for Taiwan's International Brand
- \* Founding of the subsidiary in Korea (Abolish the branch in Korea)
- \* Founding of the subsidiary in India
- \* Founding of the Digital subsidiary in Japan
- 2023 \* Ranked 106th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
- \* Awarded the 17<sup>th</sup> Branding Taiwan
- \* Silver Award of 2023 Happiness Enterprise
- \* Founding of the Fuji subsidiary in United States
- \* Founding of the Fuji subsidiary in China
- \* Founding of the Johnson digital subsidiary in Shanghai
- \* Founding catering business subsidiary in Taiwan

# III. Corporate Governance

## 1. Organizational Structure

### (1) Company Organizational Structure



## (2) Main Division's Businesses

- 1) Central Management Division: formulating the corporate medium- to long-term goal and strategy planning, coordinating and managing the subsidiaries' operational development, and offering production, marketing, R&D, management system, etc., and their counseling and establishment.
- 2) Audit Division: Auditing corporate internal asset and safety measurement, and internal operational efficiency; checking the goal and execution progress of each operational event, and ensuring the effective operations of the corporate internal control system; ascertaining the company follows all legal regulations and offering advice for improvement.
- 3) Occupational Safety office: To formulate, plan, promote, and monitor occupational safety and health related affairs.
- 4) Headquarters R&D Center: New product development and old product improvement, testing key technologies and component automation, and managing the testing system and R&D technology data
- 5) Management Division: In charge of corporate general affairs, personnel and payroll, financial accounting and financial reports providing, and other industrial safety and sanitary issues.
- 6) Marketing Division: In charge of market expansion, marketing planning, product exploration and development, and after-sale services.
- 7) Global Development Department: Responsible for the expansion of the global commercial market, assisting foreign subsidiaries and distributors to establish the sales model of the commercial market, and managing and maintaining customer relations and after-sales service for large key accounts.
- 8) Domestic Sales Department: Serving local customers in Taiwan, responsible for domestic market development and sales, customer service and other business. Domestic Sales Department: Serving local customers in Taiwan, responsible for domestic market development and sales, customer service and other business.
- 9) New product Division: Expanding non-fitness healthy & leisure product markets, featuring massage chair as the main-force product, promoting cosmetics and organic healthy food as the main force in Johnson's business enterprise.
- 10) Manufacturing plant in Taiwan: Integrated operation management and market expansion planning for commercial models, production and manufacturing.
- 11) Management - MBO&SOP: Responsible for daily operation guidance and cost improvement of the group company and various departments.

## 2. Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branch Officers Information

### (1) Directors and Supervisors Information

2024/04/28;%

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Chairman	Taiwan	Peter Lo	Male 83	2023.6.28	3 Year	1998.11.30	61,229,933	20.17%	61,229,933	20.17%	12,776,199	4.21%	0	0%	Economics major, Fu Jen Catholic University Customs Official, Ministry of Finance	Chairmen of the following subsidiaries: USA, Europe, Asia, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Deputy Chairman Director Director Director	Cindy Lo Jason Lo Teresa Lo May Lo	Spouse Father-Son Father-Daughter Father-Daughter	A majority of the Directors not serve concurrently as an employee or managerial officer
Deputy Chairman	Taiwan	Cindy Lo	Female 81	2023.6.28	3 Year	1998.11.30	12,776,199	4.21%	12,776,199	4.21%	61,229,933	20.17%	0	0%	Economics major, Soochow University Teacher of Chu Jen Junior High School	Chairmen of the following subsidiaries: USA, Europe, Asia, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Chairman Director Director Director	Peter Lo Jason Lo Teresa Lo May Lo	Spouse Mother-Son Mother-Daughter Mother-Daughter	N/A
Director	Taiwan	Jason Lo	Male 56	2023.6.28	3 Year	1998.11.30	84,704,121	27.90%	86,087,121	28.35%	13,453,859	4.43%	885,365	0.29%	MBA of Long Island University, New York General Manager, Johnson Health Tech Co., Ltd.	Chairmen of the following subsidiaries: USA, Europe, Asia, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Chairman Deputy Chairman Director Director Management Division Associate	Peter Lo Cindy Lo Teresa Lo May Lo Crista Lin	Father-Son Mother-Son Brother-Sister Brother-Sister Spouse	A majority of the Directors not serve concurrently as an employee or managerial officer

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Director	Taiwan	Christa Lin	Female 54	2023.6.28	3 Year	2023.6.28	13,453,859	4.43%	13,453,859	4.43%	86,087,121	28.35%	885,365	0.29%	B.S. in Accounting, National Chengchi University M.B.A., Long Island University, New York, N.Y.	Associate of our Management Department	Director	Jason Lo	Spouse	N/A
Director	Taiwan	Spencer Hsieh	Male 75	2023.6.28	3 Year	2008.6.25	39,428	0.01%	39,428	0.01%	184,353	0.06%	0	0.00%	Graduated from National Chia-Yi Industrial Vocational High School Director of IBT Management Corp. Founder of the Entrepreneur Club, Taichung IMBA, Ling Tung University Consultant	Director of Dongguan You'erfa Shoe Materials Co.,Ltd. Director of Udefa Enterprise Co., Ltd. Director of Udifa Enterprise Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	May Lo	Female 51	2023.6.28	3 Year	103.6.24	17,190,413	5.66%	17,195,413	5.66%	289,538	0.10%	0	0%	Economics BS, National Chengchi University MBA of Long Island University, New York Vice General Manager of Johnson Health Technology (Shanghai) Co., Ltd.	Vice General Manager of Sales at Headquarter	Chairman Deputy Chairman Director Director General Manager	Peter Lo Cindy Lo Jason Lo Teresa Lo Sean Juo	Father-Daughter Mother-Daughter Brother-Sister Sister-Sister Spouse	N/A
Director	Taiwan	Teresa Lo	Female 54	2023.6.28	3 Year	2017.6.22	14,936,094	4.92%	14,936,094	4.92%	101,350	0.03%	0	0%	South Bank University MSC Master of International Trade Director of Johnson Health Tech Co., Ltd.	Director of Darwin optical Co., Ltd.	Chairman Deputy Chairman Director Director	Peter Lo Cindy Lo Jason Lo May Lo	Father-Daughter Mother-Daughter Brother-Sister Sister-Sister	N/A
Director	Taiwan	Vincent Chen	Male 59	2023.6.28	3 Year	2005.6.24	0	0%	0	0.00%	0	0.00%	0	0.00%	National Sun Yat-sen University, Taiwan, M.B.A., Graduate School of Business Administration. The First Taiwan Enterprise Award (Young Entrepreneur Award) Outstanding Alumni, National Sun Yat-sen University Director, HSBC Direct Investment Asia Chairman and President, Tung Loong Metal Industrial Co.	Managing Director of SILEX PRIVATE EQUITY LTD	N/A	N/A	N/A	N/A

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Director	Taiwan	Hong-Yi Lin	Male 66	2023.6.28	3 Year	2008.6.25	174,000	0.06%	174,000	0.06%	0	0%	0	0%	Department of Rehabilitation Medicine, National Taiwan University College of Medicine Department of Medicine, Kaohsiung Medical University M.S., Graduate School of Medical Administration, China Medical University Ph.D., Tunghai University, Graduate School of Industrial Engineering and Business Administration Vice President, Clarification Hospital Director, Department of Cardiovascular Surgery, Clarification General Hospital Attending Physician, Department of Surgery, National Taiwan University Hospital Director, Ethics and Human Subjects Committee, Clarification Hospital Director, Medical Product Evaluation Committee, Clarification Hospital Member, Medical Education Accreditation Committee, Council for the Promotion of Quality Institute of Health Management, Asia University Assistant Professor Translated with DeepL.com (free version)	Assistant Professor, Department of Industrial Engineering, Tunghai University	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Hank Lin	Male 64	2023.6.28	3 Year	2023.6.28	0	0%	0	0%	0	0%	0	0%	Director/Certified Public Accountant, Ernst & Young LLP Director, Shine-On BioMedical Co., Ltd. Director, Ernst & Young Foundation, Taipei, Taiwan	Director, PANJIT INTERNATIONAL INC. Director, GLOBE UNION INDUSTRIAL CORP Director, Chu May Social Welfare and Charity Foundation, Inc. Chairman, Ernst & Young Foundation, Taipei City, Taiwan Independent Director, O-Bank Co., Ltd. Supervisor, Union Mechatronic Inc Independent Director, Samson Holding Ltd (Hong Kong listed company)	N/A	N/A	N/A	N/A

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Independent Director	Taiwan	Chung-Hsian Liu	Male 69	2023.6.28	3 Year	2023.6.28	0	0%	0	0%	0	0%	0	0%	Chairman of the Board of Directors of Huihong Investment (Holdings) Co. Chairman, Ruentex Development Co.,Ltd.	Chair Professor, Dongwu University Independent Director, Actron Technology Corporation. Independent Director, ADVANCED WIRELESS SEMICONDUCTOR COMPANY Independent Director, Taiwan Speciality Chemicals Corporation	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Jui-Lin Liu	Male 70	2023.6.28	3 Year	2023.6.28	0	0%	0	0%	0	0%	0	0%	Vice Chairman, UBS Taipei Branch Senior Counsel, Lee and Li, Attorneys-at-Law Adjunct Associate Professor, Graduate School of Law, Soochow University	Independent Director of CloudMile	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Wen-Ren Chung	Male 64	2023.6.28	3 Year	2023.6.28	0	0%	0	0%	0	0%	0	0%	Chief Information Officer, Chung Yuan Christian University	Distinguished Professor, Department of Mechanical Engineering, Chung Yuan Christian University Deputy Director, Intelligent Manufacturing Center, Chung Yuan Christian University Independent Director of M.J. International Group	N/A	N/A	N/A	N/A

Note 1: The names of the institutional shareholders and their representatives shall be listed (where the representatives are noted, the shareholders shall also be indicated): not applicable in this company.

Note 2: Year/Month/Date

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (information such as increasing the number of independent director seats, and a majority of the directors may not serve concurrently as an employee or managerial officer.)

### Director Information

Conditions Name	Professional qualifications & Experience	Independent situation	If serving as Independent Director of other public offering companies (Number of company)
Chairman Peter Lo	With more than five years of work experience, is the founder and chairman of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Deputy Chairman Cindy Lo	With more than five years of work experience, currently the deputy chairman of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director/ General Manager Jason Lo	With more than five years of work experience, currently the general manager of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director/ Deputy General Manager May Lo	With more than five years of work experience, currently the deputy general manager of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director Teresa Lo	With more than five years of work experience, currently the director of Darwin optical Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director Christa Lin	With more than five years of working experience, currently serving as an Associate at Johnson Health Tech.	None of the circumstances described in Article 30 of the Company Act. Article 27 of the Company Act does not provide that the government, a corporation, or its representative shall be elected.	N/A
Director Spencer Hsieh	With more than five years of work experience, served as the director of IBT Management Corp and the founder of the Taichung Entrepreneur Club, etc. Currently the Director of Dongguan You'erfa Shoe Materials Co., Ltd.	<ol style="list-style-type: none"> <li>1. Not an employee of the company or any of its affiliates.</li> <li>2. Not a director or supervisor of the company or any its affiliates.</li> <li>3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> </ol>	N/A
Independent Director Yih-Horn g, Lin	With more than five years of work experience, served as the associate dean of Cheng Ching Hospital, the director of division of Cardiovascular Surgery at Cheng Ching Hospital, attending physician of Department of Surgery at	<ol style="list-style-type: none"> <li>4. Not a (1) Manager or (2) (3) spouse, second-degree relative, or third-degree lineal relative by blood</li> <li>5. Not a director, supervisor, or employee of a corporate shareholder</li> </ol>	N/A

	the National Taiwan University Hospital, etc. Currently the dean of Yihong Clinic	that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.	
Director Vincent Chen	With more than five years of work experience, 1st Taiwan Corporal Award (for Youth) Entrepreneur Award, Excellent alumnus of the National Sun Yat-Sen University, the director of HSBC Private Equity (Asia) Limited and chairman & general manager of Tong Lung Metal Industry, Co., Ltd. Currently the supervisor & general manager of Silex Private Equity LTD	6. Not a director, supervisor or employee of other companies whose majority of shares with voting rights are controlled by the same person. 7. Not a director, supervisor or employee of other companies or institutions that is the same person or spouse as the chairman, general manager or equivalent of the company. 8. Not holding a spousal or second-degree relative relationship with any other directors. 9. Not applicable to any item speculated in the Company Act, Article 30.	N/A
Independent Director Hank Lin	With more than five years of experience as a Principal/Employee of Ernst & Young. Certified Public Accountant Currently a corporate director of PANJIT INTERNATIONAL INC. Director of GLOBE UNION INDUSTRIAL CORP Director, Taichung Private Chu May Social Welfare Foundation, Inc. Chairman, Taipei Ernst & Young Foundation, Inc. Independent Director, O-Bank Co., Ltd. Supervisor, Union Mechatronic Inc. Independent Director, Samson Holding Ltd (Hong Kong listed company)	1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a (1) Manager or (2) (3) spouse, second-degree relative, or third-degree lineal relative by blood 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.	3
Independent Director Chung-Hsian Liu	More than five years of working experience, served as Chairman of the Board of Directors of Huihong Investment (Holdings) Co. Chairman of the Board of Directors of Ruentex Development Co.,Ltd. Currently, he is a lecturer at Soochow University Independent Director, Actron Technology Corporation	6. Not a director, supervisor or employee of other companies whose majority of shares with voting rights are controlled by the same person. 7. Not a director, supervisor or employee of other companies or institutions that is the same person	3

	Independent Director, ADVANCED WIRELESS SEMICONDUCTOR COMPANY Independent Director, Taiwan Speciality Chemicals Corporation	or spouse as the chairman, general manager or equivalent of the company.	
Independent Director Jui-Lin Liu	More than five years of experience as Vice Chairman of UBS Taipei Branch. Senior Counselor of Lee and Li, Attorneys-at-Law Adjunct Associate Professor, Graduate School of Law, Soochow University Currently an independent director of CloudMile	8. Not a professional individual, nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, providing auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company.	1
Independent Director Wen-Ren Chung	With more than five years of working experience, he was the Chief Information Officer of Central Plains University and is now a Distinguished Professor of the Department of Mechanical Engineering of Central Plains University. Deputy Director of Intelligent Manufacturing Center, Chung Yuan Christian University Independent Director of M.J. International Group	9. Not applicable to any item speculated in the Company Act, Article 30.	1

Diversity and independence of the board of directors:

1. Diversification of the board of directors: The board of directors of Johnson Health Tech consists of thirteen members with operating experience or professional fields, four of whom are independent directors. Each of the members of the board of directors has knowledge, experience and professional judgment and is highly relied on by Johnson Health Tech. The directors of the company have diverse backgrounds, including professional fields such as different industries, academia, and business, also including four female directors.
2. Independence of the board of directors: Among the thirteen directors of the company, there are four independent directors, and it is stated that the board of directors is independent, and reasons provided to explain whether there are no items 3 and 4 of Article 26-3 of the Securities and Exchange Act Prescribed matters, including the description of the relationship between directors, supervisors, or between directors and supervisors as spouses and relatives within the second degree of kinship.

**(2) General Manager, Deputy General Manager, Associates Information of Supervisors from Every Branch and Sub-branch 2024/04/28**

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are spouse or second-degree relative			Note (2)
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
Chief Executive Officer	Taiwan	Jason Lo	Male	1999.03.10	86,087,121	28.35%	13,453,859	4.43%	885,365	0.29%	MBA of Long Island University, New York	Chairmen of the regional subsidiaries of Johnson Group in the America, Europe, Asia, and other regions.	Management Division Associate	Crista Lin	Spouse	A majority of the directors not serve concurrently as an employee or managerial officer
Taiwan factory General Manager	Taiwan	Sean Juo	Male	2010.01.01	281,538	0.09%	17,279,910	5.69%	0	0%	Master Mechanical Engineering, National Taiwan University	N/A	Deputy General Manager	May Lo	Spouse	N/A
Marketing Division Vice President	Taiwan	Jean Hung	Female	2002.02.18	159,525	0.05%	0	0%	0	0%	Accounting major, National Chung Hsing University	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	Max Yen	Male	2003.02.01	37,987	0.01%	0	0%	0	0%	Master of Industrial Engineering, Tunghai University Manager of Victor Taichung, General Management Division Falcon Machine Tools, General Management Division	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	May Lo	Female	2010.01.01	17,195,413	5.66%	289,538	0.10%	0	0%	BS Economics, National Chengchi University; MBA Long Island University, NY	N/A	General Manager	Sean Juo	Spouse	N/A

2024/04/28

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are a spouse or second-degree relative			Note 2
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
R&D Division Vice President	Taiwan	Pendy Liao	Male	2006.01.01	108,701	0.04%	404	0%	0	0%	Master of Materials Engineering, Feng Chia University	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	William Chu	Male	2010.01.01	0	0.00%	0	0%	0	0%	Master of International Business, National Taiwan University Deputy Operating Officer of K.H.S. Musical Instrument Co.,Ltd. Chief Financial Officer of Show Chwan Hospital	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	Vic Chen	Male	2012.04.02	0	0.00%	0	0%	0	0%	Master Information Science, Colorado State University General Manager of Panassign Co.,Ltd/Deputy Director of Retail Division, Fujitsu Taiwan/Deputy General Manager of Expert & Honesty Information Limited	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	William Poon	Male	2007.01.01	23,055	0.01%	0	0%	0	0%	MBA, University of Southern Queensland Associate Manager of Sales Division, New Bright International Group Limited	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	Philip Lai	Male	2015.02.09	16,084	0.01%	40	0%	0	0%	Mechanical Engineering, National Cheng Kung University General Manager of Rexon Industrial Corp. Ltd.	N/A	N/A	N/A	N/A	N/A
Sales General Manager	Taiwan	Simon Fang	Male	2023.05.01	0	0.00%	0	0.00%	0	0.00%	B.S. in Mechanical Engineering, National Cheng Kung University M.S. in Mechanical Engineering, National Cheng Kung University Organizer of Formosa Plastics Renwu Plant Business Manager, CTS	N/A	N/A	N/A	N/A	N/A
Management Division senior manager	Taiwan	Crista Lin	Female	2004.02.01	13,453,859	4.43%	86,087,121	28.35%	885,365	0.29%	MBA of Long Island University, New York Auditor of Deloitte Accounting Office	Supervisor of JHT Japan	General Manager	Jason Lo	Spouse	N/A

2023/04/30

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are a spouse or second-degree relative			Note 2
					Number of Shares	Shareholdin g Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholdin g Rate			Occupation	Name	Relationship	
Accounting Division senior manager	Taiwan	Jacky Lee	Male	2015.08.11	12,000	0%	0	0%	0	0%	Master of Business Administration, Tunghai University Ernst & Young Global Limited Manager of Auditing Division	N/A	N/A	N/A	N/A	N/A
R&D Division senior manager	Taiwan	Henry Chen	Male	2015.02.05	17,643	0.01%	0	0%	0	0%	Master of Engineering Science of National Cheng Kung University Associate Manager of Universal Scientific Industrial Co., Ltd.	N/A	N/A	N/A	N/A	N/A
Associate Finance Manager & Head of Corporate Governance	Taiwan	James Chan	Male	2023.08.08	5,000	0.0%	0	0%	0	0%	Master of Finance, National Chung Hsing University Accounting supervisor, Nan Ya Plastics Corporation	N/A	N/A	N/A	N/A	N/A
Asia Digital Marketing General Manager	Taiwan	Hsiao-Tzu, Fang	Female	2022.08.01	5,000	0%	0%	0%	0%	0%	Master of Business Administration, National Chengchi University Deputy General Manager of Pili International Multimedia Deputy Director of Operations at ELife Online Division Yahoo! APAC Mobile TW Team Lead	N/A	N/A	N/A	N/A	N/A
Global Consumer Marketing Manager	Taiwan	An-Ping, Lin	Male	2022.05.01	0%	0%	0%	0%	0%	0%	Master of International Business, National Taiwan University CEO of GroupM General Manager of Wunderman Group General Manager of Leo Burnett Taiwan	N/A	N/A	N/A	N/A	N/A
Audit Department senior manager	Taiwan	Jerry Chen	Male	2022.03.22	0%	0%	0%	0%	0%	0%	Executive Master of Business Administration in International Finance, National Taipei University WAH LEE INDUSTRIAL CORP. Audit Manager KENMEC MECHANICAL ENGINEERING CO., LTD. Audit Associate BANK SINOPAC COMPANY LIMITED First Class Audit	N/A	N/A	N/A	N/A	N/A

Note 1: Year/Month/Date

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (information such as increasing the number of independent director seats, and a majority of the directors may not serve concurrently as an employee or managerial officer.)

**3. Remuneration of Directors, Supervisors, General Manager, Deputy General Manager during the most recent fiscal year**

**(1) Regular Director's & Independent Director's remuneration**

Unit: NTD in Thousand

Title	Name	Director Remuneration								Total sum & Net profit rate after-tax for the total sum of A, B, C, D		Part-time remuneration								Total sum & Net profit rate after-tax for the total sum of A, B, C, D, E, F, G		Remuneration from parent or non-subsidiary transferred investment business
		Remuneration (A)		retirement pension (B)		Supervisor remuneration (C)		Execution expense (D)				Remuneration, bonus, special expense (E)		Retirement pension (F)		Employee remuneration (G)						
		The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report			The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The company	Companies in the consolidated financial report	The Company				
										Cash Amount	Stock Amount							Cash Amount	Stock Amount			
Chairman	Peter Lo	-	-	-	-	600	600	36	36	636 0.09%	636 0.09%	1,711	1,711	-	-	-	-	-	-	2,347/ 0.33%	2,347/ 0.33%	-
Deputy Chairman	Cindy Lo	-	-	-	-	600	600	36	36	636 0.09%	636 0.09%	1,711	1,711	-	-	-	-	-	-	2,347/ 0.33%	2,347/ 0.33%	-
Director	Jason Lo	-	-	-	-	600	600	36	36	636 0.09%	636 0.09%	6,452	6,452	-	-	-	-	-	-	7,088/ 1.00%	7,088/ 1.00%	-
Director	Christa Lin	-	-	-	-	600	600	24	24	624 0.09%	624 0.09%	3,129	3,129	-	-	-	-	-	-	3,753/ 0.53%	3,753/ 0.53%	-
Director	Spencer Hsieh	-	-	-	-	600	600	36	36	636 0.09%	636 0.09%	-	-	-	-	-	-	-	-	636/ 0.09%	636/ 0.09%	-
Director	May Lo	-	-	-	-	600	600	36	36	636 0.09%	636 0.09%	3,048	3,048	-	-	-	-	-	-	3,684/ 0.52%	3,684/ 0.52%	-
Director	Teresa Lo	-	-	-	-	600	600	30	30	630 0.09%	630 0.09%	-	-	-	-	-	-	-	-	630/ 0.09%	630/ 0.09%	-
Director	Yih-Horng, Lin (Note 1)	-	-	-	-	600	600	54	54	654 0.09%	654 0.09%	-	-	-	-	-	-	-	-	654/ 0.09%	654/ 0.09%	-
Director	Vincent Chen (Note 1)	-	-	-	-	600	600	42	42	642/ 0.09%	642/ 0.09%	-	-	-	-	-	-	-	-	642/ 0.09%	642/ 0.09%	-
Independent Director	Hank Lin (Note 2)	-	-	-	-	800	800	48	48	848/ 0.12%	848/ 0.12%	-	-	-	-	-	-	-	-	848/ 0.12%	848/ 0.12%	-
Independent Director	Chung-Hsian Liu (Note 2)	-	-	-	-	800	800	48	48	848/ 0.12%	848/ 0.12%	-	-	-	-	-	-	-	-	848/ 0.12%	848/ 0.12%	-
Independent Director	Jui-Lin Liu (Note 2)					800	800	42	42	842/ 0.12%	842/ 0.12%									842/ 0.12%	842/ 0.12%	
Independent Director	Wen-Ren Chung (Note 2)					800	800	42	42	842/ 0.12%	842/ 0.12%									842/ 0.12%	842/ 0.12%	

Note 1: 2023.6.28 Independent Director Dismissal/New Director.

Note 2: 2023.6.28 Newly Appointed.

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the relationship with the remuneration amount according to the responsibilities, risks, investment time and other factors:
  - (1) In accordance with the Company's Articles of Incorporation, if the Company makes a profit for the year, no less than 1% of such profit shall be set aside as compensation for employees and no more than 5% as compensation for directors, and the Board of Directors is authorized to recommend and approve the amount of compensation to be paid to directors, regardless of whether the profit or loss is made or incurred, in accordance with the standard practice in the industry.
  - (2) The Directors of the Company are remunerated only by way of honorarium and fixed remuneration and not by way of variable remuneration, which is not performance related. The remuneration paid to the Directors is disclosed separately in the Annual Report. The remuneration of directors who are also employees is paid in accordance with the rules and regulations laid down by the Human Resources Department.
2. Except as disclosed in the table above, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / reinvestment enterprises, etc.): None.

(2) Remuneration to Supervisors: The Company has an audit committee, so it is not applicable.

(3) Remuneration for General Manager and Deputy General Manager

Unit: NTD in Thousand

Position	Name	Salary (A)		retirement pension (B)		Bonus & Special expenses, etc.(C)		Remuneration Amount for Employee(D)				A · B · C & D total sum and rate in the net profit after tax (%)		Remuneration from non-subsidiary transfer business investment or parent
		The Company	All companies involved in financial statement	The Company	All companies involved in financial statement	The Company	All companies involved in financial statement	The Company		All companies involved in financial statement		The Company	Companies in the consolidated financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Jason Lo	48,701	48,701	0	0	0	0	0	0	0	0	48,701	48,701	N/A
Taiwan General Manager	Sean Juo													
General Manager	Simon Fang													
General Manager	Hsiao-Tzu, Fang													
Senior Vice President	Jean Hung													
Global Chief Operating Officer	Max Yen													
Vice President	May Lo													
Chief Audit Executive	William Chu													
Global Chief Technology Officer	Pendy Liao													
Vice President	Philip Lai													
Vice President	William Poon													
Vice President	Vic Chen													
Vice President	An-Ping, Lin													

### Remuneration Range

Remuneration Range of Individual General Manager & Deputy General Manager	Names of General Manager & Deputy General Manager	
	The Company	All the company involved in the financial statement (E)
Below 1,000,000	-	-
1,000,000 (included)~2,000,000 (not included )	-	-
2,000,000 (included)~3,500,000 (not included )	William Chu May Lo Philip Lai William Poon Vic Chen Hsiao-Tzu, Fang An-Ping, Lin	William Chu May Lo Philip Lai William Poon Vic Chen Hsiao-Tzu, Fang An-Ping, Lin
3,500,000 (included)~5,000,000 (not included )	Philip Lai Max Yen Jean Hung Sean Juo Simon Fang	Philip Lai Max Yen Jean Hung Sean Juo Simon Fang
5,000,000 (included)~10,000,000 (not included )	Jason Lo	Jason Lo
10,000,000 (included)~15,000,000 (not included )	-	-
15,000,000 (included)~30,000,000 (not included )	-	-
30,000,000 (included)~50,000,000 (not included )	-	-
50,000,000 (included)~100,000,000 (not included )	-	-
100,000,000above	-	-
Total sum	13	13

(4) An analysis of the total compensation paid to the Company's directors, supervisors, president and vice president as a percentage of net income after income tax for the most recent two years for the Company and all companies in the consolidated financial statements, together with an explanation of the policies, criteria and mix of compensation paid, the procedures for setting such compensation, and the correlation with operating performance and future risks:

1. There was no significant difference in the amount of remuneration paid to directors, supervisors, president and vice president of the Company for the last two years.
2. The policies, criteria and mix of compensation, the procedures for setting compensation, and the relationship to operating results and future risks:
  - a. Remuneration of directors
    - i. In accordance with the Company's Articles of Incorporation, if the Company makes a profit for the year, no less than 1% of such profit shall be set aside as compensation to employees and no more than 5% as compensation to directors, and the Board of Directors is authorized to recommend and approve the amount of compensation to be paid to directors, regardless of whether the profit or loss is small or medium-sized, in accordance with the general standard of compensation in the industry.
    - ii. The Directors of the Company are remunerated only by way of honorarium and fixed remuneration and not by way of variable remuneration, which is not performance related. The remuneration paid to the Directors is disclosed separately in the Annual Report.

The remuneration of directors who are also employees is paid in accordance with the rules and regulations laid down by the Human Resources Department.

b. General Manager's and Deputy General Manager's Remuneration

- i. Fixed honorarium: Includes salary and allowances, which are based on the Company's salary structure for each rank.
- ii. Variable remuneration: Depending on the company's annual business performance, financial condition, operating condition, and individual performance, the company's annual goals are combined with individual performance through the Management by Objectives (MBO) system.
- iii. Retirement or pension.
- iv. Adjustments to fixed and variable remuneration are made on the basis of performance evaluations following regular annual reviews.

c. Relationship to Operating Performance and Future Risks.

Procedures for determining remuneration The Company determines the method of payment of remuneration to directors, president and vice president in accordance with the Company's Articles of Incorporation and the related remuneration plan, and the method of payment is approved by the Compensation Committee and resolved by the Board of Directors.

(5) Employee in charge of the manager's remuneration and allocation: Not applicable.

#### 4. Corporate Governance

##### (I) Operation of the Board of Directors

In 2023, the Board of Directors has convened for 6 times (A). The attendance situation is as follows:

Title	Name	Number of attendance (B)	Number of delegation to attend	Attendance Rate(%) (B/A)	Note
Chairman	Peter Lo	6	0	100%	
Deputy Chairman	Cindy Lo	6	0	100%	
Director	Jason Lo	6	0	100%	
Director	Spencer Hsieh	6	0	100%	
Director	May Lo	6	0	100%	
Director	Teresa Lo	5	1	83%	
Director	Ya-Kang, Wang	1	0	50%	Termination on 2023.06.28
Director	Jung Ren, Fu	1	1	50%	Termination on 2023.06.28
Director	Tsai-Yao Lin	4	0	100%	Newly-elected on 2023.06.28
Director	Vincent Chen	4	0	66.7%	Termination Independent Director on 2023.06.28 /Newly-elected Director
Director	Yih-Horng, Lin	6	0	100%	Termination Independent Director on 2023.06.28 /Newly-elected Director
Independent Director	Chao-Tang, Yue	1	1	50%	Termination on 2023.06.28
Independent Director	Hank Lin	4	0	100%	Newly-elected on 2023.06.28
Independent Director	Chung-Hsian Liu	4	0	100%	Newly-elected on 2023.06.28
Independent Director	Jui-Lin Liu	4	0	100%	Newly-elected on 2023.06.28
Independent Director	Wen-Ren Chung	4	0	100%	Newly-elected on 2023.06.28

Other noteworthy matters:

##### 1. Securities and Exchange Act, Article 14, Item 3:

Date of Meeting (Year/Number)	Agenda	Decision from the Independent Director and the Company's treatment
2023/03/14 (14 <sup>th</sup> Meeting of the 16 <sup>th</sup> Board)	<ul style="list-style-type: none"> <li>●Employee compensation and directors' compensation distribution</li> <li>●Issuance of the "Statement of Internal Control System" on the results of the annual internal control self-assessment</li> <li>●Evaluation of the independence and suitability of certified public accountants for annual financial reporting</li> <li>●Accountant's fees</li> </ul>	Approved by all Independent Directors Not Applicable
2023/05/11 (15 <sup>th</sup> Meeting of the 16 <sup>th</sup> Board)	The Company intends to conduct a cash capital increase and issue new shares and the first domestic unsecured convertible bonds.	Approved by all Independent Directors Not Applicable
2023/08/08 (2 <sup>th</sup> Meeting of the 17 <sup>th</sup> Board)	●The Acting Chief Financial Officer of the Company intends to grant a true out.	Approved by all Independent Directors Not Applicable
2023/11/10	●Replacement of certified public accountants	Approved by all Independent

(3 <sup>h</sup> Meeting of the 17 <sup>h</sup> Board)	in coordination with the internal rotation of accounting firms ●Increased capital and loaned funds to subsidiaries	Directors Not Applicable
2024/02/15 (5 <sup>h</sup> Meeting of the 17 <sup>th</sup> Board)	Participation in bidding for overseas assets.	Approved by all Independent Directors Not Applicable
2024/03/14 (6 <sup>th</sup> Meeting of the 17 <sup>th</sup> Board)	<ul style="list-style-type: none"> <li>●Employee Compensation and Directors' Compensation Distribution Plan for 2023.</li> <li>●Amendments to certain provisions of the "Regulations on Operating Procedures for Loans of Funds to Others" of the Company.</li> <li>●Endorsement and guarantee of subsidiaries' credit lines and loan of funds.</li> </ul>	Approved by all Independent Directors Not Applicable

2. The effort of directors in preventing a “conflict of interest”: it shall clarify the name of the Director and agenda content concerning the reason for the conflict of interest and the voting outcome: None

3. The Board of Directors and the Functional Committee evaluated the performance and assessment results. (Date to be reported to the Board: 2024/03/14)

## **Johnson Health Tech Co., Ltd.**

### 2023 Board and Functional Committee Self-Assessment Results

- I. Source Authority: The company’s “Guidelines for Board of Director Performance Evaluation”
- II. Evaluation Cycle: The company’s Board of Director & Audit Committee would conduct internal performance and Functional Committee evaluation at least once a year.
- III. Evaluation Period: 2023/01/01~2023/12/31
- IV. Evaluation Scope: Evaluation on the entire Board, Audit Committee, Functional Committee and individual board member
- V. Evaluation Method: Board’s self-evaluation, Audit Committee Operational Performance self-evaluation, Functional Committee and board member’s self-evaluation. The scale of evaluation is divided into 5 levels, ranging as such: Perfect (5), Excellent (4), Good (3), Average (2), Unsatisfactory (1).
- VI. Evaluation Agenda: 2022 Board of Directors & Audit Committee internal performance assessment results reported the following:

- i. Board of Directors Self-Evaluation on performance assessment:

This evaluation contained 5 major areas, including 37 evaluation indexes, which proved that the Board maintained satisfactory and sustainable governance and surveillance of the company’s strategies, able to shoulder and deal with significant businesses and risk management, could also build an appropriate internal control system. The results showed that the overall Board operation is satisfactory, meeting the requirements of the company.

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	11	4.84
B. Advancement of BOD Decision Quality	12	4.84
C. BOD Composition & Structure	5	4.80
D. Director Election & Continuation of Education	4	4.80
E. Internal Control	5	4.80

- ii. Board Member’s Self-Evaluation on Performance:

The Board member’s performance evaluation contains 6 areas, including 21 assessments, which proved that there was a positive assessment results regarding each assessment and operation effect, as shown in the following.

6 Major Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Management of Company Objectives & Missions	3	4.83
B. Awareness of Director Duties	3	4.92
C. Level of Participation in Company Operation	7	4.83
D. Internal Relationship Management and Communication	2	4.83
E. Director Expertise and Continued Education	3	4.89
F. Internal Control	3	4.89

- iii. Audit Committee’s Self-Evaluation on Operational Performance:

This evaluation contained 5 major areas, including 21 evaluation indexes, which proved that the Board maintained satisfactory and sustainable governance and surveillance of the company’s strategies, able to shoulder and deal with

significant businesses and risk management, could also build an appropriate internal control system. The results showed that the overall Board operation is satisfactory, meeting the requirements of the company.

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	4	4.88
B. Awareness of the Audit Committee's Duties	6	4.92
C. Advancement of Audit Committee Decision Quality	6	4.75
D. Audit Committee Composition & Member selection	3	4.83
E. Internal Control	2	4.75

iv. Performance self-evaluation of the Compensation Committee:

The evaluation indicators of the Compensation Committee contained 5 major areas, including 22 evaluation indexes. The evaluation results are shown in the table below, indicating that the attendance rate of the Compensation Committee is 100%. The members of the Compensation Committee have a clear understanding of the nature of the company's industry, and they evaluate and supervise the company's operations and provide professional advice. The overall operation is excellent, which meets the requirements of corporate governance.

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	4	5.00
B. Awareness of the Compensation Committee's Duties	5	5.00
C. Advancement of Compensation Committee Decision Quality	6	5.00
D. Compensation Committee Composition & Member selection	3	5.00
E. Internal Control	4	5.00

4. The company has established the Remuneration Committee, the operation of which is available in this Annual Report, Chapter 4, which stipulates that the Committee's composition, duty, and operation shall be disclosed to the public.

## (II) Audit Committee Operation

2023 Audit Committee's Number of Meetings, as of the publication of this report: 6 (A), independent director attendance record shown as below:

Title	Name	Actual Attendance Number (B)	Number of Delegations to Attend	Actual Attendance Rate (%) (B/A)	Note
Independent Director	Chao-Tang, Yue	2	1	50%	Removed 2023/6/28
Independent Director	Vincent Chen	2	2	100%	Removed 2023/6/28
Independent Director	Yih-Horng, Lin	2	2	100%	Removed 2023/6/28
Independent Director	Hank Lin	4	4	100%	Removed 2023/6/28
Independent Director	Chung-Hsian Liu	4	4	100%	Removed 2023/6/28
Independent Director	Jui-Lin Liu	4	4	100%	Removed 2023/6/28
Independent Director	Wen-Ren Chung	4	4	100%	Removed 2023/6/28

### I. Other Matters:

#### i. Securities and Exchange Act, Article 14 Item 5

Date of Meeting (Year/Number)	Agenda	Suggestions from the Audit Committee and the Company's Response
2023/03/14 (14 <sup>th</sup> Meeting of the 2 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● 2022 Financial Statement &amp; Operation Report</li><li>● 2022 results of internal control self-evaluation, described in the "Internal Control Statements"</li><li>● Accounting firm's public fees</li><li>● Subsidiary Credit Line &amp; Guarantee Case</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2023/05/11 (15 <sup>th</sup> Meeting of the 2 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● 2023 Q1 Financial Statement</li><li>● Amendment of "Operating Procedures for Loans to Others" Case</li><li>● Endorsement guarantee of subsidiary's credit and financing needs Case</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2023/08/08 (2 <sup>th</sup> Meeting of the 3 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● 2023 Q2 Financial Statement</li><li>● Acting Financial Controller's Proposed Cases of Genuine Removal</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2023/11/10 (3 <sup>th</sup> Meeting of the 3 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● The replacement of certified public accountants by internal rotation of accounting firms.</li><li>● 2023 Q3 Consolidated Financial Statements</li><li>● Audit plan for 2024</li><li>● Loan of funds</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2023/12/14 (4 <sup>th</sup> Meeting of the 3 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● Endorsement and guarantee of subsidiaries' credit lines</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2024/02/15 (5 <sup>th</sup> Meeting of the 3 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● Participation in bidding for overseas assets</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2024/03/14 (6 <sup>th</sup> Meeting of the 3 <sup>th</sup> Board)	<ul style="list-style-type: none"><li>● 2023 Financial Statement &amp; Operation Report</li><li>● Appropriation of earnings for the year ended December 31, 2023</li><li>● Issuance of a statement on internal control system for fiscal year 2023</li><li>● Revision of certain provisions of the Company's "Regulations Governing the Procedures for Lending of Funds to Others".</li><li>● Loan of funds to subsidiaries and endorsement and guarantee of such loans</li></ul>	Approved unanimously by all the audit reviewers and submitted for BOD resolution

- ii. Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors: N/A

II. Independent Director as an interested party and required to enter recusal: N/A

III. Communication between Independent Director and internal audit supervisor and accountants (regarding matters of the company's finance, business condition, and their results):

- (i) The company's internal audit director reports on the audit business to the independent directors at the audit committee meeting every quarter and communicates the audit report results and the execution status of its follow-up reports with the committee members.

2023 Discussions among Independent Directors and Internal Audit Supervisors are as follows:

Date	Discussion nature and topic content	Communication outcome
2023/03/14	1. Internal audit performance in Q4 of 2022 2. Internal control statement of 2022	No comments.
2023/05/11	Internal audit performance in Q1 of 2023	No comments.
2023/08/08	Internal audit report for Q2 of 2023	No comments.
2023/11/10	1. Internal audit report for Q3 of 2022 2. Report 2024 Audit Plan	No comments.

- (ii) The company's Certified Public Accountants report to the independent directors on the results of their audit or review of the financial statements of the company and its domestic and overseas subsidiaries, as well as the internal control audit results, during each quarterly Audit Committee meeting. They also communicate whether there are any adjustments to financial statements or changes in accounting standards that affect the recording method. The communication between them is good.

2023 Discussions among Independent Directors and Certified Public Accountants are as follows:

Date	Discussion nature and topic content	Communication outcome
2023/03/14	Audit report on the 2022 consolidated and individual financial statements and internal control audit results.	No comments.
2023/05/11	Review report on the Q1 2023 consolidated financial statements and internal control audit results.	No comments.
2023/08/08	Review report on the Q2 2023 consolidated financial statements and internal control audit results.	No comments.
2023/11/10	Review report on the Q3 2023 consolidated financial statements and internal control audit results.	No comments.

IV. Annual Work Plan of the Audit Committee:

- i. Financial audit report
- ii. Reviewing the internal audit report
- iii. Reviewing Company regulation & procedure
- iv. Reviewing Company endorsement and loans to others
- v. Communication with the internal audit supervisor and certified public accountants

iii. Discrepancies & Reasons of Company Operation Compared to Corporate Governance Principles for TWSE/TPEX Listed Companies

Evaluation Item	Operation			Reasons for Discrepancies with the Corporate Governance Principles
	Y	N	Summary	
I. Whether does the Company comply with the Corporate Governance Principles by establishing and revealing its own governance guidance?	V		The company has established corporate governance principles, and disclosed the principles on the Company Website and Market Observation Post System.	N/A
II. Ownership structure and the rights and interests of shareholders				
i. Has the company established internal operating procedures to handle shareholder proposals, inquiries, and disputes, and implement accordingly?	V		i. The company has established a spokesperson and stock affairs authority to deal with relevant issues.	N/A
ii. Does the company retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders?	V		ii. The company has retained the information of the Director, Manager, and major Shareholders whose shares are higher than 10 percent of the market value.	N/A
iii. Does the company build and execute the risk control and firewall mechanism toward the affiliated enterprises?	V		iii. The company has established an internal control system in accordance with “The operating procedures related to affiliated persons, specific companies, and corporate businesses.”	N/A
iv. Does the company adopt internal rules prohibiting company insiders from trading securities using information not disclosed in the market?	V		iv. The company establishes the “Prevention of internal trading of securities regulation procedures,” which regulates all employees’, managers’, and directors’ behaviors not to conduct internal trading based on his or her information or position; it has conducted periodical promulgation and internal education trading regarding this matter.	N/A
III. Board of Director Composition and Duties				
i. Whether the Board of Director has established a diversified principle and follow-through plan	V		i. The company has established “Board of Director Election Guidelines,” which stipulate that director election shall	N/A

			adopt the nomination system, considering not only the candidate's competence but also his or her contribution to the company's features. Currently, the company's director members involve those who specialize in finance, accounting, business management, and medicine, and other various expertise and knowledge. There are three female directors and three independent directors. This demography realizes the diversified policy of the company, as well as its goal and execution. For more information please refer to Enclosure #1.	
ii. Besides the Remuneration Committee and Audit Committee, is the company willing to establish other sorts of committees?	V	V	ii. This company has established the Remuneration Committee and Audit Committee, and would establish any other committees when requested based on the law.	Referred to in the Summary
iii. Does the company establish BOD performance assessment guidelines and other evaluation methods, through which the company conducts assessment regularly every year, and reports the assessment to the Board of Directors, and through which the consideration of re-electing the individual directors and his or her remuneration is made?	V		iii. The company has established BOD performance assessment guidelines and conducted such assessment regularly every year, and afterwards reported the results to the Board of Directors. Please refer to this annual report pages 28~31 for a description of the execution of the BOD's Internal Performance Evaluation for fiscal year 2023. The report of the BOD for the year ended March 14, 2024.	N/A
iv. Does the company evaluate the certified public accountant's independency regularly?	V		iv. The Company evaluates the independence and suitability of its certified public accountants on an annual basis. The Company conducts the evaluation in accordance with Article 47 of the CPA Act, Statement of Ethics No. 10 of the CPA Act, and the five components and 13 indicators of the "Audit Quality Indicators (AQIs)" issued by the FSC, and the Board of Directors' Meeting held on March 14, 2024, approved the evaluation. Please refer to Enclosure#2. for details of the evaluation of the independence of the accountants.	N/A
IV. Does the TWSE/TPEX listed company allocate an appropriate number of managerial people, and assign the governing supervisors, who are in	V		The company has appointed a governing supervisor and two specialists in charge of governance, with duties including (1) holding shareholder meetings and organizing relevant events in	N/A

charge of the managerial affairs (including but not limited to offering necessary information to Directors and Supervisors, helping them comply with the law, organizing BOD & shareholder meetings, and preparing BOD & shareholder meeting minutes) ?			accordance with the law; (2) formulating BOD agenda and notifying people of the meeting, meanwhile offering directors enough information to understand the contents of the meeting agenda, and providing the interested parties with reminders and follow-ups after the meeting; (3) handling the processes and relevant events within the deadlines for any change of the company's registration as required by law.	
V. Does the company establish a communicative channel with its interested party (including but not limited to shareholders, employees, clients, suppliers, etc.), set up communication area for the interested party on the company website, and respond with appropriation the social responsibility issues concerned by the interested party?	V		This company has maintained a sustained communicative channel with its interested parties including banks, creditors, employees, customers, and suppliers, as well as other affiliated enterprises. Also, it has set up an interested party area on the company's website.	N/A
VI. Does the company entrust a professional third party with its shareholder meeting affairs?	V		The company has entrusted Taishin Securities Co., Ltd.'s Stock Agency Department to deal with its shareholder meeting affairs.	N/A
VII. Public Information				
i. Does the company establish a website to disclose its financial affairs and governing information?	V		i. The company can disclose its information via the company website ( <a href="https://www.johnsonfitness.com.tw">https://www.johnsonfitness.com.tw</a> ) anytime.	N/A
ii. Does the company adopt other exposure methods (such as English website, delegating agency to collect and disclose company information, executing the spokesperson system, putting up the corporate briefing onto the company website)?	V		ii. The company has established the spokesperson and stock transfer agency to disclose its information as required by the law, and also hold corporate briefing occasionally and put relevant information onto the company website for public reference.	N/A
iii. Does the company file for an annual financial report within 2 months after the end of the fiscal year, and publicize and file the 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> financial reports and monthly operations report in advance of the deadline required?		V	iii. The company has filed the fiscal financial reports in accordance with the audit results and within the required deadline, but due to the time of processing and preparation, it cannot file for the 1st, 2nd, 3rd financial reports and monthly operation report within 2 months in advance of the deadline required.	Referred in Summary
VIII. Does the company provide additional information for disclosing the management and operations of the company (including but not limited to	V		This company has operated in accordance with honesty principles and fulfilling social responsibilities so as to create the best rights and interests for its stockholders and employees; the	N/A

<p>employee rights, hiring concerns, investor relationship, supplier relationship, interested party rights, and director or supervisor continuation of education, risk control policy and risk assessment and prevention, client policy execution, company's acquisition insurance for directors and supervisors, etc.)?</p>			<p>company has sent out a notification to directors and supervisors regarding participating in the relevant professional knowledge advancement courses from time to time, and it has purchased responsibility insurance for directors (including independent directors) since 2005. Besides, the company's directors have a high self-discipline to conduct self-disqualification when involved in an issue of interest, thus helping promote the governance of the company.</p>	
<p>IX. Please explain in accordance with the recently publicized company governance review results by the Taiwan Stock Exchange, indicating the areas of improvements as well as the areas to be improved.</p>	<p>V</p>		<p>This company has disclosed relevant information in accordance with the requirement of the competent authority and has continually maintained and revised its company website. In the future, it will promote further the governance policy and prioritize those issues needed to be improved in a timely manner.</p>	<p>Completed in accordance with the competent authority</p>

Enclosure 1

i. Diversified policy of Board of Director members:

The company's BOD is composed in accordance with its business development and the ratios of its major shareholders, which result in the running of the appropriate number of 7 to 15 members or above of the director seats. The members of the BOD shall consider its diversified composition and establish accordingly, appropriate policies regarding its operation, business type, and including, but not limited to, the following criteria:

- a. The basic conditions and values: gender, age, nationality, and cultural considerations.
- b. Professional knowledge and techniques: professional background (law, accounting, industry, and finance), professional skills, and industrial experiences, etc.

The BOD member shall acquire the normal occupational knowledge, skills, and integrity to execute his or her duties. To reach the company's ideal governing objectives, the BOD shall possess the following skills or abilities:

1. Business judgment ability
2. Accounting and financial analysis ability
3. Management or operating ability
4. Crisis management skills
5. Industrial knowledge
6. International market vision
7. Leadership and decision-making ability

ii. Goal of having diverse Board of Director members:

The number of female members or female independent directors shall occupy more than 25 percent.

iii. The execution of a diversified policy for BOD members:

Title	Name	Gender	Business judgment	Finance Accounting	Operating Management	Crisis Management	Industrial knowledge	International Vision	Leadership Decision Making
Chairman	Peter Lo	Male	V		V	V	V	V	V
Deputy Chairman	Cindy Lo	Female	V		V	V	V	V	V
Director	Jason Lo	Male	V	V	V	V	V	V	V
Director	Teresa Lo	Female	V		V	V	V	V	V
Director	May Lo	Female	V	V	V	V	V	V	V
Director	Crista Lin	Female	V	V	V	V	V	V	V
Director	Spencer Hsieh	Male	V		V	V	V	V	V
Director	Vincent Chen	Male	V	V	V	V	V	V	V
Director	Yih-Horng, Lin	Male	V		V	V	V	V	V
Independent Director	Hank Lin	Male	V	V	V	V	V	V	V
Independent Director	Jui-Lin Liu	Male	V		V	V	V	V	V
Independent Director	Chung-Hsian Liu	Male	V	V	V	V	V	V	V
Independent Director	Wen-Ren Chung	Male	V		V	V	V	V	V

Current conditions:

This company is now composed of 13 BOD members who have a diverse and rich professional background in finance, accounting, industrial management, and medicine, and among whom four are female directors (accounting for 30.8%) and another four are independent directors (accounting for 30.8%), and therefore the females represent half of the BOD seats, with age range between 51~83. In

sum, the company's current director composition meets the goal of its diversified policy in terms of their respective knowledge, skills, number of representations, and the rate of female directors or independent directors.

## Enclosure 2

### **Assessment of CPA Independency**

Every year, the Company's Audit Committee evaluates the Certified Public Accountant's independency based on the following items, and reports the results to the Board of Directors:

- i. Statement of CPA's Independency
- ii. The CPA's audit or non-audit services shall first undergo the evaluation of the Audit Committee, to ensure his or her services' free of interference in the results of the auditing.
- iii. The same CPA shall not serve for the company for more than seven years.
- iv. The company will adopt a questionnaire to evaluate CPA's financial interests, business affiliations, and employment terms for determining his or her extent of independency.

As of 2024/03/14, the company completed evaluation of CPA's independency and competence, and had the results approved by the Board of Director. The evaluation contents were as follows:

2023 Certified Public Accounting Firm: Ernst & Young Global Limited

2023 Certified Public Accountant: Chen, Ming Hung, Huang, Zhi Ping

Item	Evaluation Item of Independency	Y	N
1	CPA doesn't have a major or direct financial interest with the company.	V	
2	CPA who signs the audit report has not provided any financing or guarantee for the company or its directors.	V	
3	CPA and audit team members have not held any significant positions with the company's directors, managers, or parties that could affect the audit for the past two years.	V	
4	CPA has not served as the company's legal representative or coordinated any conflicts with third parties in the past.	V	
5	Non-audit services provided by the accountants to the company that could directly affect the audit work.		V
6	CPA has no significant business relationship with the company.	V	
7	CPA has no potential employment relationship with the company.	V	
8	CPA has not held any significant positions with the company's directors, managers, or parties that could affect the audit within one year of leaving.	V	
9	CPA has not been subject to any disciplinary action by regulatory authorities or the accounting association, or any penalties under Article 37 item 3 of the Securities and Exchange Act.	V	
10	Whether the quality and timeliness of the audit and tax services meet the company's needs.	V	
11	Whether the CPA maintains good communication with the company's management and board of directors.	V	
12	Whether the CPA provides proactive recommendations for the company's systems and internal control during the audit and keeps records of them.	V	
13	Whether the CPA regularly updates the company on tax, securities regulations, and newly revised IFRS accounting standards.	V	
14	The accountants have familial relationships with the company's directors, managers, or personnel who have a significant impact on the audit.		V

Conclusion:

We hereby verify that Ernst & Young Global Limited's two CPAs, Chen, Ming Hung and Huang, Zhi Ping, fulfill the requirements of independency and competence based on their "Statement of Independency" and in accordance with the CPA Law, Article 47, Code of Professional Ethics, No. 10, and the Financial Supervisory Commission (FSC) has released the "Audit Quality Indicators (AQIs)"

covering five key areas and 13 specific indicators for evaluation. Based on these standards and the 13 AQI indicators, an assessment was conducted. It has been confirmed that apart from fees related to certification and tax cases, the accountants have no other financial interests or business relationships with the company. The family members of the accountants also comply with independence requirements. Additionally, referencing the AQI indicators, it has been verified that the accountants and their firm exceed the industry average in audit experience and training hours, continuously integrating digital audit tools to improve audit quality. Considering all these factors, the evaluation confirms that both accountants meet the criteria for independence and suitability without any concerns.

iv. Operation of Remuneration Committee:

(1) 5<sup>th</sup> session of Information on the Members of the Remuneration Committee

Position (Note 1)	Name	Conditions	Professional qualifications & Experience (Note 2)	Independent situation	If serving as Independent Director of other public offering companies (Number of company)
Independent Director (Organizer)	Zhong-Xian, Liu	L Chairman of a listed over-the-counter company, lecturer at a public or private tertiary institution, with background experience in business and finance.	<ul style="list-style-type: none"> <li>● Compliance with Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".</li> <li>● No amount of compensation received for providing business, legal, financial, and accounting services to the Company or its affiliates in the last two years.</li> </ul>	0	
Independent Director	Hong-Guang, Lin	Director of a listed over-the-counter company, Chairman of a social welfare/education foundation, with business and financial accounting backgrounds		1	
Others	Shu-Wen, Lin	Director of Marketing in a Human Resource Consulting related company with Human Resource background.		0	

Note 1 : Position is Independent Director, or others respectively (if it is the organizer, please add a note).

Note 2 : For independent directors, please refer to "Directors and Supervisors Information" in this annual report (pages 11~14).

(2) Operations Information of the Remuneration Committee

I. The company's Remuneration Committee has three members.

II. Term of the Committee: 2023/06/28~2026/06/27

In 2023, the Remuneration Committee had convened 3 times (A), and the information on the members' qualification, attendance, and matters under discussion is as follows:

2-1 Member Qualification & Attendance Record:

Occupation	Name	Actual number of attendance (B)	Number of delegation to attend	Actual attendance rate (%) (B/A) (Note)	Note
Organizer	Zhong-Xian, Liu	2	0	100%	Fifth Members Re-elected on June 28, 2023
Organizer	Yih-Horng, Lin	1	0	100%	original
Member	Chao-Tang, Yue	0	0	0%	original
Member	Hong-Guang, Lin	2	0	100%	Fifth Members Re-elected on June 28, 2023
Member	Shu-Wen, Lin	3	0	100%	Fifth Members Re-elected on June 28, 2023
Other matters:					
I. Suggestions denied or revised by BOD: N/A					
II. Situations containing the members' disapproval or reservation of opinions regarding the Remuneration Committee resolution, with written records or statements: N/A					

2-2 Matters of discussion and resolution result, with the company's treatment of the member's opinions

Main Matters of Discussion:

Date of Meeting (Year/Time)	Agenda	Decision
2023/03/14 (9th Meeting of the 4 <sup>th</sup> Board)	2022 Actual Distribution of the Manager Remuneration	The Chairman sought the views of all members present and the motion was carried.
2023/06/28 (1 <sup>th</sup> Meeting of the 5 <sup>th</sup> Board)	Selection of Convenor and Chairman of the 5 <sup>th</sup> Remuneration Committee	With the consent of all members present, Mr. Zhong-Xian Liu acted as Convenor and Chairman of the meeting.
2023/11/10 (2 <sup>th</sup> Meeting of the 5 <sup>th</sup> Board)	The Company's 2024 Managerial Compensation Structure, Bonus Payment Principles and Performance Evaluation System Verification Proposal	The Chairman sought the views of all members present and the motion was carried.

Resolution: All the matters discussed were approved unanimously.

Treatment of member's opinions: N/A

v. Discrepancies and Reasons for the Company's Implements Compared to the Sustainability Principles for TWSE/TPEX Listed Companies

Evaluation Items	Operations			Discrepancies and Reasons compared to the Sustainability Principles for TWSE/TPEX Listed Companies
	Y	N	Summary	
I. Does the company establish a governance structure to promote sustainable development and a full- or part-time division for promoting corporate sustainability, to be executed by senior managers and be reported back to the Board of Directors?	V		Referred to in this annual report, "VI Environmental, Social, and Governance (ESG)" Execution: 1. ESG Progress Quarterly Periodic Reporting to the Board of Directors (Completed at the March 14, May 11, August 8 and November 10, 2023 Board Meetings) 2. The planning timetable has been synchronized with the timetable and direction of Johnson Health Tech's sustainable planning with reference to the relevant laws and regulations around the world. 3. Performs the following: Sustainability Report scope includes Factory Disclosure, Greenhouse Gas Inventory and Confirmation, ISO45001 Implementation, Human Rights Due Diligence and Product Carbon Footprint Inventory.	N/A
II. Does the company, in accordance with the materiality principle, conduct risk assessments of environmental, social, and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		Referred to in this annual report, "VI Environmental, Social and Governance (ESG)". Sustainability Report Chapter 3.5.2 Risk Management Mechanism: The Company's risk identification and management mechanism, and the results of risk identification and response strategies (including sustainability issues, risk items, explanations, and response measures). ESG classification of each risk item: Governance: Geopolitical risks, cybercrime and information security, and inflation war risks Environment: Global climate change Social: Risk of delayed goods delivery.	N/A
III. Environmental Issues			Referred to in this annual report, "VI-a, Environmentalism, Security, and Hygiene Control".	
i. Does the company build an environmentally friendly management system based on its industrial characteristics?	V		i. Chapter CH0.2 of the sustainability report: Establish relevant short, medium, and long-term strategies for sustainable development goals, the direction of the strategy remains unchanged and operations are adjusted according to current events.	N/A
ii. Does the company endeavor to elevate energy efficiency, and adopt recycled materials causing low impacts on the environment?	V		ii. Chapter CH1.5 of the sustainability report: In Taiwan, the central air-conditioning system is operated with energy-saving operation surfaces and the mainframe is controlled alternately to save power consumption, while in China, the production equipment is replaced with more energy-saving equipment to save energy and improve efficiency.	N/A
iii. Does the company evaluate the latent risk and opportunity of the environmental changes to its current and future development, and thereby adopt related measurements?	V		ii. Chapter CH1.4 of the sustainability report: Conducted greenhouse gas inventories and third-party confirmations for Taiwan and overseas factories.	N/A
iv. Does the company collect statistics on its gas emissions for global warming over the past 2 years, on its water consumption and waste production, and then establish energy, coal, greenhouse gas, water, or waste reduction management policies?	V		v. Chapters CH1.4.2, CH1.6, and CH1.7 of the sustainability report: The report includes the company's greenhouse gas emissions, water consumption, and total waste weight for the past two years, and relevant short, medium, and long-term strategies have been established in Chapter CH0.2 of the sustainability report for sustainable development goals.	N/A

IV. Social Issues			The CH2 section of the sustainability report "Practicing Happy Living" includes, but is not limited to, the following six needs.	
i. Does the company, in accordance with the law and International Bill of Human Rights, establish relevant governance policies and procedures?	V		<p>i Referred to in this annual report "IV. II. 5. Human Rights." In accordance with the International Bill of Human Rights, the company has established relevant governance policies and procedures, which are disclosed on the Company Website.</p> <p>Chapter 2.3 Human Rights in the sustainability report: The Company has developed a human rights policy applicable to the entire group, which was approved by the general manager of the group headquarters. The Company's existing human rights management measures are further explained as follows:</p> <ol style="list-style-type: none"> <li>1. Advocating human rights issues in new employee training - covering human resource policies, employment, compensation and benefits, labor relations, occupational safety, correction, and prevention measures for anti-human trafficking policies, with a completion rate of 100% in 2023.</li> <li>2. Establishing sexual harassment prevention and related complaint mechanisms - formulating a "Prohibition of Workplace Sexual Harassment Statement", publishing gender equality announcements on the intranet, establishing a Sexual Harassment Complaints Handling Committee to handle complaints and prevent sexual harassment.</li> <li>3. New human rights due diligence operations have been introduced, and a short- to medium-term implementation process for employee rights has been set up, in an effort to align with international human rights conventions and enhance human rights management capacity.</li> <li>4. Employee communication and satisfaction - holding labor-management meetings every quarter, as well as organizing new employee seminars, conducting employee satisfaction surveys, and having an employee suggestion box to continuously listen to employees' opinions.</li> </ol>	N/A
ii. Does the company establish and implement reasonable employee benefit services (including salary, leave, and others) and reflect on the employee salaries its business performance and achievement?	V		<p>ii. Referred to in this annual report, "V. v Labor-Management Relationships" In the sustainability report, CH2.1.3 Compensation and Performance Evaluation states that the company has designed a comprehensive compensation system that exceeds the market starting salary, and offers other bonuses and rewards for outstanding employees, including performance bonuses, proposal bonuses, periodic incentive bonuses, and profit-sharing bonuses.</p> <p>In CH2.1.4 Employee Benefits, the report mentions that the company provides benefits that exceed the Labor Standards Act, such as more vacation days, group insurance, employee meals, a gym, massage chair area, and company-sponsored activities for employees. For foreign staff, a new prayer room, recreation room, mentor system to help newcomers familiarize themselves with the environment, and on-site interpreter assistance.</p>	N/A
iii. Does the company provide employees with a safe and healthy work environment, and conduct safety and health education for its employees?	V		iii. Referred to in this annual report, "IV. I. vii. Work Environment and Employee Safety Protection"	N/A
iv. Does the company build an effective career proficiency development program for its employees?	V		iv. The company HR Division has established employee education training and development programs based on individual career proficiency and position.	N/A

<p>v. Regarding its products and services related to customer health and safety, to client privacy, and to marketing and labeling, etc., does the company comply with relevant regulations and international certification, and accordingly establish relevant policies on customer or client protection rights and complaint procedures?</p> <p>vi. Does the company establish supplier management policy, demanding its suppliers to comply with regulations on environment protection, career safety and hygiene, labor rights, etc.</p>	<p>V</p> <p>V</p>	<p>Sustainability Report 2.2.1 Talent Development: A talent development blueprint has been formulated to provide exclusive learning and development plans for employees of various functional levels and supervisors. The training covers new employee orientation, professional skills training, general skills development, managerial skills development, and elite training. At the same time, in line with the AI trend, we are actively cultivating employees' skills and digital literacy to develop smart fitness products and digital content courses.</p> <p>v. The company has publicized its complaint channel on the Company Website. <a href="https://www.johnsonhealthtech.com/tw/zht/contact-us">https://www.johnsonhealthtech.com/tw/zht/contact-us</a></p> <p>vi. Publicized on the Company Website. <a href="https://www.johnsonfitness.com.tw/public/files/download/2D66385D12306.pdf">https://www.johnsonfitness.com.tw/public/files/download/2D66385D12306.pdf</a></p>	<p>N/A</p> <p>N/A</p>
<p>V. Does the company compile a corporate sustainability report in reference to the standard International Report or Index, in order to disclose the company's non-financial information? Does the above-mentioned report receive certification or guarantee from the third party certifying unit?</p>	<p>V</p>	<p>The company follows the Global Reporting Initiative (GRI) GRI Sustainability Reporting Standards 2021 and other guidelines such as the Sustainability Accounting Standards Board (SASB), and includes the Task Force on Climate-related Financial Disclosures (TCFD) framework to compile and publish the first Sustainability Report in 2022. The report is independently verified by a third-party audit firm BSI using the AA1000AS assurance standard. The company will continue to issue Sustainability Reports annually in both Chinese and English languages.</p>	<p>N/A</p>
<p>VI. If the company has established an independent corporate social responsibility rule in reference to the “Corporate Sustainability Best Practice Principles for TWSE/GTSM Listed Companies,” it shall state clearly its operating situations and ways of discrepancy as below: The Company has established an Environmental, Social, and Governance (ESG) Committee and developed policies, commitments, and strategic objectives for each aspect of ESG. The Company can also evaluate the implementation of practical guidelines for sustainable development, the preparation of sustainability reports, and the establishment of internal control systems for verification and assurance to strengthen its organizational structure for sustainable management and promote the implementation of relevant strategies.</p>			
<p>VII. Other information related to the company's implementation of corporate sustainability: N/A. Referred to in the Company Website and this report, “VI. Environmental, Social and Governance (ESG)”</p>			

Climate-related information is implemented.

Item	Enforcement
<ol style="list-style-type: none"> <li>1. Describes the Board's and management's oversight and governance of climate-related risks and opportunities.</li> <li>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term).</li> <li>3. Describe the financial impact of extreme climate events and transformational actions.</li> <li>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be described.</li> <li>6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage entity and transition risks.</li> <li>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.</li> <li>8. If climate-related targets are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits offset or the amount of renewable energy certificates (RECs) should be described.</li> <li>9. Greenhouse Gas Inventory and Confirmation of Status and Reduction Targets, Strategies, and Specific Action Plans (also completed in 1-1 and 1-2).</li> </ol>	<ol style="list-style-type: none"> <li>1. Please refer to Sustainability Report 1.4.1 Climate-related financial disclosures TCFD</li> <li>2. Please refer to Sustainability Report 1.4.1 Climate-related financial disclosures TCFD</li> <li>3. Please refer to Sustainability Report 1.4.1 Climate-related financial disclosures TCFD</li> <li>4. Please refer to Sustainability Report 1.4.1 Climate-related financial disclosures TCFD</li> <li>5. Please refer to Sustainability Report 1.4.1 Climate-related financial disclosures TCFD</li> <li>6. Please refer to Sustainability Report 1.4.1 Climate-related financial disclosures TCFD</li> <li>7. There is no plan to use internal carbon pricing as a planning tool.</li> <li>8. Detailed description of 1-1 and 1-2 below</li> <li>9. For details, please refer to 1-1 below.</li> </ol>

## 1-1 Company's Greenhouse Gas Inventory and Confirmation for the Last Two Years

### 1-1-1 Greenhouse Gas Inventory Information

The most recent two years of GHG emissions (metric tons of CO <sub>2</sub> e), intensity (metric tons of CO <sub>2</sub> e per million), and data coverage are described.					
Greenhouse gas emissions for the last two years are summarized in the table below: Scope 1 and 2 are based on the information of our parent company's Taiwan plant.					
Year	Direct Scope I (tons of CO <sub>2</sub> e)	Energy Indirect Scope II (tons CO <sub>2</sub> e)	Other Indirect Scope III (tons CO <sub>2</sub> e)	Individual operating revenues (NT\$ thousands)	Density (metric tons CO <sub>2</sub> e/metric tons product)
2021	872.03	1,858.62	No statistical data yet	11,977,907	0.228
2022	880.50	1,704.45	No statistical data yet	12,508,405	0.207
Note 1: Emission Intensity = Total Emissions (tons of CO <sub>2</sub> e) / Individual Operating Income (thousands of dollars).					
Note 2: The 2023 information is intended to be available for confirmation in June 2024 (Taiwan plant and overseas plants).					

### 1-1-2 Greenhouse Gas Assurance Information

A description of the status of assurance for the two most recent years ended on the date of the annual report, including the scope of assurance, the assurance organization, the assurance criteria, and the opinion of the assurance.
The Company does not yet have firm results and expects to provide 2023 (first) firm results in June 2024.

## 1-2 Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans

Describe the base year of GHG reduction and its data, reduction targets, strategies and specific action plans and achievement of reduction targets.
<p>The Company is a 3 billion dollar company.</p> <p>Please refer to Ch0.2 "Actions" of the Sustainability Report for the planning and explanation of the climate action chapter of the sustainability issues in sustainability management.</p> <ul style="list-style-type: none"> <li>• Short-term (2024) : Continuous completion of our individual greenhouse gas inventories and confirmations.</li> </ul>

- Based on the results of climate-related risk scenarios, further develop and implement response strategies.
- Mid-term (2025-2026) :
  - Continuous completion of our individual greenhouse gas inventories and confirmations.
  - Participation in international competitions (CDP Climate Change Questionnaire, DJSI)
  - Setting carbon reduction targets, participating in the SBTi Science-Based Reduction Initiative, and committing to net-zero carbon emission pathways by 2030 and 2050
- Long-term (2027-2030):
  - Extension of the greenhouse gas inventory and confirmation boundary to the entire Group (including domestic and overseas plants and sales locations, consistent with the inclusion of the individual boundary in the consolidated financial statements)
  - Plan and develop internal carbon pricing to crystallize carbon reduction performance for more effective financial assessment and target management.
  - Continuous improvement based on the results of participating international competitions.

vi. Reasons and Implementation of and Discrepancies with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Items	Operation			Reasons for and Discrepancies with “Ethical Corporate Management Principles”
	Y	N	Summary	
I. Establishment of an Ethical Management Policy and Program				
i. Does the company establish an ethical management policy approved by the BOD, and disclose in Regulations and public documents its policy and measurement, as well as the guarantee of such management from BOD and senior managers?	V		i. The Company has established an ethical management principle, which is posted on the corporate website. The URL is as follows: <a href="https://www.johnsonfitness.com.tw/public/files/download/5B4F836395048.pdf">https://www.johnsonfitness.com.tw/public/files/download/5B4F836395048.pdf</a>	N/A
ii. Does the company build unethical behavior and risk evaluation mechanisms, to analyze its business scopes which may contain activities of unethical or risky activities, and further establish counter-dishonesty programs to prevent any cause, in accordance with the “Ethical Corporate Management Principles,” Article 7, Item 2.	V		ii. The Internal audit unit has conducted preventive measures to ensure the company’s ethical management, in order to reach its financial, management, and operational accuracy, accountability, and timeliness. The audit unit also reviews the employee behavior based on relevant policies and standards, and conducts audit based on the annual audit plan approved by the BOD, and finally reports the results and improvement measures to the BOD and management supervisors.	N/A
iii. Does the company conduct prevention programs against dishonesty by establishing relevant procedures, guidelines, breach and punishment, and complaint system, and reviewing the program regularly to realize its effect?	V		iii. The company has established the standard, “Director and Manager Ethical Behavior Principles.”	N/A
II. Execution of Ethical Management				
i. Does the company evaluate business partners’ records of unethical conduct and stipulate honesty as a term of condition in the contract?	V		i. This company has established rigorous disciplines of conduct and ethical principles, to ensure that employees do not engage in fraud, misconduct, information leakage or fabrication, etc., and to demand employees not to accept any manufacturer’s invitation for socializing and bequeathing of money or property.	N/A
ii. Does the company establish a corporate ethical management promotion unit under the Board of Directors, which operates to report the company’s ethical management policy, preventive program for dishonest conduct, and supervision implementation.	V		ii. This company doesn’t report to BOD its management policy and preventive measures for dishonest conduct. But the BOD has established various supervisory units, such as the Remuneration Committee, Internal Audit Unit, etc. Besides the Legal Division, each unit supervisor and the internal auditor would report to the BOD the company’s anti-fraud policy. Under the supervision of the BOD, the company’s CEO, Financial Supervisor, and internal audit supervisor would ensure the company’s sustainable operations on the premise of honesty.	N/A
iii. Did the company establish any preventive channel against the conflicts of interest policy, and provide a suitable complaint channel to enforce the policy?	V		iii. This company has provided a suitable channel of complaint to execute this policy.	N/A
iv. Does the company implement an ethical management and establish an effective accounting system and internal control system, and to formulate auditing plan based on the internal audit unit’s risk assessment, and to delegate accountants to execute auditing on any suspicious dishonesty conduct?	V		iv. The company has established an effective accounting system and internal control system, which would conduct regular auditing from time to time.	N/A
v. Does the company organize internal and external ethical management educational training?	V		v. This company has held regularly and arranged employees to participate in relevant external training courses regarding this topic.	N/A

III. Company Operation on the Whistle-Blowing System				
i. Did the company establish a concrete whistle-blowing and incentive system to set up a convenient whistle-blowing channel, and appoint an appropriate specialist to deal with the accused?	V		The company has established a relevant system and thereof implemented the rule.	N/A
ii. Did the company establish a standard procedure for the whistle-blown matter, and adopt a follow-up measure and confidential mechanism after the investigation?	V		The company has established a relevant system and thereof implemented the rule.	N/A
iii. Does the company adopt a measure for protecting the whistle-blower from being subject to inappropriate disciplinary actions due to whistle-blowing?	V		The company has established a relevant system and thereof implemented the rule.	N/A
IV. Reinforcement of Information Disclosure Does the company disclose its ethical management principles and the effect of implementation on the Company Website and Market Observation Post System?	V		The company has established a Company Website to disclose relevant information.	N/A
V. If the company establishes an independent regulation in reference to "Ethical Corporate Management Principles for TWSE/GTSM Listed Companies," it shall state clearly its operation and the discrepancies with the said principles: The Company has established an ethical management principle at the BOD's meeting on March 14, 2024, which was presented to the shareholders at their regular meeting on June 26, 2024, and will implement its code and abide by it.				
VI. Other Information on the Operation of the Company's Ethical Management				
1. The company has held supplier conventions regularly, to prevent the need for suppliers to invite the company's employees for socialization or gift them with money or property.				
2. The company has established "Director and Manager Ethical Behavior Principles."				
3. The company has established "Prevention of Insider Trading Operating Procedures," which prevent the company's employees, managers, directors, and anyone who can obtain insider information based on his or her occupation from engaging in insider trading, and which help conduct regular internal educational training and promulgation.				

vii. Disclosure of the company's governance principles:

- (1) Corporate Governance/Financial Statements" under "Corporate Sustainability" on the Company's website → "Important Corporate Internal Rules" is available for download.
- (2) The "Rules and Regulations Governing Corporate Governance" under the heading "Corporate Governance" on the Market Observation Post System is available for download.

viii. Other important information regarding the promotion of the company's management guidelines: The company has established "Director and Manager Ethical Behavior Guidelines."

ix. Implementation of Internal Control  
1. Internal Control Statement

Johnson Health Tech Co., Ltd.  
Statement Regarding the Internal Control System

Date: 2024/03/14

On behalf of Johnson Health Tech, we hereby certify that this company implemented an internal control system in 2023 based on its self-evaluation results, and sought to make the following declarations:

- I. The company had consciously established, implemented, and maintained an internal control system under the Board of Directors and Managers. The purpose of this system was to inform and report reliable, timely, and transparent rules and regulations to achieve the goals of enhancing the company's operating effects and efficiency (including profits, performance, and asset security), thus providing a reasonable assurance that the objectives of reliability, timeliness, transparency, and compliance with relevant standards and laws and regulations are achieved.
- II. As any internal control system has an inherent limitation regardless of its comprehensiveness, the company's internal control system can only provide reasonable protection on the aforementioned three goals. Moreover, due to environmental and situational variations, the efficiency of the company's internal control system may change anytime. It is only when the company was imbedded with a self-monitoring mechanism that any flaw or weakness detected in the internal control system would the company be able to take corrective action.
- III. The company would evaluate the effectiveness of its internal control system, in accordance with "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter referred to as "Governing Establishment"). The "Governing Establishment" divides the internal control system into 5 components by management control processes as follows: 1. Control Environment 2. Risk Evaluation 3. Control Operation 4. Information & Communication 5. Supervision Operation. Each composition contains several items. Please refer to the "Governing Establishment" for details.
- IV. The company has adopted the aforementioned evaluation items, using them to assess the effectiveness of its internal control.
- V. Based on its evaluation results, as of 2023/12/31, the company's internal control system (including its supervision and management on subsidiaries) has achieved aforementioned goals such as realizing the operation effects and efficiency, reporting reliable, timely, and transparent rules and principles, and enduring the effectiveness of internal control.
- VI. The Statement would be part of the major contents of the company's annual report and handbook, available to the public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, and 174 of the Securities & Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors on 2024/03/14. Among the thirteen attendants in the Board, no one held an antagonistic and disproving view, and all agreed to the contents of this Statement, upon which we thereby make this declaration.

Johnson Health Tech Co., Ltd.	
Chairman: Peter Lo	Signature
Chief Executive Officer: Jason Lo	Signature

2. If the company delegates an accountant team to conduct the internal control system, it shall be disclosed by the delegated audit report: N/A

x. From recent years to the publication of this Annual Report, if there were any defects or violation of the internal control system's rules by the company or its internal staff who were published as such and which required improvement: N/A

xi. Important Resolutions made by the Board of Directors and Shareholders Meeting from recent years to the publication of this Annual Report

(1) This year's Shareholders Meeting was held on 2023/06/28, during which the proposals passed, and operation results were as follows.

Date	Motion Summary	Operation Status
2023.06.28	1. 2022 Business Operation Report and Financial Statement	Motion passed by vote
	2. 2022 Surplus Distribution	Motion passed by vote. The shareholder received NT\$0.6/share in cash dividends this year, with total sum amounting to NTD\$181,752,970. The ex-dividend date was on 2023/07/27, ex-dividend base date on 2023/08/04, and issuance date on 2023/08/25.
	3. Comprehensive re-election of directors	The re-election of directors (independent directors) totaling 13 seats for a term of three years was completed by vote.
	4. The case of lifting the competition restrictions on new directors and their representatives	This case was voted on and approved as presented, and the new directors and their representatives were released from the non-competition restriction.

## (2) Board of Directors' Important Resolutions

We hereby summarized the important resolutions made by the Board of Directors from 2023 to the publication date of this Annual Report as below:

### I. BOD on 2023/03/14

- Approval of the 2022 Financial Statements
- Approval of the 2022 employee and director remuneration distribution
- Approval of the 2022 Financial Report with the evaluation of certified public accountant's independency and competence
- Amendments to certain provisions of the "Code of Conduct for Meetings of the Board of Directors" of the Company.

Opinions of independent directors: None.

The Company's handling of independent directors' opinions: None.

Result of the resolution: Passed without objection by all directors present.

### II. BOD on 2023/05/11

- The Company intends to conduct a cash capital increase issue of new shares and the first domestic unsecured convertible bond issue.
- Approval of the 2022 surplus distribution

Independent Directors' opinion: None.

Company's Response to Independent Directors' opinion: None.

Resolution: Motion passed unanimously by all attending directors.

### III. BOD on 2023/08/08

- Approval of the 2023 Second Quarter Financial Statements
- The Acting Chief Financial Officer of the Company intends to grant a true out.

- Amendment of certain provisions of the Company's "Code of Corporate Governance Practices".
  - Case of endorsement and guarantee for credit lines of subsidiaries.  
Independent Directors' opinion: None.  
Company's Response to Independent Directors' opinion: None.  
Resolution: Motion passed unanimously by all attending directors.
- IV. BOD on 2023/11/10
- 2023 Q3 Financial Statements
  - Endorsement and guarantee of subsidiaries' credit lines.
  - Establishment of "Information Security Supervisor" of the Company.
  - Increase in capital and loan of subsidiaries.  
Independent Directors' opinion: None.  
Company's Response to Independent Directors' opinion: None.  
Resolution: Motion passed unanimously by all attending directors.
- V. BOD on 2024/02/15
- Participated in bidding for assets of overseas companies.  
Independent Directors' opinion: None.  
Company's Response to Independent Directors' opinion: None.  
Resolution: Motion passed unanimously by all attending directors.
- VI. BOD on 2024/03/14
- Approve 2023 Financial Statement Case.
  - Approve 2023 Distribution of Surplus Case.
  - Approved 2023 Employee Compensation and Directors' Compensation Distributions
  - Approval of New Subsidiary and Capital Loan and Endorsement Guarantee  
Independent Directors' opinion: None.  
Company's Response to Independent Directors' opinion: None.  
Resolution: Motion passed unanimously by all attending directors.
- VII. BOD on 2024/05/10
- Transfer of treasury shares to employees.
  - The Company intends to issue guaranteed general corporate bonds.
  - Classification of overdue accounts receivable as capital loans.
  - Establishment of new subsidiaries and capital increase of subsidiaries.  
Independent Directors' opinion: None.  
Company's Response to Independent Directors' opinion: None.  
Resolution: Motion passed unanimously by all attending directors.

Any other relevant important resolutions were made public on the Market Observation Post System as requested.

- xii. If there's any different opinions with records or written statements made in regards with the important resolutions of the Board by directors or supervisors from the recent years until the publication of this Annual Report, it shall be noted thereby: None
- xiii. Provided that any of the Chairperson, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Governing Supervisor, or R/D Supervisor resignations and dismissals from recent years to the publication of this Annual Report, it shall be summarized below: None.

## 5. Information on CPA Professional Fees

- i. When non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid to them, the amounts of both audit and non-audit fees and the details of the non-audit services shall be disclosed.

Amount Unit: in NTD\$ Thousand(K)

Name of Accounting Firm	Accountant	Audit Period	Audit Fees	Non-audit Fees	Total	Note
Ernst & Young Global Limited	Tony Huang/ Jonathan Chen	2023/01/01~2023/12/31	5,630	0	5,630	

- ii. When changing the accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: N/A.
- iii. When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 15% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: N/A.
- iv. 2022 non-audit fees were lower than audit fees.

## 6. Modification of CPA: N/A

## 7. Company's Chairman, General Manager, Financial or Accounting Manager who was employed in CPA's Accounting Office or its affiliated enterprises in the recent year : N/A.

## 8. Situations Involving Equity Transference or Pledge Conducted by Director, Supervisor, Managerial Officers and Shareholder with a Stake More Than 10%

- i. Changes in shareholdings of directors, managers and substantial shareholders

(Unit: Stock)

Title	Name	2023		2024/01/01~2024/04/28	
		Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)	Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)
Chairman & Major shareholder	Peter Lo	0	0	0	0
Director & Chief Executive Officer, Major Shareholder	Jason Lo	1,383,000	2,400,000	0	0
Director	Cindy Lo	0	0	0	0
Director	Spencer Hsieh	0	0	0	0
Director (Note 1)	Ya-Kang, Wang	0	0	Not applicable	Not applicable
Director & Vice President	May Lo	0	0	0	0
Director (Note 1)	Jung Ren, Fu	0	0	Not applicable	Not applicable
Director	Teresa Lo	0	0	0	0
Director (Note 2)	Yih-Horng, Lin	0	0	0	0
Director (Note 2)	Vincent Chen	0	0	0	0
Independent Director	Hank Lin	0	0	0	0
Independent Director	Chung-Hsian Liu	0	0	0	0
Independent Director	Jui-Lin, Liu	0	0	0	0
Independent Director	Wen-Ren Chung	0	0	0	0
Taiwan Factory General Manager	Sean Juo	0	0	0	0
Independent Director	Hank Lin	0	0	0	0

Title	Name	2023		2024/01/01~2024/04/28	
		Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)	Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)
Independent Director	Chung-Hsian Liu	0	0	0	0
Independent Director	Jui-Lin, Liu	0	0	0	0
Independent Director	Wen-Ren Chung	0	0	0	0
General Manager	Simon, Fang	(9,726)	0	0	0
General Manager	Simon, Fang	0	0	0	0
Vice President	Jean Hung	(5,000)	0	0	0
Vice President	Vic Chen	(3,000)	0	0	0
Vice President	Max Yen	0	0	0	0
Vice President	William Chu	(12,569)	0	(12,569)	0
Vice President	Pendy Liao	0	0	0	0
Vice President	William Poon	0	0	0	0
Vice President	Philip Lai	(16,000)	0	0	0
Vice President	An-Ping, Lin	0	0	0	0
Senior Manager	Crista Lin	5,000	0	0	0
Senior Manager	Henry Chen	3,000	0	0	0
Senior Manager & Head of Accounting Department	Jacky Lee	0	0	0	0
Senior Manager & Head of Audit Department	Jerry Chen	0	0	0	0
Independent Director (Note 1)	Chao-Tang, Yue	0	0	Not applicable	Not applicable
Associate Finance Manager & Head of Corporate Governance	James Chan	0	0	0	0

Note 1: Re-elected for termination of office on June 28, 2023

Note 2: June 28, 2023 Formerly independent director re-elected as director

ii: The counterparty to the transfer of stock is a related party: None.

iii: The counterparty to the pledge of shares are related party: None.

## 9. Information on Relationships among the Top 10 Shareholders

Name	Shareholder		Spouse, Minor Children, who hold stock		Shares held under the names of other parties		Relationships of Shareholders with a stake of more than 10 % who are affiliated to Bulletin No. 6 or who are spouses, 2nd-degree relatives, etc.		Note
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name	Relationship	
Jason Lo	86,087,121	28.35%	13,453,859	4.43%	885,365	0.29%	Peter Lo Cindy Lo Crista Lin May Lo Teresa Ya-Han Lo	Within 2nd-Degree of Consanguinity	
Peter Lo	61,229,933	20.17%	12,776,199	4.21%	0	0.00%	Cindy Lo Jason Lo May Lo Teresa Lo Ya-Han Lo	Within 2nd-Degree of Consanguinity	
May Lo	17,195,413	5.66%	289,538	0.10%	0	0.00%	Peter Lo Cindy Lo Jason Lo Teresa Lo	Within 2nd-Degree of Consanguinity	
Teresa Lo	14,936,094	4.92%	101,350	0.03%	0	0.00%	Peter Lo Cindy Lo Jason Lo May Lo	Within 2nd-Degree of Consanguinity	
Crista Lin	13,453,859	4.43%	86,087,121	28.35%	885,365	0.29%	Jason Lo Ya-HanLo	Within 2nd-Degree of Consanguinity	
Cindy Lo	12,776,199	4.21%	61,229,933	20.17%	0	0.00%	Peter Lo Jason Lo May Lo Teresa Lo Ya-Han Lo	Within 2nd-Degree of Consanguinity	
Ya-Han Lo	9,105,402	3.00%	0	0.00%	0	0.00%	Peter Lo Cindy Lo Jason Lo Crista Lin	Within 2nd-Degree of Consanguinity	
Qiao Tai Investment Co., Ltd.	4,552,330	1.50%	0	0.00%	0	0.00%	Peter Lo Cindy Lo Crista Lin May Lo	Chairman Director Director Supervisor	
Chiao Lian Technical Consultant Co.	3,094,888	1.02%	0	0.00%	0	0.00%	Jason Lo Cindy Lo Crista Lin May Lo	Chairman Director Director Supervisor	
HSBC Fiduciary Custody of the North Carolina Equity Investment Fund Portfolio Trust Investment Account	1,674,000	0.55%	0	0.00%	0	0.00%	N/A	N/A	

**10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company**

2024/03/31 Unit: Stock%

Investments in Other Companies	Investment in the Company		Entities Directly or Indirectly Controlled by Director, Supervisor, Manager		Consolidated Investment	
	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio
Johnson International Holding Corp. Ltd	—	100%	—	—	—	100%
Johnson Health Tech North America, Inc.	—	100%	—	—	—	100%
Johnson Health Tech UK Limited(Note 1)	—	44.43%	—	55.57%	—	100%
Johnson Health Tech. GmbH (Note 1)	—	—	—	99.77%	—	99.77%
Johnson Health Technology (Shanghai) Co., Ltd. (Note 1)	—	—	—	100%	—	100%
Johnson Health Tech Iberica S.L. (Note 1)	—	—	446,193	100%	446,193	100%
Johnson Health Tech Japan Co.,Ltd. (Note 1)	—	—	23,519	100%	23,519	100%
Johnson Health Tech France (Note 1)	—	—	—	100%	—	100%
Johnson Health Tech. (Thailand) Company Limited (Note 1)	—	—	2,000,000	100%	2,000,000	100%
Johnson Fitness Tech (Malaysia) Sdn. Bhd.	16,052,000	99.38%	100,000	0.62%	16,152,000	100%
Johnson Health Tech Italia S.P.A. (Note 1)	—	—	1,098,000	99.82%	1,098,000	99.82%
Johnson Health Tech. (Schweiz) GmbH	2000	100%	-	-	2,000	100%
Johnson Health Tech Netherlands B.V. (Note 1)	—	—	18,100	100%	18,100	100%
Johnson Health Tech (HongKong) Limited	3,340,000	100%	—	—	3,340,000	100%
Johnson Industries (Shanghai) Co., Ltd. (Note 1)	—	—	—	100%	—	100%
Johnson Health Care Co., Ltd.	4,859	78.90%	401	21.10%	5,260	100%
Johnson Industrial Do Brasil Ltda. (Note 1)	—	—	—	100%	—	100%
World of Leasing GmbH (Note 1)	—	—	—	100%	—	100%
Johnson Health Tech. Australia Pty. Ltd. (Note 1)	—	—	20,715,330	100%	20,715,330	100%
Johnson Health Tech. Poland SP.Z.0.0 (Note 1)	—	—	33,840	100%	33,840	100%
Johnson Health Tech (Vietnam) Company Limited	—	100%	—	—	—	100%
Style Retail Vietnam Company Limited (Note 1)	—	—	—	100%	—	100%
Johnson F&B Management (Shanghai) Co., Ltd. (Note 1)	—	—	—	100%	—	100%
Joyful Trading (Shanghai) Co., Ltd. (Note 1)	—	—	—	100%	—	100%
Johnson Health Technologies, S.A.de C.V.	—	100%	—	—	—	100%
Johnson Health Tech Philippines, Inc.	—	100%	—	—	—	100%
Johnson Health Tech Retail, Inc.	—	100%	—	—	—	100%
Johnson Health Technologies Canada Inc.	—	100%	—	—	—	100%
Johnson Health Technologies Canada Commercial Inc. (Note 1)	—	—	—	100%	—	100%

Investments in Other Companies	Investment in the Company		Entities Directly or Indirectly Controlled by Director, Supervisor, Manager		Consolidated Investment	
	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio
Johnson Health Tech UAE L.L.C	—	100%	—	—	—	100%
Johnson Health Industry (Viet Nam) Company Limited	—	100%	—	—	—	100%
Johnson Health Tech Rus Limited Liability Company	—	100%	—	—	—	100%
Fuji Medical Instruments Mfg. Co., Ltd.	460,000	100%	—	—	460,000	100%
PT Johnson Health Tech Indonesia	—	100%	—	—	—	100%
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	—	99.99%	—	0.01%	—	100%
Johnson Health Tech SA Proprietary Limited	—	100%	—	—	—	100%
JHT FIT Company Limited	—	100%	—	—	—	100%
Johnson Health Tech Digital UK Ltd	—	100%	—	—	—	100%
Johnson Health Tech Korea Co., Ltd.	—	100%	—	—	—	100%
Johnson Health Tech India Pvt Ltd	—	100%	—	—	—	100%
Qiaoshan Network Technology (Shanghai) Co., LTD	—	100%	—	—	—	100%
DAYA Corporation	—	100%	—	—	—	100%
Synclync Inc.	—	100%	—	—	—	100%

Note 1: Company's subsidiaries

## IV. Fundraising

### 1. Capital and Shares:

#### i. Source of Stocks

Unit: in NTD\$ Thousand/Stock

2024/04/28

Year/Month	Issuance Price	Authorized Stock		Paid-up Capital		Note		
		Stock Number	Amount	Stock Number	Amount	Stock Source	Substitutive Capital Besides Cash	Other
1987.04	100	300,000	30,000	300,000	30,000	Cash Capital Increase NTD\$ 14,000,000	N/A	N/A
1998.11	10	6,000,000	60,000	6,000,000	60,000	Cash Capital Increase NTD\$ 30,000,000 (Note 1)	N/A	N/A
1998.12	10	11,400,000	114,000	11,400,000	114,000	Surplus Capital Increase NTD\$ 30,000,000 (Note 2) Capital Increase NTD\$ 24,000,000 (Note 2)	N/A	N/A
2000.07	10	50,000,000	500,000	31,000,000	310,000	Cash Capital Increase NTD\$ 120,000,000 (Note 3) Surplus Capital Increase NTD\$ 76,000,000 (Note 3)	N/A	N/A
2001.06	10	66,500,000	665,000	51,500,000	515,000	Cash Capital Increase NTD\$ 50,000,000 (Note 4) Surplus Capital Increase NTD\$ 155,000,000 (Note 4)	N/A	N/A
2002.05	10	145,500,000	1,455,000	70,000,000	700,000	Surplus Capital Increase NTD\$ 185,000,000 (Note 5)	N/A	N/A
2003.07	10	165,500,000	1,655,000	84,000,000	840,000	Surplus Capital Increase NTD\$ 140,000,000 (Note 6)	N/A	N/A
2004.08	10	165,500,000	1,655,000	105,000,000	1,050,000	Surplus Capital Increase NTD\$ 210,000,000 (Note 7)	N/A	N/A
2005.08	10	167,500,000	1,675,000	126,450,000	1,264,500	Surplus Capital Increase NTD\$ 214,500,000 (Note 8)	N/A	N/A
2006.08	10	185,000,000	1,850,000	155,101,250	1,551,013	Surplus Capital Increase NTD\$ 286,512,500 (Note 9)	N/A	N/A
2007.08	10	250,000,000	2,500,000	186,501,500	1,865,015	Surplus Capital Increase NTD\$ 314,002,500 (Note 10)	N/A	N/A
2008.08	10	250,000,000	2,500,000	190,550,000	1,905,500	Surplus Capital Increase NTD\$ 40,485,000 (Note 11)	N/A	N/A
2009.08	10	250,000,000	2,500,000	194,361,000	1,943,610	Surplus Capital Increase NTD\$ 38,110,000 (Note 12)	N/A	N/A
2011.08	10	250,000,000	2,500,000	199,301,898	1,993,018	Surplus Capital Increase NTD\$ 49,408,980 (Note 13)	N/A	N/A
2012.08	10	250,000,000	2,500,000	200,381,533	2,003,815	Surplus Capital Increase NTD\$ 10,796,350 (Note 14)	N/A	N/A
2013.08	10	250,000,000	2,500,000	201,448,032	2,014,480	Surplus Capital Increase NTD\$ 10,664,990 (Note 15)	N/A	N/A
2014.08	10	350,000,000	3,500,000	302,417,270	3,024,172	Surplus Capital Increase NTD\$ 1,009,692,380 (Note 16)	N/A	N/A
2015.08	10	350,000,000	3,500,000	304,016,617	3,040,166	Surplus Capital Increase NTD\$ 21,120,868 (Note 17)	N/A	N/A
2019.05	10	350,000,000	3,500,000	303,616,617	3,036,166	Retired Treasury Stock NTD\$ 4,000,000 (Note 18)	N/A	N/A

Note 1: Certification No. of cash capital increase for issuance of ordinary shares: 1998.11.17 (1998) B3R Document No. 258661

Note 2: Certification No. of cash capital increase for issuance of ordinary shares: 1998.12.21 (1998): EC Document No. 087141731

Note 3: Certification No. of cash capital increase for issuance of ordinary shares: 2000.07.04 (2000) TFS1 Document No. 55308

Note 4: Certification No. of cash capital increase for issuance of ordinary shares: 2001.07.11 (2001) TFS1 Document No. 144003

Note 5: Certification No. of surplus capital increase for issuance of ordinary shares: 2002.05.24 (2002) TFS1 Document No. 128470

Note 6: Certification No. of surplus capital increase for issuance of ordinary shares: 2003.07.30 (2003) TFSL Document No. 134502

Note 7: Certification No. of surplus capital increase for issuance of ordinary shares: 2004.07.26 (2004) EF1

Document No. 0930133365

Note 8: Certification No. of surplus capital increase for issuance of ordinary shares: 2005.07.29 EF1 Document No. 0940130917

Note 9: Certification No. of surplus capital increase for issuance of ordinary shares: 2006.07.17 EF1 Document No. 0950130934

Note 10: Certification No. of surplus capital increase for issuance of ordinary shares: 2006.07.17 EF1 Document No. 0960035874

Note 11: Certification No. of surplus capital increase for issuance of ordinary shares: 2008.07.23 EF Document No. 0970037149

Note 12: Certification No. of surplus capital increase for issuance of ordinary shares: 2009.08.17 EF Document No. 0980041027

Note 13: Certification No. of surplus capital increase for issuance of ordinary shares: 2011.08.11 EF Document No. 1000037465

Note 14: Certification No. of surplus capital increase for issuance of ordinary shares: 2012.08.15 EF Document No. 1010035879

Note 15: Certification No. of surplus capital increase for issuance of ordinary shares: 2013.07.30 EF Document No. 1020029537

Note 16 : Certification No. of surplus capital increase for issuance of ordinary shares: 2014.07.04 EF Document No. 1030025378

Note 17 : Certification No. of surplus capital increase for issuance of ordinary shares: 2015.07.28 EF Document No. 1040028513

Note 18: Latest certified public issuance or retirement date of stocks: 2019.05.28 EF Document No. 10801060790

Unit: Stock  
2024/04/28

Stock Kind	Authorized Stock			Note
	Outstanding Stock	Unissued Stock	Total (Note)	
Registered Stock	303,616,617	146,383,383	450,000,000	The 20,000,000 stocks are retained for stock option certificates, including employee stock options and convertible bonds with stock options attached, etc.

## ii. Shareholder Composition

Stock Transfer Suspension Date: 2024/04/28

Number\ Shareholder Composition	Government Agency	Financial Institute	Other Corporation	Individual	Foreign Agency & Outsider	Total
Number of People	1	14	38	10,517	145	10,715
Shareholding Number	12	2,083,767	12,298,666	264,165,367	25,068,805	303,616,617
Shareholding Ratio	0.00%	0.68%	4.05%	87.01%	8.26%	100.00%

iii. Public Ownership

2024/04/28

Shareholding Grade	Shareholder Number	Number of Share held	Shareholding Ratio
1 ~ 999	3,477	458,033	0.15%
1,000 ~ 5,000	5,808	10,967,373	3.61%
5,001 ~ 10,000	691	5,409,786	1.78%
10,001 ~ 15,000	207	2,604,656	0.86%
15,001 ~ 20,000	138	2,483,923	0.82%
20,001 ~ 30,000	104	2,634,448	0.87%
30,001 ~ 40,000	58	2,018,458	0.67%
40,001 ~ 50,000	44	1,993,596	0.66%
50,001 ~ 100,000	66	4,763,774	1.57%
100,001 ~ 200,000	44	6,080,205	2.00%
200,001 ~ 400,000	26	6,849,511	2.26%
400,001 ~ 600,000	16	7,935,026	2.61%
600,001 ~ 800,000	8	5,536,180	1.82%
800,001 ~ 1,000,000	8	7,118,999	2.34%
1,000,001 Above	20	236,762,649	77.98%
Sum	10,715	303,616,617	100.00%

iv. Major Shareholder List

2024/04/28

Name of Shareholder	Stock	Number of Share held	Shareholding Ratio
Jason Lo		86,087,121	28.35%
Peter Lo		61,229,933	20.17%
May Lo		17,195,413	5.66%
Teresa Lo		14,936,094	4.92%
Crista Lin		13,453,859	4.43%
Cindy Lo		12,776,199	4.21%
Ya-Han Lo		9,105,402	3.00%
Qiao Tai Investment Co., Ltd.		4,552,330	1.50%
Chiao Lian Technical Consultant Co.		3,094,888	1.02%
HSBC Fiduciary Custody of the North Carolina Equity Investment Fund Portfolio Trust Investment Account		1,674,000	0.55%

v. Market Price/Net Worth/Dividends Per Share for Past 2 Fiscal Years

Item		Year	2022	2023	2024/01/01~ 2024/03/31 (Note 8)
Market Price Per Share (Note 1)	Highest		86.20	83.10	76.30
	Lowest		50.20	56.10	63.10
	Average		61.14	70.68	70.00
Net Worth Per Share (Note 2)	Before Distribution		31.21	31.76	31.02
	After Distribution		30.61	30.76	N/A
Dividend Per Share	Weighted Average Number of Share		303,616,617	303,616,617	303,616,617
	Dividend Per Share (Note3)		1.42	2.34	(0.46)
Dividend Per Share	Cash Dividend		0.60	1.0	N/A
	Stock Dividend Distribution	bonus issue of shares from retained earnings	-	-	N/A
		bonus issue of shares from capital reserve	-	-	N/A
	Accumulated Unpaid Dividend (Note 4)		-	-	N/A
Analysis of Return on Investment	P/E Ratio (Note 5)		43.06	30.21	N/A
	P/D Ratio (Note 6)		101.90	70.68	N/A
	Cash Dividend Yield (Note 7)		0.98%	1.41%	N/A

\*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Use the number of issued shares at year end as the basis and keep record in accordance with next year's distribution under the resolution of the board of directors or the next annual shareholders meeting.

Note 3: Provided that there's dividend distribution to be retroacted or adjusted, set forth the earnings per share before and after the adjustment.

Note 4: If the equity securities issuance conditions agree that any undistributed stock can be accumulated and distributed in the surplus year, the accumulated unpaid stocks shall be disclosed up to this year.

Note 5: P/E Ratio=average closing price per share this year/earnings per share

Note 6: P/D Ratio=average closing price per share this year/cash dividend per share

Note 7: Cash Dividend Yield=cash dividend per share/average closing price per share this year

Note 8: Net worth per share, earnings per share shall be calculated and reported up to the latest season of the publication of this Annual Report and verified

by accountants; other tables shall be filled in with information up to the date of this annual report.

vi. Company Dividend Policy & Implementation:

Johnson Health Tech shall not pay dividends or bonuses, if there is no surplus earnings. The company has distributed cash dividends to its shareholders every year since 2003, seeking to maintain a steady and sustainable dividend policy. Generally, the company belongs to a gradually expanding business and environment, and only its reinvestment businesses are still developing. Due to its expansion and reinvestment plans, the company would distribute its shareholder dividends based on the principle of distributing 40%~80% of the net worth every year after estimating the legal reserve and special surplus reserve. The annual shareholder cash dividends shall not less than 10% of the total dividends. The recipient and ratio of the employee bonus shares shall be determined based on the “Regulations on Employee Dividends” authorized by the Board of Directors.

Johnson Health Tech motioned the 2023 Surplus Distribution Case on 2024/03/14 for the final resolution of the Board of Directors. Once the motion is passed by shareholder votes on 2024/06/26, it will be implemented thereof.

vii. The impact of the motion of this year’s share distribution on the Company’s business performance and earnings per share:

Item		Year	2023
Initial Paid in Capital Account			3,036,166,170
Share Distribution	Dividend per share (Note 1)		1.0
	Surplus capital increase for shares allocated (Note 1)		-
	Capital surplus increase for shares allocated		-
Operating Performance Status	N/A (Note 2)		N/A (Note 2)
	Operating Margin compared to the previous year		
	Net Profit		
	Net Profit compared to the previous year		
	Earnings per share		
	Earnings per share compared to the previous year		
Estimated earnings per share and P/E ratio	Surplus capital increase for cash dividends	estimated earnings per share	N/A (Note 2)
		Estimated average rate of return on investment	
	If no capital reserve increase	Estimated earnings per share	
		Estimated average rate of return on investment	
	If no capital reserve increase, but distributed surplus capital increase for cash dividends	Estimated earnings per share	
		Estimated average rate of return on investment	

Note 1: In accordance with resolution in the 2024 Annual Shareholding Meeting; but cash dividends shall be resolved by Board of Directors in compliance with Company Act, Article 1, Paragraph 3, Article 30, and reported in Shareholder Meeting

Note 2: Based on the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” the company doesn’t need to disclose its 2024 financial forecast information to the public.

viii Employee and Director Remuneration:

1. Percentage or scope of employee remuneration and director in articles of corporation by-law remuneration

If the company earned profits this year, it shall allocate no less than 1% to remunerate employees, and no higher than 5% to remunerate the directors. However, if the company accumulates deficits, it shall reserve remuneration in advance. The employee remuneration may be paid in stock or cash, but the object of payment must meet the requirements of the employees.

2. The employee, director, or supervisor remunerations of this period were accumulated based on the allocation of stock and actual cash amounts; any discrepancies would be handled by accounting: Considering the rules of corporation by-laws and actual operating conditions, the company’s resolution to distribute employee and director remunerations in 2023 amounted to NTDS\$ 18,600,000 which was the difference between the

amount of expenses recognized in 2023 and NTD\$1,400,000 has been recognized as profit and loss in 2024.

3. Remuneration approved by the Board of Directors:

(1) Allocated remuneration amounts paid in cash or stock:

	Unit: NTD in Thousand 2023
Employee Cash remuneration	10,000
Director remuneration	8,600
Sum	18,600

(2) Earnings per share after the forecasted employee and director remuneration:

As employee and director remunerations are paid, they do not affect this period's net worth.

4. Surplus of last year allocated for employee and director remuneration

Allocation of the 2022 surplus:

Shareholder cash dividends:	181,752,970 (per share NTD\$ 0.6)
Director remuneration:	7,200,000
Employee remuneration:	10,000,000

The actual allocation of employee remuneration and director remuneration is consistent to the estimated one.

ix. Repurchase of company stocks

1. Status of repurchasing of company stocks (completed)

Repurchase Number/Time	First Time	Second Time	Third Time
Repurchase purpose	Stock transferred to employees	Stock transferred to employees	Stock transferred to employees
Repurchase period	2016/03/22~ 2016/04/13	2019/07/26~ 2019/08/02	2020/03/23~ 2020/05/22
Repurchase price range	NTD\$ 45~75	NTD\$ 70~100	NTD\$ 40~80
Repurchase stock kind & number	900,000 stocks	600,000 stocks	531,000 stocks
Repurchase stock Value	NTD\$ 48,975,331	NTD\$ 47,859,684	NTD\$ 32,305,935
Number of retired or transferred stocks	900,000 stocks	0 stock	436,000 stocks
Accumulated number of stocks held	0 stock	600,000 stocks	95,000 stocks
Percentage of accumulated number of stocks held in total issued stocks (%)	0%	0.2%	0.03%

2. Repurchase stocks (under transaction): N/A

## 2. Corporate Bond

Kind of Company Loan		2019 First Time Secured Bond
Issuance Date		2019/08/29
Market Value		NTD\$ 1 million
Place of Issuance and Transaction		Taipei Exchange (TPEX)
Issuance Price		Issuance in full value
Total Sum		NTD\$ 2 billion
Interest		Fixed annual interest 0.83%
Period		5-year period, date of expiration: 2024/08/29
Guarantee Agency		Taiwan Cooperative Bank
Trustee		Taipei Fubon Commercial Bank
Underwriting Agency		Taiwan Cooperative Securities
Certified Public Lawyer		Far East Law Offices Chiu, Ya Wen
Certified Public Accountant		Ernst & Young Global Limited Chen, Ming Hung
Repayment method		5 years within the issuance date, One-off principal repayment upon maturity
Outstanding Principal		NTD \$ 2 billion
Redemption or Prepayment Clause		None
Restriction Clause		None
Credit Evaluation Agency, Evaluation Date, Results		N/A
Other Rights	Transferred Stocks, Depository Receipt, Other valuable Securities (Exchange or Subscription) As of Today	None
	Issuance & Transfer Method (Exchange or Subscription)	None
Method of Issuance, Transfer, or Subscription, Issuance Conditions that might cause dilution and impact on shareholders' rights		None
Exchange and Trustee Agency		None

**3. Preference Shares:** None.

**4. Depository Receipt:** None.

**5. Employee Stock Option & Restriction of Employee Ownership of New Stock:** None.

**6. Acquisition or Transfer Other Company's Issuance of New Stock:** None.

**7. Application of Funds:** None.

## V. Operation Overview

### 1. Business Contents:

#### i. Business Scope

The company belongs to the medical health equipment industry, whose main businesses include cardiopulmonary resuscitation fitness machine series and their research & development, designing, production, sales, and after-sales service. Its products include “electric treadmill,” “vertical and reclining exercise bikes,” “elliptical machine,” “rowing machine,” “stepper,” “weight training machine,” etc., plus electric massage chair series, and in addition to Japan Fujiiryoki’s high-quality massage chairs and merchandise, also conducting research and producing home-made massage chairs.

#### 1. Main businesses:

- (1) Medical equipment manufacturing
- (2) Medical equipment wholesale
- (3) Medical equipment retailer
- (4) Sports goods, athletic equipment manufacturing, wholesale & retailer
- (5) Mold manufacturing, wholesale and retail
- (6) Other mechanical and electrical equipment manufacturing (motor)
- (7) Electrical component manufacturing
- (8) Materials wholesale & retailer

#### 2. Operating Proportion

Item Name	2022	2023
1. Fitness equipment	85.1%	87.2%
2. Electrical massage chair	14.8%	12.7%
3. Other	0.1%	0.1%
Sum	100%	100%

#### 3. Current Company Products & Services

##### Current Main Products on the Market:

Product	Explanation
1. Electrical Treadmill	TM series product
2. Recumbent Exercise Bike	RB series product
3. Fitness Bike	CB、FC series product
4. Elliptical Machine	EP series product
5. Stepper	HS、CS series product
6. Rowing Machine	AR series product
7. Weight Training Machine	GM、FW、MS series product
8. Electrical Massage Chair	KMR、TSA series product
9. Other Merchandise	Export fitness machine (Fujiiryoki)、fitness merchandise

#### 4. New Product Program Development

- (1) Matrix brand: developing electrical treadmill and weight training product for markets on upper class chain fitness club and international hotel
- (2) Vision brand: developing products for low-budget clubs and community clubs

(3) Horizon brand: large-scale fitness supermarket series product, fitness utility special store new product

(4) New series of electrical massage chairs

(5) Welltivity: digital video and audio streaming products

ii. Technology and R&D Overview

1. R&D expense amount in the recent years (consolidated statements):

To enhance the competitive edge of its products, this company focused on developing the homemade brands in order to buttress the global marketing channels. The following disclosed the R&D expenses from the recent 2 years to the publication of this annual report.

Unit: NTD in Thousand

Year Item	2024 Up to 3/31	2023
R/D expense	289,636	1,061,934
Net income	8,026,174	38,069,563
R/D expense/Net income (%)	3.61	2.79

Data source: provided by the CPA Financial Report

2. Fruits of Successful Technological or Product Development

Year	Fruits of Research & Development
2022	(1) Matrix Electrical Treadmill Series, 5 types (2) Matrix Fitness Bike & Elliptical Machine Series, 15 types (3) Matrix Strength Training Machine Series, 13 types (4) Vision Strength Training Machine Series, 1 type (5) Horizon Strength Training Machine Series, 1 type (6) Horizon Electrical Running Machine Series, 15 types (7) Horizon Fitness Bike & Elliptical Machine Series, 9 types (8) Fujiiryoki Massage Chair Series, 3 types (9) Johnson Fitness Bike & Elliptical Machine Series, 1 type (10) Johnson Massage Chair Series, 2 types
2023	(1) Matrix Electrical Treadmill Series, 53 types (2) Matrix Fitness Bike & Elliptical Machine Series, 9 types (3) Matrix Strength Training Machine Series, 66 types (4) Vision Electrical Treadmill Series, 5 types (5) Vision Fitness Bike & Elliptical Machine Series, 4 types (6) Vision Strength Training Machine Series, 9 types (7) Horizon Electrical Treadmill Series, 9 types (8) Horizon Fitness Bike & Elliptical Machine Series, 9 types (9) Johnson Massage Chair Series, 6 types (10) SYNCA Massage Chair Series, 2 types (11) Inner balance Massage Chair Series, 1 type

3. Future R&D Projects and Estimated Expenses

(1) Recent-Year R&D Projects: The company's mass production of its new products was scheduled based on its project development progress, and the second half will be devoted to the development of new products for the next year.

(2) Projects for the Future 3 Years

Item	Product Development Strategy	Main Product	Estimated invested capital (NTD)
1	Electrical control component research	Motor/ Control Board	18 million

	& development		
2	New generation HMI platform development	Embedded console	25 million
3	Integrated audio-visual multimedia & wireless functions	CV full series	8 million
4	Cloud technology application development	Basic GUI console Welltivity	5 million
5	Online video streaming development		10 million
6	AI development	Welltivity AtZon	25 million
7	New model business machine development (Onyx)	CV full series	80 million
8	Low-budget commercial mode development	CV weightlift series	30 million

(3) Impact Factors for Future Research Successes:

- A. Hiring human resources on electrical control, or institute and product managers.
- B. Hiring AI, Web, APP human resources
- C. Key component and key technology development, such as motor, control panel, generator, running board, running belt and scroll wheel, etc.
- D. R&D project progress management
- E. Nurturing professional safety and testing talents
- F. Enhancing the management capability of R&D center and function

heads

iii. Long- and Short-Term Business Development Projects:

1. Short-Term:

- (1). CV & weight training new product development & old product improvement
- (2). Light club product line and upper-class domestic special store series new product launch
- (3). European & American large-scale channels series for the launch of new product, athletic product chain stores and special stores

2. Long-Term:

- (1). Commercial fitness club and international chain hotel business development
- (2). New product business division performance and channel expansion
- (3). Continuance of store, channel acquisition & merger in order to consolidate the market share

**2. Market & Production Overview**

i. Market Analysis

1. Major Product Marketing Regions (Calculated as Consolidated Revenue):

Unit: NTD in thousand

Year \ Region	2022		2023	
	Amount	Proportion	Amount	Proportion
American Region	15,923,883	51.0%	19,430,687	47.4%
European Region	8,314,697	23.9%	9,085,666	24.7%
Asian Region	7,801,970	21.1%	8,022,223	23.2%

Other	1,572,397	4.0%	1,530,987	4.7%
Sum	33,612,947	100.0%	38,069,563	100.0%

## 2. Future Market Share and Supply & Demand Condition and Growth

### i. Future Market Share and Growth

According to the 2019 research statistics provided by the International Health, Racquet & Sports Club Association, IHRSA, the number of people worldwide who own a fitness membership was 184 million, amounting to USD\$ 96 billion revenues, for a total of over 210,000 clubs. IHRSA also predicted in 2018 that the number of people in 2030 joining fitness clubs would reach the target of 230 million. Although 2020-2021 was disrupted by the COVID-19 epidemic, the public realized the importance of strengthening their own resistance to the virus, so the goal remains unchanged. As the research institute and the industry forecasted, as of 2030, the global fitness equipment industry is likely to maintain a 6% natural growth in business. Moreover, the Asian Market, which used to have a low penetration rate of the fitness population, is expected to be the major growth area in the future.

### 【2020-2024 Global Interactive Fitness Market】



According to the results accumulated from Allied Market Research, the global fitness equipment market scale is expected to grow up to USD\$ 15.4 billion in 2028, with the growth of CAGR reaching 0.3%. Among the trend, Asia-Pacific region makes the fastest growth, especially with the growth of such new market demands coming from India and China. However, currently, the European and American countries still occupy the largest fitness equipment consumption market in the world, accounting for 60% of the global market share, and also the largest export countries for Taiwan.

Note worthily, the major growth momentum of the fitness equipment industry in the future few years would still be claimed by the commercial areas. Nonetheless, in the post-pandemic era, the global domestic fitness equipment market has increased due to people's growing awareness of the healthy lifestyle and higher personal disposable income. Accordingly, the North American region has occupied a dominant place in the market. Other trends that led to the

dominance of the North American market include the wearable equipment used for self-monitoring and for simulation teamwork, the two of which have blurred the boundary of domestic training and club exercising, and thus spur the clients' demand for domestic fitness equipment. It is expected that, as of 2027, the global domestic fitness equipment market will increase by 7.8% in compound annual growth rate.

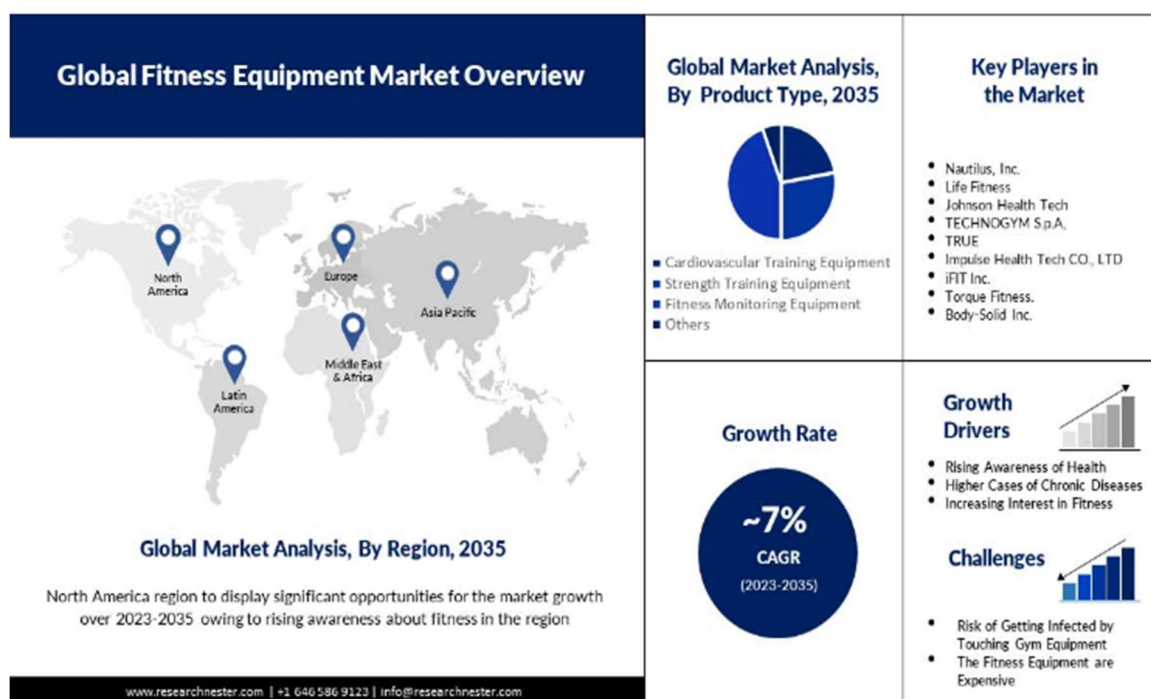
With rising consumer concerns toward health and fitness, the number of populations who do exercise surged. In addition to the polarized development of global fitness clubs, the fitness industry in Taiwan flourished quickly. Despite being relatively slow when compared to other Asian countries, the Taiwanese government has participated in the industry by planning to construct more national gymnastic centers in the future few years. Consequently, the upward potential of this industry is worthy of our attention.

## (2) Industry development trend

According to the latest global fitness trend ranking provided by ACSM (American College of Sports Medicine), the top 10 global fitness activity trends in 2024 are ranked as the following: Wearable technology, bodyweight training, workplace health promotion, elder fitness programs, functional fitness training, outdoor activities, high-intensity interval training, insurance reimbursement for qualified exercise professionals (QEPs), sports-specific training, hiring certified fitness professionals, personalized training, sports APP, the role of exercise in mental health, youth sports development, personal trainer training etc.

Global fitness equipment market types can be divided into cardiovascular training equipment, weight training equipment, and other equipment, and also into types of users (domestic consumers, fitness club users, and other commercial users) and areas. The cardiovascular training equipment fall into the following categories: running machine, elliptical machine, and stationary bike, rowing machine, etc. The weight training category covers light upper body and light lower body, back, and abdomen training equipment, whose accessories include the mat and dumbbell. Domestic consumers are users at home, in apartments or larger gymnasiums. Other commercial users go to hotels, offices, hospitals, medical centers, and public institutions.

It is worth noting that as the global pandemic situation improves and policies are relaxed in various countries, people's fitness habits and needs have changed. Most people have returned to the gym and given up on exercising at home. It is worth paying attention to the wearable device is still in the first place, technology continues to have a great impact on the world, especially now AI is rapidly developing, technology-related auxiliary sports part of the future trend; another APP with the wearable device, the future training records, sports social and reminder, health functions, but also to provide a very big help, and can greatly increase the motivation of the movement.



According to Research Nester, the global fitness equipment market is expected to grow further to USD 18 billion by 2035, at a CAGR of 7.0% from 2023 to 2035. Based on region, the fitness equipment market has been studied in North America, Europe, Asia Pacific, South America, Middle East and Africa. North America leads the market in terms of market share. Increase in disposable income and rapid economic growth in Asia Pacific region has led to increase in sedentary lifestyle and fast food expenditure leading to unhealthy lifestyle. This has increased the incidence of lifestyle diseases such as obesity, diabetes, heart disease, hypertension and other bone diseases. Increasing awareness of the long-term consequences of such diseases is encouraging people to stay healthy by exercising in gymnasiums and fitness centers. In addition, the rapid urbanization of developing economies is increasing the youth population. The Asia-Pacific fitness equipment market is expected to hold the largest market share among all other regions by the end of 2035.

The forecast future industrial trend is as follows:

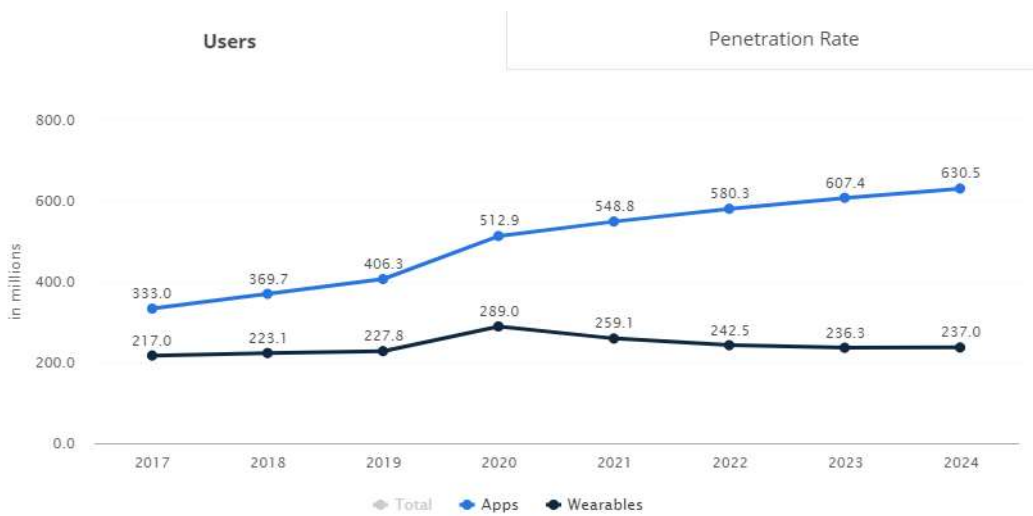
- 1). Under the impact of the European and American fitness sports market, in addition to the technological advancement as a drive for losing weight and for reducing the difficulty of workout, people who don't exercise no longer feel resistant to nor are fearful of the idea.
- 2). The function of the fitness equipment is no longer limited to exercises. It gradually goes beyond to the rehabilitation and health care areas. Likewise, the user populations expand from the youth to the aged. Especially with the increasing diversification of fitness equipment, which indicates that the product is not subject to polarized pricing, users of different levels can find different incentives to cope with their needs.
- 3). The concept of health care becomes a popularized idea. Other than the high regard from public institutions and schools, many large-scale

enterprises also start to establish fitness & leisure equipment for the use of employees. In recent years, more and more households and construction developers pride themselves in owning the fitness centers as a selling point. This emphasis on fitness centers shows that the awareness of sports and fitness is gaining traction in Asia.

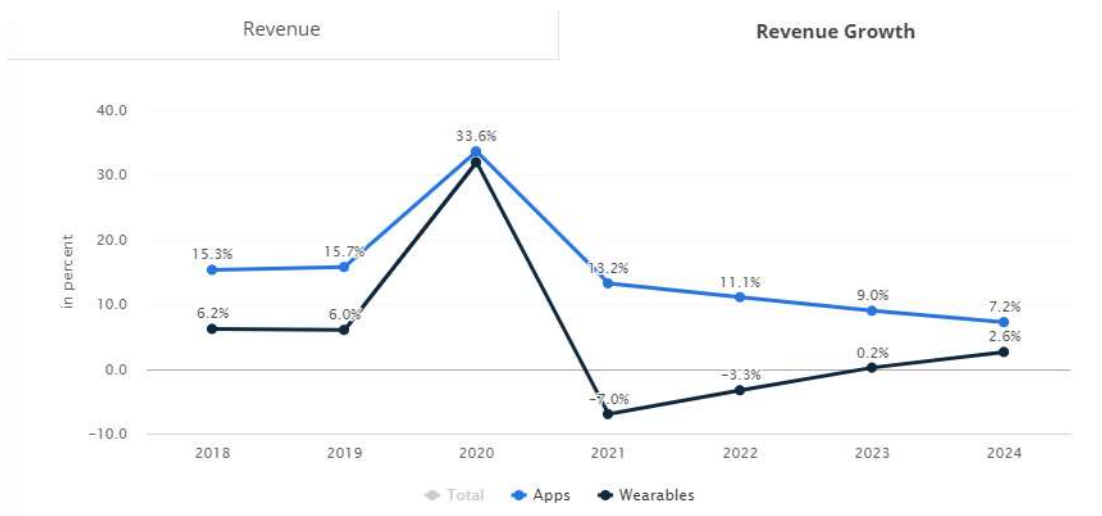
- 4). With the advancement of technology, the user experience in fitness equipment has improved significantly, such as by incorporating games or an achievement system into its user experience, or by spurring the users' desire or motivation for exercises. For example, this year's bestselling but under-supplied product, Nintendo Switch brand, "Ring Fit Adventure," opened up much business opportunities and potentials.
  
- 5). As wearable smart devices such as the smart watches have grown mature and popular nowadays, keeping fit is no longer shown through slowly losing weight or having body curve. With the help of the smart devices, users nowadays can easily know his or her calorie loss or cardiorespiratory condition, and thus keep a clear daily workout load and progress. In the meantime, fitness equipment has gradually integrated with digital training courses, making working out as easy and convenient as doing daily chores.

**【The number of Users in the Fitness Market Forecast】**

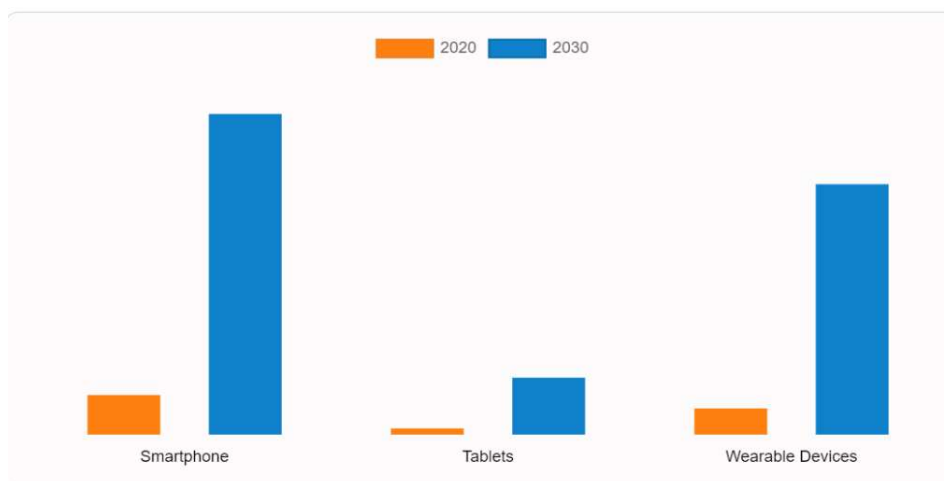
As of 2024, in the Apps area, the number of users is expected to reach 630.5 million.



**【The Fitness Market User Rate Forecast】**



**【Allied Market Research-Fitness App Equipment Type Forecast】**



Smartphones are expected to be one of the most profitable fitness markets.

**(3) Future Market Supply & Demand Potentials**

According to the American Run Repeat Analysis Report, the three 2021 fastest growths in the fitness trends are growth in domestic fitness equipment (up by 49.6%), growth in private coach/nutritionist online fitness courses (up by 47.5%), and growth in curriculum and subscription (up by 16.8%). Domestic fitness witnesses explosive growth. In 2022, with the increase in vaccine coverage, this phenomenon will gradually return to the normal level, showing that gyms are still a more acceptable sports venue for the public; Regularly updated equipment and environment, as well as the guidance of professional coaches, the above incentives are irreplaceable advantages of online courses and home workout in the short term. Looking forward to the post-epidemic era, people are gradually returning to gyms/outdoor activities. There is still a

certain scale of domestic fitness equipment, but in terms of growth rate in 2023, the commercial equipment will be higher than domestic.

From the perspective of the US' export market, Taiwan, Mainland China, Canada, and Mexico are all major import countries of the US fitness equipment products. As we may see, if our proprietors take advantage of the processing division of labor in Southeast Asia for processing, it would greatly escalate our export competitiveness to the US market, thereby serving as a major supply country of the fitness equipment.

#### (4) Positive and Negative Measures for the Industrial Prospect

##### A. Positive factors

##### a. Comprehensive Product Line

The Johnson Tech Company owns a comprehensive product line, most of which are composed of cardiopulmonary resuscitation fitness function such as "Electrical Treadmill," "Standing Fitness Bike," "Recumbent Exercise Bike," "Elliptical Machine," "Treadmill Machine," and "Rowing Machine," etc. Moreover, the company has actively engaged in developing commercial and upper-class domestic weight training series products, which come in numerous specifications and multifarious functions that can satisfy the varying needs of consumers. In the market variation, Johnson Health Tech Company owns the high-end Matrix brand featuring the upper-class fitness club or the commercial market such as five-star hotels, etc., Vision brand featuring professional fitness market channels, corporations, or community clubs, etc., and Horizon brand featuring the domestic market. The virtual online product, "Magic Mirror," hit the market because of the demand. The company looks forward to meeting the different consumer communities' needs through diverse brand strategies, seeking to escalate the product market rate and strengthen the company's market competitiveness.

##### b. R&D and Creativity Sustainability

Johnson Health Tech is composed of an international R&D team of nearly 250 people (coming from the US, Taiwan, and Shanghai, etc.). The Taiwanese and Shanghai research fellows earned degrees and education backgrounds in electronics, computer science, materials science, human engineering, mechanics configuration, and electrical engineering, together with the efforts of overseas brand marketing departments in charge of product "appearance," "style & color," "human engineering," "integration application of functionality and technology," which help the research products possess such advantages unavailable to most competitors as "market oriented," "highly advanced in technology," "fashionable," etc.

##### c. Global Deployment Capacity

Johnson Health Tech is devoted to manufacturing vertically integrated products which allow the prices to become more competitive, thus helping the company grow into one of the few companies who own self-made products and marketing channels. In addition to tapping into the domestic market, the Company has 40 subsidiaries and more than 458 retail dealers in North America, China, UK, France, Spain, Japan, Thailand, Italy, Malaysia, Brazil, Germany, Australia, Vietnam, Poland, Greece, Philippines, Dubai, Mexico, Canada, Denmark, Russia, Indonesia, Czech Republic, Turkey, South Africa and other places. The strongly built marketing network has facilitated its services in the global market, thereby enhancing the popularity and market share of its products.

##### B. Negative Factors and Countermeasures

According to the SGMA study, the sports fitness equipment industry has suffered from the following major negative factors:

##### a. With the soaring materials and shipping prices in recent years, the

major fitness equipment suppliers are facing the challenge of controlling production costs and capacity utility rate.

- b. Due to the instability of the macroeconomic in recent years, the decline or discontinuity of shopping inclination also become a negative factor for future consideration.
- c. As several major labor supply countries change their policies, the human costs impose a great pressure on the manufacturers, whose increasingly rising labor costs may develop into a negative factor for the highly labor-intensive industry like the fitness sector.
- d. Because of the attention to consumer consciousness, building an instant and satisfactory customer service system is critical for many large manufacturers.
- e. During the COVID-19 epidemic, the commercial market and the domestic market faced a major shift. After this turmoil, companies focusing on commercial equipment in the past must consider the challenges they may face in the post-epidemic era.

The measures taken to cope with the aforementioned negative factors are as follows:

- a. developing key components continually, accelerating product research and development, and designing high-tech mass production capacity, so as to keep up its cost advantage.
- b. strengthening the building of marketing channels, sales & after-sales service to enhance customer satisfaction, shorten response speed, and enhance brand image and popularity.
- c. Constructing international product R&D team, making the products meet the market trend, and taking advantage of fashion and launch time of the new products
- d. During the Covid-19 pandemic, many people change their styles of exercising, and choose to workout at home, and with a smart watch or wearable fitness tracker, we will also develop apps that can be paired with it to increase the motivation to exercise.
- e. Integrate mass merchandising, e-commerce, retail stores and digital products to develop a new business model that combines online and offline.

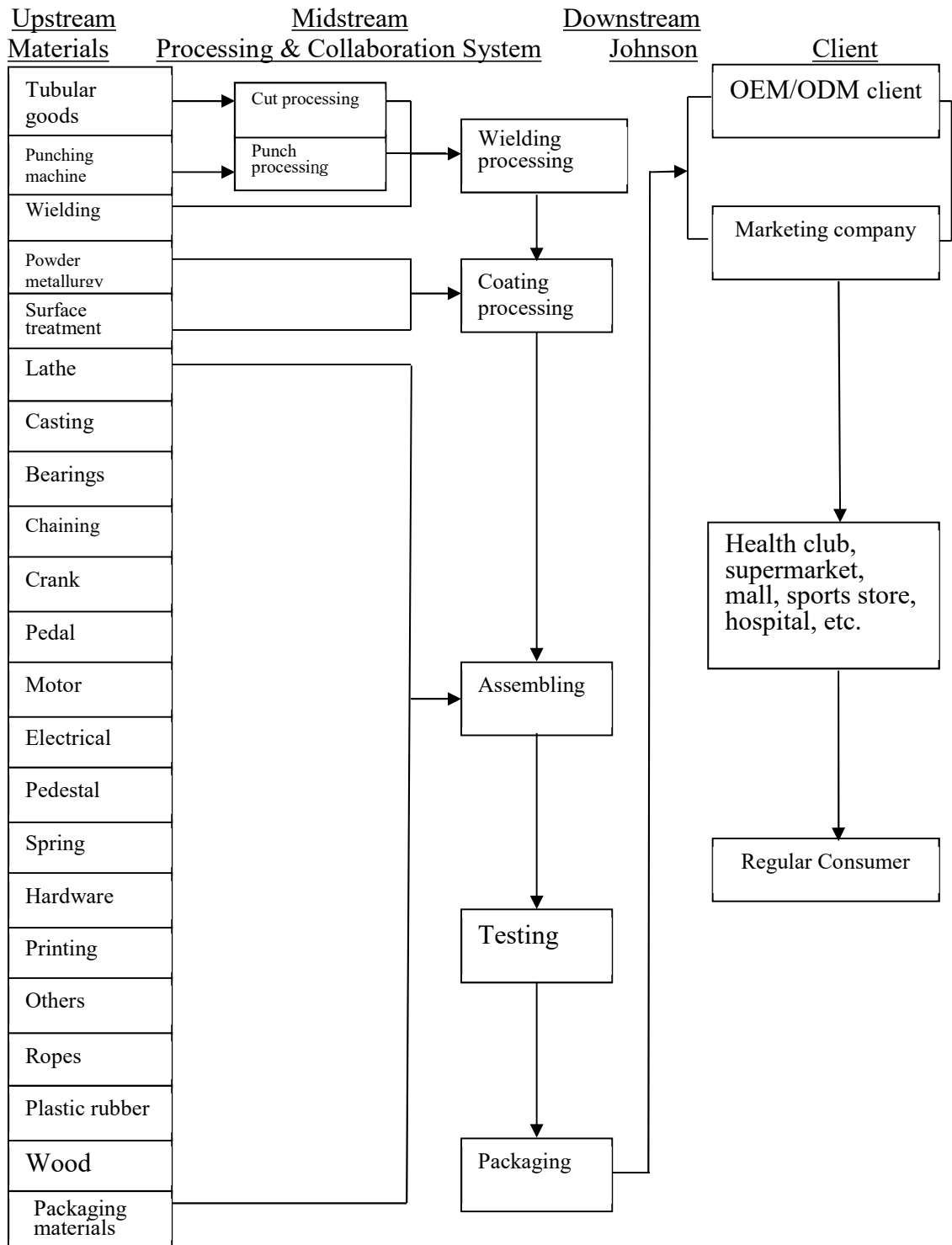
## ii Function and Manufacturing Procedures for Major Products

### 1. Functions of Major Products

Product Types	Major Functions
Cardiopulmonary resuscitation fitness machine	Used in rehabilitation centers, hospitals, fitness centers, households, etc., helping burn body fat and consume calories, improving cardiopulmonary resuscitation, to reach the desirable health care and medical effects
Aerobic fitness machine	Used for enhancing cardiopulmonary ability, strengthening ability and effectiveness of your muscular consumption of oxygen, reducing muscle fatigue, keeping your body to undergo certain exercise intensity
Weight training machine	Used for increasing muscular strength, magnifying muscular fiber, fostering muscular growth and development, even making the bone to generate “counter” effect, reducing bone loss, increasing bone strength

Product Types	Major Functions
Other components	Providing customers with after-sales services and replacement for damaged components
Merchandise	Providing consumers with other related sports facilities
Electrical massage chairs	Using mechanic roller and compression to give massages, which can clear meridian, circulation of blood, maintain body balance, keep muscles relaxed, joints flexible, lift one's spirits and relieve fatigue

## 2. Manufacturing Process



iii. Supply Condition of Major Ingredients

Ingredient Names	Supplier	Country
Electrical dashboard & components	Wistron Corporation Johnson Health Technology (Shanghai) Co., Ltd. Hon Hai Precision Industry Co., Ltd.	Taiwan China Taiwan
Motor	Johnson Health Technology (Shanghai) Co., Ltd. J-Star Motor Industrial Co., Ltd.	China Taiwan
Lathe	Shie Sing Industrial Co., Ltd. Ho Hao Wei Precision Co., Ltd. YO SHING PRECISION CO., LTD.	Taiwan Taiwan Taiwan
Punch	Ju Chang Co., Ltd. Chia Hsin-Chou Industrial Co. Zhong Yi Industrial Co.	Taiwan Taiwan Taiwan
Tubular	Shang Hsing Steel Industries Co., Ltd.	Taiwan
Plastic	Dong Sha Enterprise Co., Ltd. Kai Ware Company Limited Chiu-Chu Enterprise Co.	Taiwan Taiwan Taiwan
Pedestal	Yu Tai Co. Ltd.	Taiwan
Hardware	Chang Cheng Enterprise Co., Ltd.	Taiwan
Running Board	Chyuan Sheng Plywood Co., Ltd.	Taiwan
Running Board	Habasit Group GEOTUN INDUSTRY CO., LTD.	Switzerland Taiwan

iv. Trading Client List for Major Imports

1. Trading client information this year and in the recent two years (parent company only financial statements):

Unit: NTD in Thousand; %

Item	2022				2023				2024/03/31			
	No. (Code)	Sales Amount	Yearly Sales Rate (%)	Affiliation	No. (Code)	Sales Amount	Yearly Sales Rate (%)	Affiliation	No. (Code)	Sales Amount	Yearly Sales Rate up to today (%)	Affiliation
1	1001372	4,639,651	34.01%	Subsidiary	1001372	4,282,441	30.69%	Subsidiary	1001372	1,109,934	31.86%	Subsidiary
2	1000600	1,382,988	10.14%	Sub-subsiary	1003220	1,493,320	10.70%	Sub-subsiary	1003220	512,052	14.70%	Sub-subsiary
3	1000024	831,456	6.09%	Sub-subsiary	1000600	1,220,216	8.75%	Sub-subsiary	1000600	185,743	5.33%	Sub-subsiary
4	1001229	770,641	5.65%	Sub-subsiary	1000024	628,674	4.51%	Sub-subsiary	1001237	161,495	4.64%	Sub-subsiary
5	1003220	765,432	5.61%	Sub-subsiary	1001237	531,489	3.81%	Sub-subsiary	1001229	117,451	3.37%	Sub-subsiary
6	1002621	373,797	2.74%	Sub-subsiary	1000018	470,977	3.38%	Sub-subsiary	1000031	115,809	3.32%	Sub-subsiary
7	1001608	350,294	2.57%	Sub-subsiary	1001608	382,153	2.74%	Sub-subsiary	1000024	112,320	3.22%	Sub-subsiary
8	1001237	336,224	2.46%	Sub-subsiary	1002586	363,241	2.60%	Sub-subsiary	1000052	80,719	2.32%	Sub-subsiary
9	1002586	318,487	2.33%	Sub-subsiary	1002621	304,557	2.18%	Sub-subsiary	1000018	76,567	2.20%	Sub-subsiary
10	1000052	291,913	2.14%	Sub-subsiary	1000031	297,237	2.13%	Sub-subsiary	1001608	71,306	2.05%	Sub-subsiary
	Other	3,581,505	26.26%		Other	3,978,635	28.51%		Other	940,363	26.99%	
	Sales Total	13,642,388	100.00%		Sales Total	13,952,940	100.00%		Sales Total	3,483,759	100.00%	

Note on changes of total sales amounts by more than 10% in the recent two years:

The change in the total sales amount by more than 10%: The same client No. 1001372 ; 1000600 Due to the recovery of the household market in 2023.

2. Major Supplier Information for the Recent 2 Years (Parent Company only Individual Statements):

Unit: NTD in Thousand ; %

Item	2022				2023				2024/03/31			
	No. (Code)	Amount	Yearly Import Amount Rate (%)	Affiliation	No. (Code)	Amount	Yearly Import Amount Rate (%)	Affiliation	No. (Code)	Amount	Yearly Import Amount Rate up to today (%)	Affiliation
1	3927	5,921,199	61.77%	Sub-subsiary	3927	5,632,191	58.49%	Sub-subsiary	3927	1,349,960	54.77%	Sub-subsiary
2	6970	924,924	9.65%	Subsidiary	6970	1,735,675	18.03%	Subsidiary	6970	549,741	22.31%	Subsidiary
3	1100	520,462	5.43%	Sub-subsiary	1100	350,034	3.64%	Sub-subsiary	1100	91,678	3.72%	Sub-subsiary
4	5428	209,869	2.19%	Not affiliated	8233	129,610	1.35%	Not affiliated	4538	33,591	1.36%	Not affiliated
5	3209	122,400	1.28%	Subsidiary	7899	107,350	1.11%	Not affiliated	7899	29,232	1.19%	Not affiliated
6	1656	98,872	1.03%	Not affiliated	1656	75,135	0.78%	Not affiliated	8456	26,114	1.06%	Not affiliated
7	279	70,780	0.74%	Not affiliated	2384	73,586	0.76%	Sub-subsiary	1656	22,060	0.90%	Not affiliated
8	7899	62,308	0.65%	Not affiliated	401310	69,892	0.73%	Sub-subsiary	401310	19,039	0.77%	Sub-subsiary
9	5898	59,944	0.63%	Not affiliated	5984	68,263	0.71%	Not affiliated	5984	16,346	0.66%	Not affiliated
10	4538	57,961	0.60%	Not affiliated	4538	64,396	0.67%	Not affiliated	279	14,670	0.60%	Not affiliated
	Other	1,727,940	16.03%		Other	1,332,424	13.73%		Other	312,187	12.66%	
	Import net amount	9,776,659	100.00%		Import net amount	9,628,556	100.00%		Import net amount	2,464,618	100.00%	

Note on Change of the import amount by more than 10% in the recent two years:

The change in the import amount by more than 10% : The same client No. 3927 · Added 6970

Data source: in courtesy of Johnson Health Tech

v. Production Value Table in the Recent 2 Years (Parent Company Only Individual Statements)

Unit: NTD in Thousand

Year Production Value Main Product	2022			2023		
	Production capacity	Production Volume	Production value	Production capacity	Production Volume	Production value
Rowing machine	6,000	6,363	94,881	6,000	5,727	81,381
Fitness bike	16,000	27,653	434,068	16,000	21,055	375,112
Recumbent exercise bike	10,000	2,678	48,908	10,000	2,425	43,443
Electrical running machine	60,000	75,383	1,088,409	60,000	70,601	1,017,117
Stepper	16,000	14,670	494,655	16,000	16,856	587,254
Elliptical machine	70,000	14,569	513,283	70,000	10,643	372,643
Sum	178,000	141,316	2,674,204	178,000	127,307	2,476,950

vi. Sales Value Table in the Recent 2 Years (Parent Company Only Individual Statements)

Unit: NTD in Thousand

Year Sales Value Main Products	2022				2023			
	Domestic		International		Domestic		International	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
1. Rowing machine	173	5,669	5,420	98,381	147	5,123	5,972	109,082
2. Fitness bike	3,553	99,543	69,306	978,997	2,223	58,203	32,509	631,814
3. Recumbent exercise bike	644	23,390	10,340	194,526	593	23,523	13,683	228,465
4. Electrical running machine	4,929	219,609	228,865	5,228,617	3,756	191,731	261,298	5,592,648
5. Stepper	110	9,678	11,456	653,046	100	9,335	13,618	777,427
6. Elliptical machine	1,186	60,011	34,255	1,112,154	1,244	63,459	25,669	892,298
7. Weight Training	1,686	80,871	123,531	4,156,641	1,919	93,137	144,388	4,542,981
8. Other	211,011	653,397	1,176,469	67,858	198,017	613,636	1,525,747	120,078
Sum	223,292	1,152,168	1,659,642	12,490,220	207,999	1,058,147	2,022,884	12,894,793

### 3. Number of Employees within Recent Two Years, Average Years of Service, Average Age & Education Distribution Ratio

(The Parent Company Individual Statements)

Year		2022	2023	2024/03/31
Number of Employees	Production Employee	369	288	342
	Management Employee	645	597	619
	R&D employee	272	339	291
	Catering employee	0	0	7
	Sum	1,286	1,224	1,259
Average Age		39.1	41.05	41.11
Average Service Years		7.6	7.99	7.99
Degree Distribution Rate	PhD	0.47%	0.70%	0.40%
	Master	14.46%	14.50%	9.13%
	Junior College	47.98%	48.50%	48.85%
	High School	23.09%	34.20%	41.22%
	Under High School	14.00%	2.10%	0.40%

#### 4. Environmental Expenses

The total amount of losses and penalties suffered due to pollution of the environment for the most recent year and up to the printing date of the annual report, as well as possible future expenditures and countermeasures:

- i. Determine No. 30-112-010013, Date of Disposition: January 17, 2023. Due to the aging of the PH electrodes, the concentration of hydroxyl ions in the discharged water did not comply with the standard of discharged water, which is in violation of Article 7, Paragraph 1 and Article 40, Paragraph 1 of the Water Pollution Control Act, and the Company was fined NT\$156,000; and in accordance with Article 23 of the Environmental Education Act, the Company was required to send its employees to attend environmental lectures for two hours. Improvement measures: The Company has replaced the PH sensor electrodes at a cost of NT\$6,700 and has completed a review by the EPA.
- ii. Determine No.: 10-112-050001, Date of Disposition: May 18, 2012, because the construction of the expansion is still in the stage of review, resulting in inconsistency with the contents of the environmental impact statement, in violation of Article 17 of the Environmental Impact Assessment Law, and in accordance with Article 23, paragraph 1, subparagraph 1, of the same law and violation of the Environmental Impact Assessment Law penalty amount of fines basis for the fine of NT\$ 600,000, and in accordance with the provisions of Article 23 of the Environmental Education Law to send staff to participate in environmental lectures for four hours. In addition, in accordance with Article 23 of the Environmental Education Act, the company will send its employees to attend environmental lectures for four hours. The review of the change has been approved and the improvement has been completed. The installation of rainwater and sewage recycling water tower cost NT\$38,100.

## 5. Labor-Management Relationships

### i. Company employee welfare services & retirement system and their implementation, and the labor agreement

#### 1. Employee welfare services: <Adjustment of project hierarchy>

- (1). To enhance the employee welfare services and foster their wellbeing, the company established the Employee Welfare Committee on 10/29/1999, which functions to organize employee tours, health checks, or allocate the wedding & funeral subsidies, scholarships, injury allowances, festival gifts, year-end lottery events, etc., to also find special contract stores to expand the employee consumption rights.
- (2). In addition to providing labor and health insurances, the company shall have their employees join the group insurance to be made eligible for all kinds of benefits and subsidies, including childbirth, injuries, medicine, disability, retirement, death, etc., in keeping with the labor insurance clauses and the National Health Insurance Act. Moreover, the company also provides the employees with regular health check and all kinds of educational training, ensuring them to work at a secure and fulfilling job environment.
- (3). In accordance with its annual operation, the company will allocate year-end bonuses to its employees every year after the year-end settlement and before the Chinese New Year Holidays based on employee individual performance. If there's surplus profit, the company will make up for previous losses in accordance with the priority rule of the Company Act and then provide dividends to employees accordingly (Not less than 1%) to make sure the employees share the fruits of the company progress.

#### 2. Retirement System

- (1). The company will allocate retirement pensions to retired employees based on the Labor Standards Act and its own retirement regulations in addition to the Labor Pension Funds authorized by Ministry of Labor. The company will allocate a set proportion of retirement preparation funds on a monthly basis to the special account of the Central Trust of China, or in accordance with the Labor Pension Act, to allocate 6% of the retirement fees to the employees' personal account every month.
- (2). The company will allocate employee seniority pensions based on the regulations for the Labor Pension Act, Chapter 6, entire clauses, and enforcement rules of the same Act.

#### 3. Labor-Management Agreement:

At the company, any addition or modification on labor-management relations shall be conducted via thorough communications in order to obtain consensual agreement. Employee may also convey personal opinions with his or her supervisor. The company has set up a feedback box and held meetings regularly to listen to employees' complaints from time to time. These measures help facilitate the harmony between the workers and management, seeking to improve communication to the fullest.

#### ii. Employee's Continued Education & Training

The purpose of education training is to work in keeping with the company's operation objective so as to more seamlessly combine the company's core values, ideals, and goals with the individual employee's development. The training seeks to help employees grow and develop continually, to finally become an effective force for human resources, and therefore it shall be implemented as follows:

1. Aiming to enable employees of different levels to fully perform their best at work and meanwhile enlighten their knowledge or capacity, thereby seeking to work for each other more coordinately and to boost their work efficiency. It also helps cultivate employees' reasonable thinking and keen observation, which becomes the primary principle of a strategic education training for helping employees develop their career ambitions.
2. Operating in accordance with the company's planned development.
3. Implementing along with well-planned procedures and full preparation and using the most effective way to execute it; after the practice, be sure to check and review the performance effects constantly, making it a living knowledge.
4. Johnson Health Tech has systematically provided a series of general education, professional knowledge, and management curricula to employees of different positions and levels. Not only did it invite external professional lecturers but also cultivated hundreds of internal trainers on its own. The year 2023 offered up to 661 courses, amounting to 21,261 hours and attracting 18,665 participants to join.
5. These training courses were proceeded through a combination of concrete and digital ways of learning, which consists of:
  - (1) General Education Training:

Referring to government laws and regulations, corporate policies and arrangement of integral and stratified levels of general education training, such as industrial safety training course, secure hygiene training course, labor safety training course, various language training, health, life workshop series, etc.
  - (2) Professional Training:

Refers to the required skills and professional training at the various occupation units. The course contents aim to strengthen and analyze employees' skills based on the varying departments' knowledge and professions.
  - (3) Expatriate Training:

Refers to a special professional course, management program, or overseas exhibition or workshop, which allow the employees to participate to make up for the insufficiency of internal resources.
  - (4) Advanced Education Training:

Refers to the degree programs offered by the MOE-approved public or private universities at home and abroad; or to complete a classified training program for the purpose of occupational promotion; the latter can provide a systematic and comprehensive training.
  - (5) New Employee Training:

Refers to the "New Employee Orientation" held on the date of the new employee's arrival to familiarize him or her with the company's daily rules and regulations, together with all the basic and introductory orientation courses which are delivered by the consultants or supervisors, and which are based on the employee's occupational duty and capacity.
  - (6) Managerial Training:

Refers to the kind of managerial development training to be taken based on the demands of different levels of supervisors with varying management talents and capacity.
  - (7) Elite Training:

Refers to the program used to analyze targeted talents' work capacity, to enhance the underside points and help train him or her to be potential managers of the company.

Johnson Health Tech's "Education Training Procedure" not only offers employees instructions on work but also encourages them to participate in various external training, such as short-term workshop course or long-term degree course, and provides employees educational subsidies for these trainings, which helps foster both company operation and employee development.

iii. Employee behavior and ethical principles

Johnson Health Tech has persisted on growing side by side with its employees, hoping that this development can make employees remember the enterprise mission, management vision, and corporate culture by heart. Thus, it has established employee behavior guidelines and occupational rules to help guide employees to move toward a positive development. The main clauses are:

1. We thereby enforce and guarantee that the employee shall comply with the following rules if he or she has a business relationship with the partner suppliers:
  - (1) Not accepting any invitations from the supplier; if necessary, accepting only meals at the partner's employee dinner
  - (2) Not accepting any forms of gift from the supplier; if receiving the gift by absence, the employee shall report to his/her supervisor immediately and hand over the gift at the supervisor's disposal.
  - (3) Not accepting any shares or commissions from the supplier or blackmailing suppliers illegally.
2. Employee shall not violate the following rules:
  - (1) Stealing or pilfering the company's property, information for personal gains or by means of his or her position
  - (2) Gaining profit by means of the company property, information, or position occupied by the person
  - (3) Competing with Johnson Health Tech
3. Promulgating ethical behavior through the following measures:
  - (1) Encouraging employee to discuss with directors or managers if he or she has doubts regarding how to respond to a specific situation.
  - (2) Encouraging employee to report to a competent authority regarding any violations of law, regulation, or order.
  - (3) Informing employee not to seek revenge against a well-intended person
- iv. The damages suffered by the company due to labor issues or possible amounts paid to prevent or compensate for such events: None.

## **6. Information Security Management**

- i. Cybersecurity risk management framework
  1. The responsible unit of the company's cybersecurity is "Headquarters Information", which is responsible for formulating the group's cybersecurity policy, planning and implementing cybersecurity operations, and promoting and implementing cybersecurity policies.
  2. The internal unit for the supervision of the company's cybersecurity supervision is "headquarters audit and legal affairs", which is responsible for supervising the company's cybersecurity implementation status. If any defects are found, immediately request the inspected unit to put forward relevant improvement plans and improvements, and regularly track the improvement results to reduce internal cybersecurity risks.
  3. The external audit unit for the supervision of the company's cybersecurity supervision is an accounting firm that has signed a contract with the company. The external audit unit regularly audits the company's

cybersecurity standards, management methods and implementation. If any defects are found, we immediately request the inspected unit to put forward relevant improvement plans and improvements, and regularly track the improvement results to reduce the company's cybersecurity risks.

ii. Cybersecurity management policy

1. Purpose

In order to ensure the security of the company's software, equipment and Internet, and maintain business continuity, this cybersecurity management policy has been formulated to achieve the goal of cybersecurity management.

2. Definition

In order to ensure that the information communication system is free from any interference, destruction, intrusion or any improper behavior, through appropriate system planning, program specification and administrative management, to prevent internal and external threats, to maintain the security of the information communication system, to maintain the company's continuous operation.

3. Goals

To prevent the information communication system from being improperly used or deliberately damaged by internal and external personnel, or when it has suffered an emergency such as improper use or deliberate destruction, the company can respond quickly and resume normal operation in the shortest time, reducing the economic damage and operation interruption that may be caused by the accident.

4. Scope

Applicable to all information communication systems of the company and their users. The users include the regular employees, employees, construction and maintenance manufacturers and other authorized personnel of the Taiwan headquarters and global subsidiaries.

5. Organization

- (1) The headquarters information unit is responsible for planning cybersecurity, implementation and related matters.
- (2) The audit unit at the headquarters shall formulate relevant internal control procedures for management and conduct regular internal audits.
- (3) The external audit unit regularly conducts external audits on the company's cybersecurity regulations, management methods and implementation.

iii. Cybersecurity specific management plan

1. Staff cybersecurity awareness and training

Information units need to carry out cybersecurity education, training and publicity on a regular basis to improve personnel's awareness and awareness of cybersecurity and reduce the impact of internal human factors on cybersecurity.

2. Information communication system security management

The computer host, each server and other equipment should be set up in a dedicated computer room, managed by the information unit, and cannot be accessed without authorization; if it is necessary to enter for maintenance, it must be accompanied by the personnel of the information unit and registered on the access control list.

3. Computer facilities maintenance

- (1) Arrange staff during working hours every day to check whether there is any abnormality according to the items listed in the "Computer Facility Network Maintenance and Operation Rotation Checklist".

- (2) If any abnormal situation occurs during daily inspection, it should be recorded in the remarks column in the inspection form for future reference.
- 4. Information communication system and data protection
  - (1) During working hours every day, the personnel in charge of the backup system will check whether there is any abnormality according to the items listed in the "Host Backup Checklist".
  - (2) If any abnormal situation is found in the backup during the daily inspection, it should be recorded in the remarks column in the inspection form for future reference.
  - (3) Each system and data backup shall be copied and stored in different places.
  - (4) Backup and restore drill:
    - A. Carry out restoration drills every year according to the schedule and record the results.
    - B. After the restoration drill is verified, keep at least one of the latest versions from the valid version of the backup as a minimum data damage protection.
    - C. The person in charge of each system needs to complete the revision of the processing procedure after each restoration drill.
- 5. Information communication system and network monitoring
  - (1) Each host is included in the monitoring system to monitor the operating status and resource usage of each system to ensure that each system operates normally.
  - (2) The Group's network is included in the monitoring system of the network monitoring system to monitor the network status and the use of bandwidth in all places to ensure normal network bandwidth and network performance in all places.
  - (3) When the host, system, and network are abnormal, the monitoring system will send an alarm to the relevant personnel, and immediately carry out the necessary problem processing or repair to maintain the company's operations.
- iv. Information technology security risks and management measures

The company has established network and computer cybersecurity protection measures. The company's important operating systems and accounting systems are not exposed to the Internet. When accessing important operating systems and accounting systems outside the company, one needs to go through authenticated and encrypted channels to ensure the security of data transmission. Therefore, the main operating system will not be directly affected by network attacks, but the equipment used by employees in their daily work may not be completely free from the effects of computer viruses and worms due to old or slow updating.

These cyber-attacks are made through illegal or social engineering methods to damage the company's operations and affect the company's goodwill. In the event of a serious cyber-attack, the company may lose important company information and affect the company's operations.

The company continuously reviews and updates cybersecurity regulations and procedures, as well as conducts relevant information security monitoring, software and hardware updates, data restoration drills, and regular information security publicities and education training to ensure the appropriateness and effectiveness of information security management measures, all in accordance with the procedures. However, there is no guarantee that the company will not be affected by the ever-changing cyber-

attacks.

v. Major cybersecurity incidents

In 2023 and up to the date of publication of the annual report, the company has not suffered any financial losses or affected company operations due to major cybersecurity incidents.

**7. Important Contract:** None.

## VI. Environmental, Social and Governance (ESG)

### 1. Environmental Protection, Safety and Hygiene Management

- i. According to the law, the company shall apply for pollution prevention building permit, make payment to pollution prevention fees, or establish an environmental protection office, and it needs to explain its method of compliance in the following:

The company has passed the ISO14001 certification in 2002 and obtained the latest certification (ISO14001:2015) in 2020 (effective from 2023/10/17~2026/10/17), and can apply for renewal when it expires. Aside from the certification, the company shall hire the relevant professionals and offer public safety education to its employees. Moreover, the company shall pass inspection of the government-approved public certified institution twice a year, thereby making itself one of the green enterprises working to cultivate sustainable development.

- ii. Investment on the environmental protection facilities, their functions, and possible benefits:

Unit: in NTD

Item	Number	Date of obtainment	Investment	Functions and benefits
Office building water treatment facility	1	2001.04.30	912,200	Wastewater treatment
Paint factory water treatment facility	1	2001.11.30	2,300,000	Wastewater treatment
Paint factory spray room air conditioning facility	1	2003.08.21	190,000	Air pollution treatment
Paint factory discharge water pipe change	1	2004.06.04	314,286	Wastewater treatment
Gas carbide furnace facility	1	2005.11.30	650,000	Air pollution treatment
Negative pressure fan	40	2006.07.20	400,000	Air pollution treatment
Two-component facility	1	2006.09.18	750,000	Wastewater treatment
Pre-treatment facility	1	2007.04.10	3,209,524	Wastewater treatment
Dust collector	1	2010.06.29	108,571	Air pollution treatment
Detention pond	2	2014.01.29	5,146,636	Wastewater treatment
Energy-saving LED	571	2014.09.23	999,250	Energy saving
Factory fire pollution engineering	3	2017.07.26	1,174,800	Public safety
Dust collector facility	1	2017.10.13	476,190	Air pollution treatment
Conveyor tracks and facilities	5	2017.12.29	2,522,000	Air pollution reduction and energy saving
Sludge treatment machine	1	2018.07.31	657,143	Waste water treatment
Air compressor heat recovery facility	2	2014.08.11	510,000	Energy conservation
Spray room & dust collection facility (including air duct)	1	2018.12.04	1,656,000	Air pollution reduction and energy conservation
Spray room & collection facility	1	2019.06.28	1,350,000	Air pollution reduction and energy conservation
Smoke extraction facility	1	2020.03.16	45,000	Air pollution reduction
Electric stacker	1	2020.12.18	1,333,333	Air pollution reduction
Smoke extraction facility	1	2020.03.30	642,857	Air pollution reduction
Fire Protection Engineering	1	2020.12.24	12,133,334	Public safety
Leased factory Fire Protection Engineering	1	2021.06.30	523,810	Public safety

Recirculating water project	1	2022.05.25	1,118,790	Waste water treatment
Factory fire alarm linkage system (installation of fire alarm location panel)	1	2022.07.29	190,476	Public safety
Solar photovoltaic system	1	2023.01.31	7,588,800	Renewable energy source
Factory Landscaping	1	2023.04.30	2,941,153	Air pollution reduction
Fire services works for the Complex	1	2023.04.30	2,380,951	Public safety
Fire Services Improvement Works in Old Factory Areas	1	2023.10.31	5983810	Public safety

iii. Any incident as a result of disputes with regard to environmental protection shall be based on the following:

The company has encountered no environmental protection disputes over the past two years.

iv. Recent expenses from providing solutions: (please refer to this annual report on page 82)

v. The current pollution, its impact and improvement on the company's surplus profit, competitive edge, and capital expenditure, and its 3-year estimated environmental costs: None

vi. Company's Annual Greenhouse Gas Emissions, Water Consumption Volume and Waste Volume in the Past Two Years:

Please refer to CH1.5 Energy Management, CH1.6 Water Management and CH1.7 Waste Management in the Company's 2023 Sustainability Report.

vii. Work Environment and Employee Safety

1. Environmental Policy:

To achieve its corporate vision of sustainable operations and perpetual development of the global village, Johnson Health Tech assures its clients, the society, and employees that it would comply with all environmental laws and other relevant operational safety procedures.

As a professional fitness equipment manufacturer, Johnson Health Tech continues to improve its pollution protection measures as well as waste reduction, energy conservation and application processes. The company guarantees the following:

- (1) low-pollution or risk-free procedures and equipment through product quality control
- (2) focus on the initial stage of product design, i.e., taking into account synchronous engineering, such as packaging design and application to reduce resource consumption and R&D expenses, while working in accordance with environmental packaging requirements and foregoing all traditional packaging methods
- (3) control and improvement of pollution sources, and commitment to preventing the occurrence of pollution sources
- (4) continuous reduction of business waste
- (5) effective handling and recycling of resources

2. Safety & Hygiene Policy

As a professional fitness equipment enterprise, Johnson Health Tech is fully aware of the importance of its employees and business partners in the development of a sustainable enterprise. Thus, aside from working in accordance with safety & hygiene laws and regulations during product research, manufacturing, testing, and marketing & sales, the company consistently seeks to improve its environmental safety and hygiene practices,

prevents unsafe behavior within the work environment and facility in order to avoid accidents and improve its workplace and quality of work, while maintaining its employees' health and safety. The company ensures the following:

- (1) employee safety and hygiene, which shall be considered as the primary obligation of all supervisors
  - (2) prevention of any work-related injuries, illnesses, diseases, and incidents, so as to maintain the health and safety of all company employees, suppliers, subcontractors, visitors, etc.
  - (3) compliance with national safety & hygiene laws & regulations and other requirements, and the development of corresponding standard operating procedures
  - (4) continuous improvement of its health management system and safety & hygiene practices
  - (5) employee suggestion system that allows employees to provide suggestions related to work safety and hygiene, thereby establishing a good communication between employees and management
  - (6) implementation of safety & hygiene policy as well as other relevant guidelines for employees, suppliers, clients, subcontractors, and interested parties
  - (7) education and training for employees, suppliers, and subcontractors to maintain awareness of proper hygiene and practices
  - (8) adequate time and resources to enable employees to participate in various courses and activities related to safety and hygiene
  - (9) staff self-defense and firefighting drills are conducted semi-annually and included notification, firefighting, refuge guidance, safety protection, and rescue.
3. The company's industrial safety education training and promotion for the past 3 years:

Year	attendees	hours
2021	1,140	6,840
2022	1,148	4,264
2023	2,259	3,138

4. The company's industrial safety performance-employee disabling injury statistics for the past 3 years:

Year	Fatal Accidents	Incapacitating Accidents
2021	Male: 0 Female: 0	Male: 6 Female: 1
2022	Male: 0 Female: 0	Male: 3 Female: 0
2023	Male: 0 Female: 0	Male: 3 Female: 0

5. Numbers of fires, number of fatalities and injuries, ratio of fatalities and injuries to total number of employees, and improvement measures in response to fires for the year: None.

## 2. Implementation of Corporate Sustainability

As a globally recognized sports & fitness equipment company, Johnson Health Tech upholds a cultural vision based on integrity, professionalism, and ambition to further establish a high-quality work environment and create a technology industry that promotes good health and lifestyle, thereby gaining a stronger foothold in the fitness equipment market. Johnson's business envisions the following:

Health—committed to promoting and investing in health

Value—provides customers with high quality products and services

Sharing—achieves corporate objectives related to business growth and profits, that allow customers, employees, stockholders, and the society to share the success and prosperity of the enterprise

### 1. Friendly Work Environment

The company aims to provide employees a healthy work environment, which includes free employee parking, professional indoor fitness center, outdoor basketball court, multi-dimensional massage chair, health center and on-site nursing staff, 24-hour free-flowing hot coffee and video viewing room. For female employees, lactation rooms as well as flexible work hours are provided to help them care for their children at home. The company is committed to providing a diversified work environment for its employees.

### 2. Employee Health Care

To protect the health and wellbeing of its employees, the company has established a professional health center with nursing staff available anytime for health consultation. Also, the company arranges annual health check-ups and holds various activities to encourage employees to lose weight or improve their health test results. Every year, the company organizes numerous social events and activities such as basketball society, bike society, badminton club, or yoga society, etc., as well as local or overseas tours for employees so they can spend time with their families.

### 3. Company Trip and Various Welfare Activities

Every year, the company hosts domestic and overseas company trips, providing family gatherings and activities, such as free catering services for the Chinese New Year reunion, and new discounts at a variety of special stores, etc., as a way of share its success and achievements.

### 4. Retired Employee Care

Most employees who retired from Johnson Health Tech and have contributed to the success of the company are deeply appreciated and receive gifts during annual celebrations. The company also invites retirees to join its annual year-end party and pays tribute to their past efforts. It has also established a trust fund for the children of deceased employees to support their education and to offer immediate assistance to bereaved families.

### 5. Human Rights

As a transnational enterprise, Johnson Health Tech employs and deals with many employees from different countries. Hence, it treats these foreign employees with equal respect and dignity regardless of race, culture and religion. The company provides equal rights and offers rewards and recognition to employees based on their performance regardless of age and gender. It also has a competitive salary system that motivates talented individuals to continue working or to join and contribute to the growth of the company.

### 6. Public Charitable Events

- (1) In 2023, Johnson Health Tech invested up to NTD\$ 4 million to sponsor the Rakuten Monkeys team in the Chinese Professional Baseball League. The investment included donations for sports equipment, daily training assistance

for athletes, etc. Johnson has been supporting charitable initiatives by sponsoring national baseball teams since 2016, already the 7th year. Such generous acts demonstrate our strong support for the development of baseball in Taiwan while promoting our vision and business. In 2022, we have even deepened the interaction with fans and fans through different project activities and expanded the trend of national healthy sports.

- (2) A donation of nearly NTD\$ 2,302,000 to the Warm Breeze Caring Society's "Spreading love together, happiness in every home we tether—Taidong Bin Mao Special Education" charitable campaign was made to sponsor local faculty responsible for 40 elementary school students and 25 families who were offered after-class consultations, talent management classes, and family support. The said contribution helped promote character education and enabled children from remote areas to enjoy better lives and opportunities. Additionally, the funds are more used for the renovation of classroom spaces in service bases and the establishment of libraries in remote villages, so that children from disadvantaged families have a better learning environment. This inspired the company to take action and participate in more charitable activities that promote comprehensive lifestyle changes and educational care, starting with Bin Mao communities in Taidong.
- (3) Donated organic food to social welfare organizations such as "St. Coletta Catholic Training Center for Special Needs" and "Jen Ji Shiang Social Service Institute, Taipei City".

## VII. Financial Overview

### 1. Condensed Balance Sheet & Composite Income Statement

#### i. Condensed Balance Sheet-Consolidated

Unit: NTD in Thousand

Item	Year	Financial Statements within 5 Years					Financial Statements 2024/01/01~ 2024/03/31 (Reviewed by CPA)
		2019	2020	2021	2022	2023	
Current assets		18,361,403	19,574,345	23,461,882	26,419,441	23,609,864	22,549,333
Real estate, factory, facility		3,261,000	3,997,692	4,138,726	4,494,351	4,580,639	4,620,420
Intangible assets		1,234,304	2,855,047	2,807,002	2,857,429	2,823,009	2,846,157
Other assets		4,078,604	4,760,005	4,854,966	5,094,723	5,408,328	5,447,188
Total assets		26,935,311	31,187,089	35,262,576	38,865,944	36,421,840	3,5463,098
Current liabilities	Before allocation	13,150,648	15,776,500	21,072,476	24,799,590	18,124,321	17,388,495
	After allocation	13,574,812	16,115,399	21,223,770	24,981,343	18,427,243	unallocated
Non-current liabilities		4,647,437	5,128,864	4,808,916	4,584,074	8,648,076	8,649,811
Total liabilities	Before allocation	17,798,085	20,905,364	25,881,392	29,383,664	26,772,397	26,038,306
	After allocation	18,222,249	21,244,263	26,032,686	29,565,417	27,075,319	unallocated
Equity attributed to Parent company		9,129,776	9,345,664	8,479,837	9,474,971	9,642,572	9,418,633
Equity		3,036,166	3,036,166	3,036,166	3,036,166	3,036,166	3,036,166
Capital surplus		54,924	55,630	59,979	431,446	431,446	431,466
Retained surplus	Before allocation	7,457,357	7,713,232	7,399,573	7,681,042	8,207,654	7,766,832
	After allocation	7,033,193	7,374,333	7,248,279	7,499,289	7,904,732	unallocated
Other equity		(1,370,839)	(1,385,492)	(1,942,009)	(1,620,071)	(1,979,082)	(1,762,199)
Treasury shares		(47,832)	(73,872)	(73,872)	(53,612)	(53,612)	(53,612)
Non-controlling interests		7,450	936,061	901,347	7,309	6,871	6,159
Total interests	Before allocation	9,137,226	10,281,725	9,381,184	9,482,280	9,649,443	9,424,792
	After allocation	8,713,062	9,942,826	9,229,890	9,300,527	9,346,521	unallocated

Note: The above consolidated financial data has been verified or approved by accountants.

ii. Condensed Composite Income Statement-Consolidated

Unit: NTD in Thousand

Item \ Year	Financial Statements within 5 Years					Financial Statements 2024/01/01~ 2024/03/31 ( Reviewed by CPA )
	2019	2020	2021	2022	2023	
Operating revenue	25,372,561	28,366,756	30,779,328	33,612,947	38,069,563	8,026,174
Gross profit	12,546,867	13,397,487	13,906,256	14,606,371	18,427,310	4,017,757
Operating profit and loss	1,493,164	930,089	154,188	(214,934)	1,242,315	(331,787)
Non-operating income and expenses	124,038	45,243	9,512	518,540	92,167	281,729
Net profit before-tax	1,617,202	975,332	163,700	303,606	1,334,482	(50,058)
Income from continuing operations	1,294,021	747,354	99,369	224,941	709,437	(138,181)
Loss from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the period	1,294,021	747,354	99,369	224,941	709,437	(138,181)
Other composite income (net profit after-tax)	(362,782)	(35,816)	(641,879)	419,424	(360,521)	216,452
Total of composite income for the period	931,239	711,538	(542,510)	644,365	348,916	78,271
Net profit attributed to parent company	1,292,531	679,293	38,148	429,024	709,828	(137,900)
Net profit attributed to non-controlling equity	1,490	68,061	61,221	(204,083)	(391)	(281)
Total comprehensive income attributable to stockholders of parent company	929,749	665,386	(531,277)	754,701	349,354	78,983
Total comprehensive income attributable to non-controlling interests	1,490	46,152	(11,233)	(110,336)	(438)	(712)
Earnings per share	4.26	2.24	0.13	1.42	2.34	(0.46)

Note: The above consolidated financial statements have been verified or approved by accountants.

iii. Condensed Balance Sheet -Parent Company

Unit: NTD in Thousand

Item \ Year	Financial Statements within Five Years					Financial Statements 2024/01/01~ 2024/03/31 (Note)	
	2019	2020	2021	2022	2023		
Current assets	8,532,930	7,911,865	13,086,938	14,796,175	11,808,396	-	
Real estate, factory, facility	935,588	1,051,111	1,134,461	1,203,928	1,171,422	-	
Intangible assets	6,130	7,543	9,296	14,145	17,755	-	
Other assets	450,069	424,494	586,188	14,102,940	15,367,778	-	
Total assets	22,432,557	24,100,369	28,160,870	30,117,188	28,365,351	-	
Current liabilities	Before allocation	10,449,010	11,288,540	16,259,922	17,958,376	12,695,507	-
	After allocation	10,873,174	11,627,439	16,411,216	18,140,129	12,998,429	-
Non-current liabilities	2,853,771	3,466,165	3,421,111	2,683,841	6,027,272	-	
Total liabilities	Before allocation	13,302,781	14,754,705	19,681,033	20,642,217	18,722,779	-
	After allocation	13,726,945	15,093,604	19,832,327	20,823,970	19,025,701	-
Equity attributed to parent company	9,129,776	9,345,664	8,479,837	9,474,971	9,642,572	-	
Equity	3,036,166	3,036,166	3,036,166	3,036,166	3,036,166	-	
Capital surplus	54,924	55,630	59,979	431,446	431,446	-	
Retained surplus	Before allocation	7,457,357	7,713,232	7,399,573	7,681,042	8,207,654	-
	After allocation	7,033,193	7,374,333	7,248,279	7,499,289	7,904,732	-
Other equity	(1,370,839)	(1,385,492)	(1,942,009)	(1,620,071)	(1,979,082)	-	
Treasury shares	(47,832)	(73,872)	(73,872)	(53,612)	(53,612)	-	
Non-controlling interests	0	0	0	0	0	-	
Total interests	Before allocation	9,129,776	9,345,664	8,479,837	9,474,971	9,642,572	-
	After allocation	8,705,612	9,006,765	8,328,543	9,293,218	9,339,650	-

Note: The above financial statements have been verified or approved by accountants. The parent company individual financial statements need not be provided by 2024/03/31; thus, they are not included in the report.

iv. Condensed Composite Income Statement-Parent Company

Unit: NTD in Thousand

Item \ Year	Financial Statement within Five Years					Financial Statements 2024/01/01~ 2024/03/31 (Note)
	2019	2020	2021	2022	2023	
Operating revenue	12,521,295	10,800,470	13,245,990	13,642,388	13,952,940	-
Gross profits	3,372,523	2,300,137	2,861,029	3,117,034	3,140,601	-
Operating profit and loss	1,525,930	544,275	972,318	535,145	110,548	-
Non-operating income and expenses	63,878	211,054	(725,177)	180,532	711,267	-
Net profit before-tax	1,589,808	755,329	247,141	715,677	821,815	-
Net profit from continuing operations	1,292,531	679,293	38,148	429,024	709,828	-
Loss on discontinued operations	0	0	0	0	0	-
Net profit (loss) for the period	1,292,531	679,293	38,148	429,024	709,828	-
Other composite income (net profit after-tax)	(362,782)	(13,907)	(569,425)	325,677	(360,474)	-
Total sum of composite income for the period	929,749	665,386	(531,277)	754,701	349,354	-
Net profit attributed to parent company	1,292,531	679,293	38,148	429,024	709,828	-
Net profit attributed to non-controlling equity	0	0	0	0	0	-
Total comprehensive income attributable to stockholders of the parent company	929,749	665,386	(531,277)	754,701	349,354	-
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	-
Earnings per share	4.26	2.24	0.13	1.42	2.34	-

Note: The above financial statements have been verified or approved by accountants. An individual financial statement need not be provided by 2024/03/31; this it is not included in the report.

CPAs and Audit Comments within Five Years

Year	Accounting Firm	CPA	Audit Comments
2019	Ernst & Young Global Limited	Jonathan Chen, Lin, Hong Guan	Unqualified Opinion
2020	Ernst & Young Global Limited	Jonathan Chen, Huang, Yu Ting	Unqualified Opinion
2021	Ernst & Young Global Limited	Jonathan Chen Huang, Yu Ting	Unqualified Opinion
2022	Ernst & Young Global Limited	Jonathan Chen Huang, Yu Ting	Unqualified Opinion
2023	Ernst & Young Global Limited	Tony Huang Jonathan Chen	Unqualified Opinion

## 2. Financial Analysis within Five Years

### Financial Analysis within Five Years-Consolidated

Analyzed Item		Year	Financial Analysis within Five Years					2024/01/01~ 2024/03/31
		2019	2020	2021	2022	2023		
Financial Structure (%)	Debt-to-assets ratio	66.08	67.03	73.40	75.60	73.51	73.42	
	Ratio of long-term funds to real estate, factory & facility	361.82	314.75	321.08	312.82	399.30	242.23	
Debt payment %	Current ratio	139.62	124.07	111.34	106.53	130.27	129.68	
	Quick ratio	74.70	59.33	51.17	54.55	73.92	67.49	
	Interest coverage ratio	7.51	6.56	1.63	2.98	4.54	0.38	
Management capacity	Receivables Turnover Ratio (time)	3.30	3.80	4.00	3.85	3.73	3.14	
	Average cash collection days	110.60	96.05	91.25	94.8	97.85	116.24	
	Inventory turnover (time)	2.13	2.07	1.72	1.62	1.88	1.72	
	Accounts Payable Turnover Ratio (time)	2.23	1.80	2.21	2.05	1.96	0.59	
	Days sales outstanding	171.36	176.32	212.2	225.30	194.14	212.20	
	Real estate, factory, and facility turnover (time)	7.83	7.82	7.57	7.79	8.39	4.31	
	Total assets turnover rate (time)	1.00	0.98	0.93	0.91	1.01	0.89	
Profitability	Return on assets (%)	5.68	2.99	0.69	1.16	2.69	(0.82)	
	Return on equity (%)	14.74	8.09	1.11	2.51	7.42	(5.80)	
	Profit before-tax to capital ratio (%)	53.26	32.12	5.39	10.00	43.95	(29.81)	
	Net profit rate (%)	5.10	2.63	0.32	0.67	1.86	(1.72)	
	Earnings per share (NTD)	4.26	2.24	0.13	1.42	2.34	(0.46)	
Cash flow	Cash flow rate (%)	7.17	18.65	0.00	1.58	21.2	2.84	
	Cash flow adequacy ratio (%)	43.25	84.67	12.03	16.31	63.07	66.98	
	Cash flow reinvestment ratio (%)	5.12	17.13	(29.17)	1.82	20.14	2.36	
Leverage	Degree of operating leverage	5.29	8.55	53.1	(37.80)	9.06	(6.29)	
	Financial leverage	1.14	1.21	(16.59)	0.46	1.44	0.81	

Please state the reasons for any changes in financial ratio for the past 2 years: (Analysis is unnecessary if the change is below 20%):

1. Ratio of long-term capital to property, plant and equipment: due to the transfer of corporate bonds to short-term liabilities as they will mature in 2024.
2. Current ratio and quick ratio: Due to a significant decrease in short-term borrowings in 2023.
3. Increase in interest cover: Due to significant increase in net income before tax in 2023
4. Overall increase in profitability: due to a significant increase in pre-tax net income in 2023
5. Overall increase in cash flow: Due to a significant increase in cash inflow from operating activities as a result of a significant improvement in the inventory turnover period in 2023.
6. Gearing: Due to the change in operating income from loss to gain in 2023.

1. Financial Structure
  - (1) Debt to assets ratio= total debts/total assets
  - (2) Ratio of long-term funds to real estate, factory & facility = (total sum of equity + non-current liabilities)/ real estate, factory & facility net profit
2. Debt Payment
  - (1) Current ratio=current assets/current debt
  - (2) Quick ratio= (current assets - inventory – prepaid expenses)/ current debt
  - (3) Interest coverage ratio = net income before tax and interest expense/ interest expense for the current period
3. Management capacity
  - (1) Accounts receivable turnover (including accounts & bills receivables)= net sales/ balance of average accounts receivables (including accounts & bills receivables)
  - (2) Average cash collection days= 365/ accounts receivable turnover
  - (3) Inventory turnover= cost of sales/ average inventory
  - (4) Accounts receivable turnover (including accounts & bills receivables)= cost of sales/ balance of accounts receivable for each period (including accounts & bills receivables)
  - (5) Average sales days = 365/ inventory turnover
  - (6) Real estate, factory & facility turnover = net sales/ average real estate, factory & facility net profit
  - (7) Total estate turnover= net sales/ average total estate
4. Profitability
  - (1) Return on assets = [ after-tax profit or loss + interest expenses× ( 1 – tax rate ) ] / average total estate
  - (2) Return on equity= after-tax loss or profit/ average total equity
  - (3) Net profit rate= after-tax loss or profit/ net sales
  - (4) Earnings per share= ( Loss or profit attributable to parent company – special stock dividends/ weighted average number of ordinary shares
5. Cash flow
  - (1) Cash flow rate=cash flows from operating activities/ current debt
  - (2) Cash flow adequacy ratio= net cash flow from operating activities within 5 years/ (capital expenditure + inventory increase + cash dividend) within five years
  - (3) Cash flow reinvestment ratio= (net cash flow from operating activities – cash dividend) / (real estate, factory, & facility gross + long-term investment + other non-current estate + operating capital)
6. Degree of Leverage
  - (1) Degree of operating leverage= (net operating revenue- variable operating cost and expense)/ operating profit
  - (2) Financial average= operating profit / (operating profit – interest expense)

**Financial Analysis within Five Years- Parent Company Individual Statements**

		Year	Financial Analysis within Five Years				
		2019	2020	2021	2022	2023	
Analysis Item							
Financial Structure (%)	Debt to assets ratio	59.30	61.22	69.89	68.54	66.01	
	Ratio of long-term funds to real estate, factory & facility	1,258.29	1,195.35	1,049.04	1,009.93	1,337.68	
Debt payment%	Current ratio	81.66	70.09	80.49	82.39	93.01	
	Quick ratio	66.13	57.47	62.74	69.92	80.62	
	Interest coverage ratio	15.99	8.28	3.31	5.54	4.29	
Management capacity	Accounts receivable turnover (time)	2.43	2.09	2.04	1.48	1.52	
	Average cash collection days	150.20	174.64	178.92	246.62	240.13	
	Inventory turnover (time)	7.97	7.62	8.16	6.65	7.71	
	Accounts payable turnover (time)	2.04	1.95	2.49	2.14	1.97	
	Average sales days	45.79	47.9	44.73	54.88	47.34	
	Real estate, factory, & facility turnover (time)	13.68	10.87	12.12	11.67	11.75	
	Total estate turnover (time)	0.58	0.46	0.51	0.47	0.48	
Profitability	Return on assets (%)	6.35	3.25	0.47	1.91	3.11	
	Return on equity (%)	14.73	7.35	0.43	4.78	7.43	
	Profit before-tax to capital ratio (%)	52.36	24.88	8.14	23.57	27.07	
	Net profit rate (%)	10.32	6.29	0.29	3.14	5.09	
	Earnings per share (NTD)	4.26	2.24	0.13	1.42	2.34	
Cash flow	Cash flow rate (%)	0.00	8.58	0.00	0.00	22.37	
	Cash flow adequacy ratio (%)	0.35	75.77	(101.74)	(125.12)	(41.17)	
	Cash flow reinvestment ratio (%)	275.31	(34.88)	351.54	(1.76)	16.14	
Lever-age	Degree of operating leverage	1.66	2.36	2.01	3.48	13.08	
	Financial leverage	1.07	1.24	1.12	1.42	(0.79)	
Please state the reasons for any changes in financial ratio within 2 years (Analysis is unnecessary if the change is less than 20%):							
1. Ratio of long-term capital to property, plant and equipment: Due to the conversion of syndicated loans from short-term to long-term liabilities.							
2. Interest coverage multiple: Due to the increase in interest expense as a result of the increase in interest rates in Taiwan.							
3. Profitability: Due to the increase in net income after tax in 2023.							
4. Cash flow: Increase in cash inflow from operating activities due to increase in net income after tax and significant decrease in accounts receivable in 2023.							
5. Operating leverage: Decrease in operating income in 2023.							
6. Financial leverage: Increase in interest expense in 2023.							

## 1. Financial Structure

- (1) Debt-to-assets ratio = total debts / total assets
- (2) Ratio of Long-term funds to real estate, factory & facility = (total sum of equity + non-current liabilities) / real estate, factory & facility net profit

## 2. Debt payment

- (1) Current ratio = current assets / current debt
- (2) Quick ratio = (current assets – inventory – prepaid expenses) / current debt
- (3) Interest coverage ratio = net income before tax and interest expense / interest expenses for this period

## 3. Management capacity

- (1) Accounts receivable turnover (including accounts & bills receivables) = net sales / balance of average accounts receivables for each period (including accounts & bills receivables)
- (2) Average cash collection days = 365 / accounts receivable turnover
- (3) Inventory turnover = cost of sales / average inventory
- (4) Accounts receivable turnover (including accounts & bills receivables) = cost of sales / balance of accounts receivable for each period (including accounts & bills receivables)
- (5) Average sales days = 365 / inventory turnover
- (6) Real estate, factory & facility turnover = net sales / average real estate, factory & facility net profit
- (7) Total assets turnover = net sales / total average assets

## 4. Profitability

- (1) assets turnover = [ after-tax loss or profit + interest expenses × (1 – tax rate) ] / total average assets
- (2) Return on equity = after-tax loss or profit / average total equity
- (3) Net profit = after-tax loss or profit / net sales
- (4) Earnings per share = (after-tax net profit – special stock dividends) / weighted average number of ordinary shares

## 5. Cash flow

- (1) Cash flow rate = cash flows from operating activities / current debt
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash flow reinvestment ratio = (net cash flow from operating activities – cash dividend) / (real estate, factory, & facility gross + long-term investment + other non-current assets + operating capital)

## 6. Degree of Leverage

- (1) Degree of operating leverage = (net operating revenue – variable operating cost and expense) / operating profit 9,381,184
- (2) Financial leverage = operating profit / (operating profit – interest expense)

### **3. The Audit Committee's Audit Reports in Recent Years**

#### **Johnson Health Tech Co., Ltd. Audit Committee's Review Report**

The Board of Directors of this Company has prepared the 2023 Annual Business Report, Financial Statements & Earnings Distribution Statement, etc., among which the Financial Statements have been audited and certified by CPA Tony Hung and CPA Jonathan Chen of Ernst of Young Global Limited and an audit report has been prepared by them in this regard. The aforesaid Business Report, Financial Statements & Earnings Distribution Statement have been audited and determined to be correct and accurate by this Audit Committee. According to Article 14-4, the Securities and Exchange Act & Article 219, the Company Act, we hereby submit this report for your review.

For the 2024 Regular Shareholders Meeting of this Company

Johnson Health Tech Co., Ltd.

Chairman of Audit Committee: Hank Lin

14th March 2024

## 4. Financial Statements in Recent Years

### AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

#### English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

#### **Opinion**

We have audited the accompanying consolidated balance sheets of Johnson Health Tech. Co., Ltd. and subsidiaries (the “Group”) as at 31 December 2023 and 2022, the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (collectively referred to as “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Impairment of accounts receivable

As at 31 December 2023, gross accounts receivable and allowance for bad debts by the Group amounted to NTD11,034,703 thousand and NTD552,484 thousand, respectively. Net accounts receivable represented 29% of total consolidated assets which were material to the Group. Since the amount of allowance for receivables is measured by the lifetime expected credit loss, the measurement process includes grouping the receivables and judging the use of the related assumptions in the analysis, including the appropriate accounting aging and the loss rate of each aging interval. As the measurement of expected credit losses involved judgment, analysis and

estimation. we, therefore, determined this a key audit matter.

Our audit procedures included, but not limited to: assessing the effectiveness of internal controls around accounts receivable management, including performing simple tests by sampling and understanding management's assessment for expected credit losses of accounts receivable; dividing the expected loss rate of risk group and each group; selecting samples to perform the accounts receivable confirmation, analyzing trends of changes in account receivable of prior and subsequent periods and turnover rates; and reviewing the collection in the subsequent period to assess their recoverability; performing an assessment of the reasonableness of impairment for individual long term accounts receivable.

We also assessed the adequacy of the disclosures related to accounts receivable in Notes 5 and 6.

### Inventory valuation

As at 31 December 2023, the net inventories amounted to NTD9,039,224 thousand, accounting for 25% of the total consolidated assets. As products are vulnerable to fluctuating market demands and fast technological changes which may cause obsolete and slow-moving inventory losses, the determination of the provisions for obsolete inventories involved a high level of management judgment. As such, we determined this to be a key audit matter.

Our audit procedures included, but were not limited to: assessing the effectiveness of inventory internal control established by management, including performing simple tests by sampling and understanding management's assessment for inventory valuation; evaluating the adequacy of accounting policy around obsolete and slow-moving inventories; obtaining inventory aging intervals to test whether the aging reports were reasonable; selecting important storage locations to observe inventory counts; in addition, we obtained inventory movement report, sampled related certificates of purchases and sales to verify the unit cost and access the net realizable value of inventories valuation.

We also assessed the adequacy of the disclosures related to inventories in Notes 5 and 6.

### Goodwill impairment

As at 31 December 2023, the goodwill was carried at NTD2,247,535 thousand which represented 6% of total consolidated assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units have been determined based on the value in use because their fair value cannot be reliably measured. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group, the determination of value in use was complex, and a high level of management judgment was involved when making assumptions about cash flow forecasts.

Our audit procedures included, but were not limited to: evaluating the management's assessment of value in use; involving internal expert to assist us in evaluating the reasonableness of key assumptions used by management such as growth rates, discount rates, and gross margin; involving internal expert to assist us in evaluating the reasonableness of key components of discount rates such as cost of capital, company-specific risk premium and market risk premium by comparing them to other companies of similar size with the cash-generating units; interviewing with management and assessing the reasonableness of assumptions used in their models such as gross margin, growth rates, and the expected future market and economic conditions; challenging management's budgeting process by comparing the actual financials to date versus previously forecasted financials and management's forecasting process by comparing the assumptions to the historic performance of the Company.

We also assessed the adequacy of the disclosures related to goodwill assessment in Notes 5 and 6.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

## **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2023 and 2022.

Huang, Tzu Ping

Chen, Ming Hung

Ernst & Young, Taiwan

14 March 2024

## **Notice to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 2023 and 31 December 2022  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	31 December 2023	31 December 2022
		Amount	Amount
<b>Current Assets</b>			
Cash and cash equivalents	4&6(1)	\$2,341,417	\$3,531,554
Financial assets at fair value through profit or loss, current	4&6(2)	14,162	8,746
Financial assets measured at amortized cost, current	4&12	16,597	-
Contract asset, current	4,6(17)&(18)	27,259	43,325
Notes receivable, net	4&6(18)	80,421	85,444
Trade receivables, net	4,6(3)&(18)	10,482,219	8,692,416
Other accounts receivable, net	4&8	434,611	1,167,768
Inventories, net	4&6(4)	9,039,224	11,808,413
Prepayments	4	1,066,366	925,837
Other current assets		107,588	155,938
<b>Total Current Assets</b>		<b>23,609,864</b>	<b>26,419,441</b>
<b>Non-current assets</b>			
Investments in equity instruments measured at fair value through other comprehensive income	4&12	8,707	7,444
Property, Plant and Equipment	4,6(5)&8	4,580,639	4,494,351
Right-of-use assets	4,6(19)&8	2,871,402	2,209,517
Investment property	4	35,290	38,200
Intangible assets	4,6(6)&(7)	2,823,009	2,857,429
Deferred tax assets	4&6(23)	1,656,533	2,139,856
Other non-current assets		836,396	699,706
<b>Total non-current assets</b>		<b>12,811,976</b>	<b>12,446,503</b>
<b>Total Assets</b>		<b>\$36,421,840</b>	<b>\$38,865,944</b>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (Continued)  
31 December 2023 and 31 December 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	31 December 2023	31 December 2022
		Amount	Amount
<b>Current Liabilities</b>			
Short-term borrowings	4&6(8)	\$5,029,244	\$12,277,783
Commercial paper payable	4&6(10)	449,633	849,648
Financial liabilities at fair value through profit or loss, current	4&6(11)	19,050	879
Contract liabilities, current	4&6(17)	920,701	830,872
Notes payable		245,234	466,946
Accounts payable		4,088,101	4,290,595
Other payables	6(12)	3,762,873	3,567,656
Current tax liabilities	4&6(23)	628,999	708,784
Lease liabilities, current	4&6(19)	690,843	607,062
Current portion of long-term loans	4&6(13)	2,119,974	1,024,064
Other current liabilities		169,669	175,301
<b>Total Current Liabilities</b>		<b>18,124,321</b>	<b>24,799,590</b>
<b>Non-current liabilities</b>			
Bonds payable	4&6(9)	-	2,000,000
Long-term loans	4&6(13)	5,959,452	446,964
Provisions, non-current	4&6(12)	311,003	263,069
Deferred tax liabilities	4&6(23)	147,583	167,017
Lease liabilities, non-current	4&6(19)	1,908,383	1,245,219
Net defined benefit obligation, non-current	5&6(14)	74,304	83,493
Other non-current liabilities	4	247,351	378,312
<b>Total non-current liabilities</b>		<b>8,648,076</b>	<b>4,584,074</b>
<b>Total Liabilities</b>		<b>26,772,397</b>	<b>29,383,664</b>
<b>Equity</b>			
<b>Capital</b>			
Common stock	4&6(15)	3,036,166	3,036,166
<b>Additional paid-in capital</b>	4&6(15)	431,446	431,446
<b>Retained earnings</b>	4&6(15)		
Legal reserve		1,555,699	1,512,422
Special reserve		1,620,071	1,942,009
Unappropriated earnings		5,031,884	4,226,611
<b>Subtotal</b>		<b>8,207,654</b>	<b>7,681,042</b>
<b>Other components of equity</b>		<b>(1,979,082)</b>	<b>(1,620,071)</b>
<b>Treasury stock</b>	4&6(15)	<b>(53,612)</b>	<b>(53,612)</b>
Equity attributable to owners of the parent		9,642,572	9,474,971
<b>Non-controlling interests</b>	6(16)	6,871	7,309
<b>Total equity</b>		<b>9,649,443</b>	<b>9,482,280</b>
<b>Total liabilities and equity</b>		<b>\$36,421,840</b>	<b>\$38,865,944</b>

(The accompanying notes form an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 For the years ended 31 December 2023 and 2022  
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended December 31	
		2023	2022
		Amount	Amount
<b>Operating revenues</b>	4,6(17)&7	\$38,069,563	\$33,612,947
<b>Operating costs</b>	4,6(4)&(20)	(19,642,253)	(19,006,576)
<b>Gross Profit</b>		18,427,310	14,606,371
Operating Expenses			
Selling and distribution	6(20)	(8,355,546)	(6,814,394)
General and administrative	6(20)	(7,630,247)	(7,075,283)
Research and development	6(20)	(1,061,934)	(913,224)
Expected credit losses	5&6(18)	(137,268)	(18,404)
Total Operating Expenses		(17,184,995)	(14,821,305)
<b>Operating Income</b>		1,242,315	(214,934)
<b>Non-operating income and expenses</b>			
Inter-set income	4&6(21)	194,186	165,172
Other income	4&6(21)	75,812	614,737
Other gains and losses	6(21)	199,639	(5,189)
Finance costs	6(21)	(377,470)	(256,180)
Total non-operating income and expenses		92,167	518,540
<b>Income from continuing operations before income tax</b>		1,334,482	303,606
<b>Income tax expense</b>	4,5&6(23)	(625,045)	(78,665)
<b>Net income</b>		709,437	224,941
<b>Other comprehensive income</b>			
<b>Items that may not to be reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit plans	4&6(22)	(1,828)	4,674
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4&6(22)	24	(745)
Income tax relating to items that may not be reclassified subsequently	4&6(22)	365	(618)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations	4&6(22)	(359,082)	496,704
Income tax relating to items that may be reclassified subsequently	4&6(22)	-	(80,591)
<b>Total other comprehensive loss, net of tax</b>		(360,521)	419,424
<b>Total comprehensive income</b>		\$348,916	\$644,365
<b>Net income attributable to:</b>			
Stockholders of the parent		\$709,828	\$429,024
Non-controlling interests		(391)	(204,083)
		\$709,437	\$224,941
<b>Comprehensive income attributable to:</b>			
Stockholder of the parent		\$349,354	\$754,701
Non-controlling interests		(438)	(110,336)
		\$348,916	\$644,365
<b>Earnings per share (NTD)</b>	4&6(24)		
Earnings per share-basic		\$2.34	\$1.42
Earnings per share-diluted		\$2.34	\$1.42

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Description	Common Stock	Additional Paid-in Capital	Retained Earnings			Other equity interest		Treasury stock	Total	Non-Controlling Interests	Total Equity
			Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
Balance as at 1 January 2022	\$3,036,166	\$59,979	\$1,509,898	\$1,385,492	\$4,504,183	\$(1,942,671)	\$662	\$(73,872)	\$8,479,837	\$901,347	\$9,381,184
Distribution of 2021 retained earnings											
Legal reserve			2,524		(2,524)				-		-
Special reserve				556,517	(556,517)				-		-
Cash dividends					(151,294)				(151,294)		(151,294)
Net income in 2022					429,024				429,024	(204,083)	224,941
Other comprehensive loss, net of tax in 2022					3,739	322,366	(428)		325,677	93,747	419,424
Total comprehensive income	-	-	-	-	432,763	322,366	(428)	-	754,701	(110,336)	644,365
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed		371,467							371,467	(622,907)	(251,440)
Exercise employee stock option to purchase treasury stock								20,260	20,260		20,260
Decrease in non-controlling interests									-	(160,795)	(160,795)
Balance as at 31 December 2022	\$3,036,166	\$431,446	\$1,512,422	\$1,942,009	\$4,226,611	\$(1,620,305)	\$234	\$(53,612)	\$9,474,971	\$7,309	\$9,482,280
Balance as at 1 January 2023	\$3,036,166	\$431,446	\$1,512,422	\$1,942,009	\$4,226,611	\$(1,620,305)	\$234	\$(53,612)	\$9,474,971	\$7,309	\$9,482,280
Distribution of 2022 retained earnings											
Legal reserve			43,277		(43,277)				-		-
Special reserve				(321,938)	321,938				-		-
Cash dividends					(181,753)				(181,753)		(181,753)
Net income in 2023					709,828				709,828	(391)	709,437
Other comprehensive loss, net of tax in 2023					(1,463)	(359,035)	24		(360,474)	(47)	(360,521)
Total comprehensive income	-	-	-	-	708,365	(359,035)	24	-	349,354	(438)	348,916
Balance as at 31 December 2023	\$3,036,166	\$431,446	\$1,555,699	\$1,620,071	\$5,031,884	\$(1,979,340)	\$258	\$(53,612)	\$9,642,572	\$6,871	\$9,649,443

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31			For the years ended December 31	
	2023	2022		2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	\$1,334,482	\$303,606	Acquisition of subsidiaries (Deduct the cash obtained)	-	(251,440)
Adjustments to reconcile net income to net cash provided by operating activities:			Disposal of investment property	441	548
Depreciation	1,305,774	1,124,453	Acquisition of property, plant and equipment	(649,992)	(407,775)
Amortisation	92,225	82,127	Disposal of property, plant and equipment	25,883	24,017
Expected credit losses	137,268	18,404	Acquisition of intangible assets	(57,149)	(33,078)
Net (gain) loss of financial assets/liabilities at fair value through profit or loss	(3,842)	284	Net cash used in investing activities	(680,817)	(667,728)
Finance costs	377,470	256,180			
Interest income	(194,186)	(165,172)	Cash flows from financing activities:		
Loss on disposal of property, plant and equipment	9,046	2,384	Increase in short-term loans	40,047,200	47,931,445
Loss on disposal of intangible assets	-	157	Decrease in short-term loans	(47,234,038)	(43,254,385)
Changes in operating assets and liabilities:			Increase in commercial paper payable	1,378,271	13,470,980
Decrease in contract asset	16,066	13,627	Decrease in commercial paper payable	(1,750,000)	(16,700,000)
Decrease (Increase) in notes receivable	5,023	(8,985)	Increase in long-term loans	17,840,929	1,610,985
Increase in trade receivables	(1,892,216)	(1,193,762)	Decrease in long-term loans	(13,202,472)	(1,338,156)
Dncrease (Increase) in other receivables	733,157	(674,469)	Cash dividends	(181,753)	(151,294)
Dncrease (Increase) in inventories, net	2,769,189	(134,180)	Repayment of lease capital	(769,217)	(582,516)
Increase in prepayments	(303,357)	(17,826)	Exercise of employee stock option	-	20,260
Dncrease (Increase) in other current assets	48,350	(58,483)	Decrease in non-controlling interests	-	(160,795)
(Increase) Decrease in other non-current assets	(159,972)	286,748	Net cash (used in) generated from financing activities	(3,871,080)	846,524
Increase in contract liabilities	89,829	27,237			
(Decrease) Increase in notes payable	(221,712)	66,489	Effect of changes in exchange rate on cash and cash equivalents	(480,791)	345,228
(Decrease) Increase in accounts payable	(202,494)	111,908	Net (decrease) increase in cash and cash equivalents	(1,190,137)	916,477
Increase in other payables	344,349	505,021	Cash and cash equivalents at beginning of period	3,531,554	2,615,077
Increase (Decrease) in provision	47,934	(56,862)	Cash and cash equivalents at end of period	\$2,341,417	\$3,531,554
Decrease in other current liabilities	9,459	(57,401)			
Decrease in accrued pension liabilities	(10,652)	(12,065)			
(Decrease) Increase in other non-current liabilities	(130,961)	220,066			
Cash generated from operations	4,200,229	639,486			
Interest received	194,186	165,172			
Interest paid	(407,151)	(222,813)			
Income tax paid	(144,713)	(189,392)			
Net cash generated from operating activities	3,842,551	392,453			

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

# JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

For the years Ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Stated)

### 1. History and organization

Johnson Health Tech. Co., Ltd. (the Company) was incorporated in 1975. The main activities of the Company are manufacturing and selling sports equipment, cardio equipment, weight training equipment, and related electronic components. The shares of the Company were listed on the Taiwan Stock Exchange on 9 January 2003.

### 2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as “the Group”) for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with a resolution of the board of directors’ meeting on 14 March 2024.

### 3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023

c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025
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- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of material accounting policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed by FSC (TIFRSs).

## (2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (NTD) unless otherwise stated.

## (3) Basis of Consolidation

### Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

(a) The consolidated entities are as follows:

Investor	Subsidiary	Business nature	As at	
			31 Dec 2023	31 Dec 2022
The Company	Johnson International Holding Corp., Ltd.	Holding company	100.00%	100.00%
The Company	Johnson Health Tech (Vietnam) Company Limited	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Technologies, S.A. de C.V.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Canada Inc.	Holding company	100.00%	100.00%
The Company	Johnson Health Tech. UK Ltd.	Selling cardiovascular and weight training equipment	44.43%	44.43%
The Company	Johnson Health Tech Retail Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Philippines, Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	-% (Note1)	78.90%
The Company	Johnson Health Industry (Vietnam) Company Limited	Manufacturing and selling fitness equipment	100.00%	100.00%

Investor	Subsidiary	Business nature	As at	
			31 Dec 2023	31 Dec 2022
The Company	Johnson Health Tech Rus Limited Liability Company.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Fuji Medical Instruments MFG. Co., Ltd.	Massage chair research and development manufacturing and trading	100.00%	100.00%
The Company	Johnson Health Tech. North America, Inc.	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	PT Johnson Health Tech Indonesia	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Selling cardiovascular and weight training equipment	99.99%	99.99%
The Company	Johnson Health Tech SA Proprietary Limited	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	JHT FIT Company Limited	Video transmission and streaming service	100.00%	100.00%
The Company	Johnson Health Tech Digital UK Limited	Video transmission and streaming service	100.00%	100.00%
The Company	Johnson Health Tech Korea Co., Ltd.	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	Johnson Health Tech India Pvt Ltd	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	Johnson Health Tech (Hong Kong) Limited	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	Johnson Fitness (Malaysia) Sdn. Bhd.	Manufacturing and selling fitness equipment	99.38%	99.38%
The Company	Johnson Health Tech. UAE LLC	Manufacturing and selling fitness equipment	100.00% (Note2)	-%
The Company	Johnson Health Tech. (Schweiz) GmbH	Manufacturing and selling fitness equipment	100.00% (Note3)	-%
The Company	Johnson Health Tech Japan Co., Ltd.	Manufacturing and selling fitness equipment	100.00% (Note4)	-%
The Company	DAYA Corporation	Catering service and wholesale of food products	100.00% (Note5)	-%
The Company	Johnson Health Tech Digital Shanghai Limited	Video transmission and streaming service	100.00% (Note6)	-%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	Selling cardiovascular and weight training equipment	55.57%	55.57%
Johnson International Holding Corp., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling cardiovascular and weight training equipment	100.00%	100.00%

Investor	Subsidiary	Business nature	As at	
			31 Dec 2023	31 Dec 2022
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Selling cardiovascular and weight training equipment	99.77%	99.77%
Johnson International Holding Corp., Ltd.	Johnson Health Technologies Ibérica, SL	Selling cardiovascular and weight training equipment	99.99%	99.99%
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Selling cardiovascular and weight training equipment	57.35% (Note4)	99.78%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	Selling cardiovascular and weight training equipment	95.00%	95.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Selling cardiovascular and weight training equipment	99.82%	99.82%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Selling cardiovascular and weight training equipment	-% (Note3)	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	-% (Note1)	21.10%
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Manufacturing and selling fitness equipment	99.99%	99.99%
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Leasing cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Poland Sp.z o.o.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Selling cardiovascular and weight training equipment	-% (Note7)	100.00%
Johnson International Holding Corp., Ltd.	Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Joyful Trading (Shanghai) Co., Ltd.	Selling food	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UAE LLC	Selling cardiovascular and weight training equipment	-% (Note2)	100.00%
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment, LLC	Selling cardiovascular and weight training equipment	100.00%	100.00%

Investor	Subsidiary	Business nature	As at	
			31 Dec 2023	31 Dec 2022
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Canada Inc.	Johnson Health Technologies Canada Commercial Inc.	Selling cardiovascular and weight training equipment	-% (Note8)	100.00%
Johnson Health Tech North America Inc.	Johnson Health Tech NA Manufacturing LLC	Manufacturing and selling fitness equipment	100.00%	100.00%
Johnson Health Tech. Australia Pty., Ltd	Johnson Health Tech New Zealand	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Netherlands B.V.	Johnson Health Tech Denmark Aps	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Selling cardiovascular and weight training equipment	99.73%	99.73%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	Selling cardiovascular and weight training equipment	99.00%	99.00%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Selling cardiovascular and weight training equipment	99.00%	99.00%
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Video transmission and streaming service	100.00%	100.00%
Fuji Medical Instruments MFG. Co., Ltd..	Fujiryoki, Inc.	Massage chair trading	100.00% (Note9)	-%
Fuji Medical Instruments MFG. Co., Ltd.	Fuji Wellness (Shanghai) Co., Ltd.	Massage chair trading	100.00% (Note10)	-%
Johnson Health Tech North America Inc.	Synclync Inc.	Audiphones trading	100.00% (Note11)	-%

Note:

1. For operational needs, the Company adjusted its investment structure in the third quarter of 2023 and merged Johnson Health Care Co., Ltd., a subsidiary held by the Company and Johnson International Holding Corp., Ltd. at 78.9% and 21.1% respectively, with Fuji Medical Instruments MFG. Co., Ltd.
2. For operational needs, the Company adjusted its investment structure in the second quarter of 2023, and transferred 100% of Johnson International Holding Corp., Ltd.'s subsidiary, Johnson Health Tech UAE LCC., to the Company 100% holding.
3. For operational needs, the Company adjusted its investment structure in the fourth quarter of 2023, and transferred 100% of Johnson International Holding Corp., Ltd.'s subsidiary, Johnson Health Tech. (Schweiz) GmbH to the Company 100% holding.

4. On 22 December 2023, the Company increased capital in Johnson Health Tech Japan Co., Ltd. After the capital increase, the Company's and Johnson International Holding Corp., Ltd.' shareholding amounted to 42.52% and 57.35%, respectively.
5. On 25 December 2023, the Company set up a fully-owned subsidiary, DAYA Corporation in Taiwan.
6. On 16 October 2023, the Company set up a fully-owned subsidiary, Johnson Internet Tech. (Shanghai)Co. Ltd. in China.
7. For operational needs, the Company adjusted its investment structure in the fourth quarter of 2023. Johnson Health Tech (Vietnam) Company Limited merged with Style Retail Vietnam Company Limited, a fully-owned subsidiary of Johnson International Holding Corp., Ltd.
8. For operational needs, the Company adjusted its investment structure in the third quarter of 2023. Johnson Health Tech Canada Inc. merged with its fully-owned subsidiary, Johnson Health Technologies Canada Commercial Inc.
9. On 26 September 2023, the Group set up a fully-owned subsidiary, Fujiryoki, Inc. by Fuji Medical Instruments MFG, Co., in America.
10. On 8 August 2023, the Group set up a fully-owned subsidiary, Fujiryoki Health Tech (Shanghai) Co., Ltd. by Fuji Medical Instruments MFG, Co., in China.
11. On 12 December 2023, the Group set up a fully-owned subsidiary, Synclync Inc. by Johnson Health Tech North America Inc. in America.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising from the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

#### (6) Current and Non-current Distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; or
- B. The Group holds the asset primarily for the purpose of trading; or
- C. The Group expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

- A. The Group expects to settle the liability in the normal operating cycle; or
- B. The Group holds the liability primarily for the purpose of trading; or
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments does not affect its classification.

All other liabilities are classified as non-current.

## (7) Cash Equivalents

Cash and cash equivalents shall refer to cash, time deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, including time deposits with original maturities of three months or less.

## (8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

### A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchases or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

#### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables, etc., on the balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

#### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

#### Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on the aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, and the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

## B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (b) the time value of money
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since the initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

## Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### (9) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which

a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to the types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

#### (10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability, or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants are in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation Techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## (11) Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Weighted average of actual procurements

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

## (12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	3~55 years
Machinery and equipment	3~12 years
Transportation equipment	5~10years
Office equipment	2~12 years
Tooling equipment	2~5 years
Leasehold improvements	Lower of leasehold years or useful lives
Miscellaneous equipment	2~12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and exclude the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	30~50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

#### (14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

### Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and

- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use by applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

#### Group as a lessor

At the inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and presents them as receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

#### (15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets which fail to meet the recognition criteria are not capitalized and the expenditures are reflected in profit or loss in the period incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are recognized in other operating income and expenses.

A summary of the policies information applied to the Group's intangible assets is as follows:

	Trademarks	Patents	Software	Other intangible assets	Goodwill
Useful lives	10~17 years	2~7 years	1~10 years	3~5 years	indefinite
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	No amortization
Internally generated or acquired	Externally acquired	Externally acquired	Externally acquired	Externally acquired	Externally acquired

#### (16) Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

##### Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

#### (18) Revenue recognition

The Group's revenue arising from contracts with customers is primarily related to the sale of goods and rendering of services. The accounting policies are explained as follows:

## Sale of goods

The Group manufactures and sells fitness equipment. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer obtains the right and carrying value of the goods). The main products of the Group are cardiovascular equipment, weight training equipment, and related electronic components and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts.

The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted for in accordance with IAS 37.

The credit period for the Group's sale of goods is from 0 to 65 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after the transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. For some of the contracts, the Group collects the payments when contracts are signed off and has the obligations to transfer the goods or provide the services, these contracts should be presented as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component has arisen.

#### (19) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as an additional government grant.

#### (21) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, are not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contributions to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

## (22) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of the vesting period.

### (23) Treasury Stock

Reacquired issued shares of the Group are recorded as treasury stock at cost and shown as a deduction in equity.

### (24) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

### Deferred income tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## (25) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the

acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

#### (26) Seasonality of operations

The Group's operation is seasonal in nature, as higher market demand for the Group's products in the second half of the year results in higher revenues in the second half of the year rather than in the first six months.

## 5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions at the end of the reporting period that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

### (1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### A. The Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation Techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

#### B. Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

### C. Post-Employment Benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases.

### D. Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group entities' domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

### E. Accounts receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that are expected to receive (by evaluating forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

## F. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Refer to Note 6 for details.

### 6. Contents of significant accounts

#### (1) Cash and cash equivalents

	As at	
	31 December 2023	31 December 2022
Cash on hand	\$15,293	\$19,334
Checking and savings accounts	2,326,124	3,512,220
Total	<u>\$2,341,417</u>	<u>\$3,531,554</u>

#### (2) Financial assets at fair value through profit or loss

	As at	
	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Pre-sale forward exchange contracts	<u>\$14,162</u>	<u>\$8,746</u>
Current	\$14,162	\$8,746
Non-current	-	-
Total	<u>\$14,162</u>	<u>\$8,746</u>

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12 (8) for more details on forward exchange contracts.

(3) Trade receivables, net

	As at	
	31 December 2023	31 December 2022
Accounts receivable	\$9,116,312	\$7,578,837
Installment accounts receivable	1,988,877	1,737,055
Less: unrealized gain on installment sales revenue	(203,520)	(128,760)
Leased accounts receivable	146,668	52,925
Less: unrealized gain on leased accounts receivable	(13,634)	(5,109)
Subtotal	11,034,703	9,234,948
Less: loss allowance	(552,484)	(542,532)
Total	<u>\$10,482,219</u>	<u>\$8,692,416</u>

The expected recovery of the accounts receivables from installment sales is as follows:

	As at	
	31 December 2023	31 December 2022
2023.01~2023.12	\$-	\$604,894
2024.01~2024.12	933,309	472,620
2025.01~2025.12	426,007	293,304
2026.01~2026.12	323,583	207,454
2027.01~2027.12	214,892	116,014
2028.01~2028.12	77,193	42,769
2029.01~2029.12	13,893	-
Total	<u>\$1,988,877</u>	<u>\$1,737,055</u>

	As at			
	31 December 2023		31 December 2022	
	Current	Non-current	Current	Non-current
Leased accounts receivable	\$146,668	\$-	\$52,925	\$-
Less: Unrealized gain on leased accounts receivable	(13,634)	-	(5,109)	-
Leased accounts receivable, net	<u>\$133,034</u>	<u>\$-</u>	<u>\$47,816</u>	<u>\$-</u>

Accounts receivables were not pledged.

The total carrying amount is NTD11,034,703 thousand, NTD9,234,948 thousand as at 31 December 2023 and 2022. Please refer to Note 6(18) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2023	31 December 2022
Raw materials	\$792,654	\$991,908
Work in progress	842,424	957,059
Merchandises	7,404,146	9,859,446
Total	<u>\$9,039,224</u>	<u>\$11,808,413</u>

The cost of inventories recognized in expenses amounted to NTD18,037,894 thousand for the year ended 31 December 2023, including the loss from the valuation of inventories in the amount of NTD64,866 thousand.

The cost of inventories recognized in expenses amounted to NTD18,033,946 thousand for the year ended 31 December 2022, including the loss from the valuation of inventories in the amount of NTD93,307 thousand.

(5) Owner-occupied property

	As at	
	31 December 2023	31 December 2022
Owner-occupied property	\$4,580,639	\$4,494,351

(A) Owner-occupied property

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
<b>Cost:</b>										
As at 1 January 2023	\$1,042,774	\$2,566,761	\$1,695,832	\$419,766	\$674,887	\$1,195,599	\$378,435	\$384,610	\$326,943	\$8,685,607
Additions	-	39,061	224,374	83,029	73,793	91,877	65,576	13,357	58,925	649,992
Disposals	-	(3,204)	(22,197)	(44,457)	(34,728)	(130,816)	(26,990)	(6,651)	-	(269,043)
Transfers	-	269,744	5,613	-	4,485	(48,451)	28,869	22,516	(319,432)	(36,656)
Exchange differences	(15,492)	(38,188)	(19,545)	8,602	3,584	(29,257)	324	(372)	882	(89,462)
As at 31 December 2023	\$1,027,282	\$2,834,174	\$1,884,077	\$466,940	\$722,021	\$1,078,952	\$446,214	\$413,460	\$67,318	\$8,940,438
<b>Depreciation and impairment:</b>										
As at 1 January 2023	\$-	\$943,202	\$1,038,941	\$235,584	\$473,306	\$1,093,387	\$217,069	\$189,767	\$-	\$4,191,256
Depreciation	-	110,345	118,912	40,628	91,980	71,604	47,874	27,579	-	508,922
Disposals	-	(1,673)	(19,978)	(21,403)	(33,113)	(130,668)	(21,124)	(6,155)	-	(234,114)
Transfers	-	(9,673)	(4,829)	158	(402)	(55,398)	8,616	1,590	-	(59,938)
Exchange differences	-	(15,587)	(9,506)	6,223	1,362	(26,810)	(580)	(1,429)	-	(46,327)
As at 31 December 2023	\$-	\$1,026,614	\$1,123,540	\$261,190	\$533,133	\$952,115	\$251,855	\$211,352	\$-	\$4,359,799
<b>Net carrying amount:</b>										
As at 31 December 2023	\$1,027,282	\$1,807,560	\$760,537	\$205,750	\$188,888	\$126,837	\$194,359	\$202,108	\$67,318	\$4,580,639
As at 1 January 2023	\$1,042,774	\$1,623,559	\$656,891	\$184,182	\$201,581	\$102,212	\$161,366	\$194,843	\$326,943	\$4,494,351

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
<b>Cost:</b>										
As at 1 January 2022	\$1,048,097	\$2,279,986	\$1,378,484	\$386,737	\$610,797	\$1,124,527	\$330,052	\$368,065	\$408,499	\$7,935,244
Additions	-	106,264	61,945	63,453	39,058	44,366	92,710	6,588	(6,609)	407,775
Disposals	-	(5,959)	(9,256)	(72,573)	(74,849)	(8,162)	(58,672)	(820)	-	(230,291)
Transfers	-	111,622	202,225	21,137	57,017	19,566	(5,227)	2,638	(110,630)	298,348
Exchange differences	(5,323)	74,848	62,434	21,012	42,864	15,302	19,572	8,139	35,683	274,531
As at 31 December 2022	<u>\$1,042,774</u>	<u>\$2,566,761</u>	<u>\$1,695,832</u>	<u>\$419,766</u>	<u>\$674,887</u>	<u>\$1,195,599</u>	<u>\$378,435</u>	<u>\$384,610</u>	<u>\$326,943</u>	<u>\$8,685,607</u>
<b>Depreciation and impairment:</b>										
As at 1 January 2022	\$-	\$817,736	\$923,766	\$236,740	\$441,513	\$998,866	\$216,377	\$161,520	\$-	\$3,796,518
Depreciation	-	107,686	85,462	48,303	74,374	89,673	45,390	29,622	-	480,510
Disposals	-	(5,476)	(8,987)	(58,911)	(74,070)	(6,770)	(47,877)	(1,799)	-	(203,890)
Transfers	-	884	(1,500)	(1,433)	113	(681)	(7,923)	(3,013)	-	(13,553)
Exchange differences	-	22,372	40,200	10,885	31,376	12,299	11,102	3,437	-	131,671
As at 31 December 2022	<u>\$-</u>	<u>\$943,202</u>	<u>\$1,038,941</u>	<u>\$235,584</u>	<u>\$473,306</u>	<u>\$1,093,387</u>	<u>\$217,069</u>	<u>\$189,767</u>	<u>\$-</u>	<u>\$4,191,256</u>
<b>Net carrying amount:</b>										
As at 31 December 2022	<u>\$1,042,774</u>	<u>\$1,623,559</u>	<u>\$656,891</u>	<u>\$184,182</u>	<u>\$201,581</u>	<u>\$102,212</u>	<u>\$161,366</u>	<u>\$194,843</u>	<u>\$326,943</u>	<u>\$4,494,351</u>
As at 1 January 2022	<u>\$1,048,097</u>	<u>\$1,462,250</u>	<u>\$454,718</u>	<u>\$149,997</u>	<u>\$169,284</u>	<u>\$125,661</u>	<u>\$113,675</u>	<u>\$206,545</u>	<u>\$408,499</u>	<u>\$4,138,726</u>

(a) Components of buildings that have different useful lives are the main building structure and electrical and plumbing facilities, which are depreciated over 55 years and 13 years, respectively.

(b) Please refer to Note 8 for property, plant and equipment pledged as collateral.

(c) No capitalization of interest as a result of purchasing property, plant and equipment for the years ended 31 December 2023 and 2022.

(6) Intangible assets

	<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>Others</u>	<u>Goodwill</u>	<u>Total</u>
<b>Cost:</b>						
As at 1 January 2023	\$400,657	\$187,226	\$367,552	\$195,217	\$2,242,784	\$3,393,436
Addition-acquired separately	-	989	40,946	15,214	-	57,149
Exchange differences	9	(232)	(4,997)	(990)	4,751	(1,459)
As at 31 December 2023	<u>\$400,666</u>	<u>\$187,983</u>	<u>\$403,501</u>	<u>\$209,441</u>	<u>\$2,247,535</u>	<u>\$3,449,126</u>
<b>Amortization and impairment:</b>						
As at 1 January 2023	\$64,816	\$75,969	\$295,691	\$99,531	\$-	\$536,007
Amortization	20,494	26,681	31,485	13,565	-	92,225
Exchange differences	(13)	878	(2,790)	(190)	-	(2,115)
As at 31 December 2023	<u>\$85,297</u>	<u>\$103,528</u>	<u>\$324,386</u>	<u>\$112,906</u>	<u>\$-</u>	<u>\$626,117</u>
<b>Net carrying amount:</b>						
As at 31 December 2023	<u>\$315,369</u>	<u>\$84,455</u>	<u>\$79,115</u>	<u>\$96,535</u>	<u>\$2,247,535</u>	<u>\$2,823,009</u>
As at 1 January 2023	<u>\$335,841</u>	<u>\$111,257</u>	<u>\$71,861</u>	<u>\$95,686</u>	<u>\$2,242,784</u>	<u>\$2,857,429</u>
	<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>Others</u>	<u>Goodwill</u>	<u>Total</u>
<b>Cost:</b>						
As at 1 January 2022	\$399,108	\$187,567	\$336,115	\$180,109	\$2,148,469	\$3,251,368
Addition-acquired separately	-	-	31,997	1,081	-	33,078
Disposals	-	-	(732)	-	-	(732)
Exchange differences	1,549	(341)	172	14,027	94,315	109,722
As at 31 December 2022	<u>\$400,657</u>	<u>\$187,226</u>	<u>\$367,552</u>	<u>\$195,217</u>	<u>\$2,242,784</u>	<u>\$3,393,436</u>
<b>Amortization and impairment:</b>						
As at 1 January 2022	\$43,457	\$49,330	\$270,691	\$80,888	\$-	\$444,366
Amortization	20,439	26,670	24,465	10,553	-	82,127
Disposals	-	-	(575)	-	-	(575)
Exchange differences	920	(31)	1,110	8,090	-	10,089
As at 31 December 2022	<u>\$64,816</u>	<u>\$75,969</u>	<u>\$295,691</u>	<u>\$99,531</u>	<u>\$-</u>	<u>\$536,007</u>
<b>Net carrying amount:</b>						
As at 31 December 2022	<u>\$335,841</u>	<u>\$111,257</u>	<u>\$71,861</u>	<u>\$95,686</u>	<u>\$2,242,784</u>	<u>\$2,857,429</u>
As at 1 January 2022	<u>\$355,651</u>	<u>\$138,237</u>	<u>\$65,424</u>	<u>\$99,221</u>	<u>\$2,148,469</u>	<u>\$2,807,002</u>

Intangible asset amortization expenses are summarized as follows:

	For the years ended	
	31 December	
	2023	2022
Operating costs	\$469	\$226
Operating expenses	\$91,756	\$81,901

(7) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to fitness equipment cash-generating units for the purpose of impairment tests.

Carrying amount of goodwill allocated to fitness equipment cash-generating units:

	As at	
	31 December 2023	31 December 2022
Fitness equipment cash-generating unit	\$1,176,832	\$1,172,081
Massage chair cash-generating unit	1,070,703	1,070,703
Total	\$2,247,535	\$2,242,784

Fitness equipment manufacturing cash-generating unit

The recoverable amount of the fitness equipment manufacturing cash-generating unit is determined based on a value in use calculation using cash flow projections of financial budgets approved by management covering a five-year period amount. The projected cash flows have been updated to reflect the change in demand for products and services. The pre-tax discount rate applied to cash flow projections were 13.6%% and 13.3%; cash flows beyond the five-year period are extrapolated using a 10%~20% growth rate (based on the current scale) for the years ended 31 December 2023 and 2022, respectively. Based on the result of this analysis, management assessed that it is not required to recognize an impairment loss for goodwill with respect to the book value in the amount of NTD1,176,832 thousand as at 31 December 2023.

### Massage chair manufacturing cash-generating unit

The recoverable amount of the massage chair manufacturing cash-generating unit is determined based on a value in use calculation using cash flow projections of financial budgets approved by management covering a five-year period amount. The projected cash flows have been updated to reflect the change in demand for products and services. The pre-tax discount rate applied to cash flow projections were 11.32% and 12.7%; cash flows beyond the five-year period are extrapolated using a 10% growth rate (based on the current scale) for the years ended 31 December 2023 and 2022. Based on the result of this analysis, management assessed that it is not required to recognize an impairment loss for goodwill with respect to the book value in the amount of NTD1,070,703 thousand as at 31 December 2023.

### Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating unit is most sensitive to the following assumptions:

- A. Gross margin
- B. Discount rates
- C. Raw materials price inflation
- D. Market share during the budget period
- E. Growth rate used to extrapolate cash flows beyond the budget period

Gross margins - Gross margins are based on the average gross margin of the financial budget period.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Company, taking into account the particular situations of the Company and its operating segments. The WACC includes both the cost of liabilities and cost of equity. The cost of equity is derived from the expected returns of the Company's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Company has obligation to settle.

Raw materials price inflation - If prices of raw materials rise, product price will increase.

Market share assumptions - These assumptions are important because, as well as using industry data for estimating growth rates, management would assess how the change in the unit's position, relative to its competitors, might take place over the budget period. Management expects the Group's share of the fitness equipment manufacturing market to be stable over the budget period.

Growth rate estimates - Rates are based on historical revenue growth rate and the rate estimated to be achieved during the budget period.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash-generating unit, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(8) Short-term loans

		As at	
	Interest Rates (%)	31 December 2023	31 December 2022
Unsecured bank loans	0.15%-6.92%	\$5,029,244	\$12,277,783
Unused short-term lines of credits amount		\$7,831,455	\$6,356,481

(9) Bonds payable

	As at	
	31 December 2023	31 December 2022
Domestic secured bonds	\$2,000,000	\$2,000,000
Less: current portion	(2,000,000)	-
Net	\$-	\$2,000,000

The Group issued five-year secured domestic bonds with a face value of NTD2,000,000 thousand for the first time on 29 August 2019, with the remaining amount to be fully settled by the maturity date.

The interest is paid every year at the annual interest rate of 0.83%.

(10) Commercial Paper Payable

Accounting title	Guarantee	As at	
		31 December 2023	31 December 2022
Commercial paper payable	Mega Bills Financial Corporation	\$150,000	\$50,000
	International Bills Financial Corporation	150,000	-
	China Bills Financial Corporation	150,000	-
	Taiwan Cooperative Bank, etc.	-	800,000
Less: Discount on commercial paper payable		(367)	(352)
Net amount		<u>\$449,633</u>	<u>\$849,648</u>

	For the years ended 31 December	
	2023	2022
Interest rates	1.480%-1.840%	1.760%-1.871%
Maturity date	2024/1/10-2024/2/5	2023/1/6-2023/1/13

(11) Financial liabilities at fair value through profit or loss

	As at	
	31 December 2023	31 December 2022
Held for trading:		
Derivatives not designated as hedging		
Foreign exchange swaps	<u>\$19,050</u>	<u>\$879</u>
Current	\$19,050	\$879
Non-current	-	-
Total	<u>\$19,050</u>	<u>\$879</u>

Please refer to Note 12(8) for the above financial instruments contracts.

(12) Other payables

	As at	
	31 December 2023	31 December 2022
Payroll	\$816,449	\$665,206
Commissions	440,661	480,887
Warranty expense	422,645	357,400
Other tax	272,308	213,824
Advertising expense	35,971	74,945
Bonus to employees & directors compensation expense	27,200	17,200
Interest expense	9,517	10,912
Dividends	426	426
Other expense	1,737,696	1,746,856
Total	<u>\$3,762,873</u>	<u>\$3,567,656</u>

	As at	
	31 December 2023	31 December 2022
Product maintenance warranty:		
Beginning of the period	\$578,460	\$510,893
Warranty recognized	810,832	588,273
Amount utilized during the year	(706,056)	(456,229)
Exchange effect	1,348	(64,477)
End of the period	<u>\$684,584</u>	<u>\$578,460</u>
Current	\$422,645	\$357,400
Non-current	261,939	221,060
Total	<u>\$684,584</u>	<u>\$578,460</u>

(13) Long-term borrowings

Details of long-term loans as at 31 December 2023 and 31 December 2022 are as follows:

Lenders	As at 31 December 2023	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loans (Note1)	\$434,600	The interest is paid monthly from 13 March 2023 to 28 January 2026, and repay the loan in full at maturity.
Taiwan Cooperative Bank, etc. syndicated bank loans (Note1)	458,503	The interest is paid monthly from 22 February 2023 to 28 January 2026, and repay the loan in full at maturity.
Taipei Fubon Bank credit loan	300,000	From November 30 2023 to November 28 2025, the first installment is 6 months after the first drawdown date, with 3 months being one installment, which is divided into 7 installments. From the first to 6 <sup>th</sup> installments, 10% of the principal will be amortized, 40% of the principal will be amortized in the 7 <sup>th</sup> installment (i.e. the credit expiration date). The interest will be paid monthly.
Mega International Commercial Bank secured loan	337,030	Repayable monthly from 16 March 2022 to 20 January 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
First Commercial Bank credit loan	113,951	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Itaú Bank credit loan	49,462	Repayable monthly from 26 October 2022 to 28 October 2026. The grace period starts on the first drawdown date until the expiration of 6 months thereafter. The interest is paid monthly.
BPER Bank credit loan	16,535	Repayable monthly from 27 December 2020 to 27 December 2025. The grace period starts on the first drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
BPER Bank credit loan	10,696	Repayable monthly from 18 May 2023 to 18 May 2024. The grace period starts on the first drawdown date until the expiration of 4 months thereafter. The interest is paid monthly.

Lenders	As at 31 December 2023	Redemption
BPER Bank credit loan	8,098	Repayable monthly from 18 February 2023 to 18 July 2024 and interest is paid monthly.
HSBC Bank mortgage loan	5,270	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
Banca del Piceno Bank credit loan	25,509	The interest is paid monthly from 15 December 2023 to 15 June 2026, and repay the loan in full maturity.
Resona Bank credit loan	41,292	Repayable monthly from 6 October 2023 to 29 September 2028 and interest is paid monthly.
The Minato Bank credit loan	86,939	Repayable monthly from 25 October 2023 to 29 September 2028. The grace period starts on the first drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
Societe Generale Bank credit loan	977	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	<u>1,889,092</u>	
Less: current portion	(119,974)	
Less: syndicated bank loans expense	<u>(5,865)</u>	
Subtotal	<u>1,763,253</u>	
Commercial paper payable-syndicated loans (Note1)	4,200,000	
Less: Discount on long-term commercial paper payable	<u>(3,801)</u>	
Subtotal	<u>4,196,199</u>	
Total	<u><u>\$5,959,452</u></u>	

Note: Long-term borrowings interest rate is between 0.55%-19.20%, and interest is paid monthly.  
Long-term commercial paper payable interest rate is between 1.58%-1.595%

Lenders	As at 31 December 2022	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loans(Note1)	\$490,364	The interest is paid monthly from 12 March 2021 to 12 March 2023, and repay the loan in full at maturity.

Lenders	As at 31 December 2022	Redemption
E.SUN Bank secured loan	464,800	The interest is paid quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
Mega International Commercial Bank secured loan	280,921	Repayable monthly from 16 March 2022 to 20 January 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
First Commercial Bank credit loan	146,482	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Itaú Bank credit loan	47,954	Repayable monthly from 26 October 2022 to 28 October 2026. The grace period starts on the first drawdown date until the expiration of 6 months thereafter. The interest is paid monthly.
BPER Bank credit loans	24,027	Repayable monthly from 27 December 2020 to 27 December 2025. The grace period starts on the first drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
HSBC Bank mortgage loan	11,118	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
MPS Bank credit loan	10,278	Repayable monthly from 30 June 2022 to 30 November 2023. The grace period starts on the first drawdown date until the expiration of 4 months thereafter. The interest is paid monthly.
Dubai Islamic Bank credit loan	2,447	Repayable monthly from 5 December 2021 to 5 November 2023 and interest is paid monthly.
Societe Generale Bank credit loan	1,562	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	<u>1,479,953</u>	
Less: current portion	(1,024,064)	
Less: syndicated bank loans expense	<u>(8,925)</u>	
Total	<u><u>\$446,964</u></u>	

Note: Long-term borrowings interest rate is between 0.55% to 19.20%, and interest is paid monthly.

Please refer to Note 8 for property, plant and equipment pledged as collateral for long-term loans.

(Note 1) On 9 December 2020, the Company entered into a syndicated loan agreement with Taiwan Cooperative Bank and nine lending institutions. The agreement offered the Company a credit line of NTD9 billion. A summary of the agreement is as follows:

Credit period: From the date of first utilization until the end of a 5-year term

Credit Line and Utilization Method: The overall credit line is established at NTD9 billion. It is distributed and administered via the following credit mechanisms:

- A. Tranche A: The revolving credit line is established at NTD9 billion, or its equivalent in USD, EUR, or JPY. However, each period of utilization shall not exceed 180 days, and the maturity date of each loan shall not exceed the expiration date of the credit period.
- B. Tranche B: The commercial paper issuance guarantees a revolving credit line of NTD4.5 billion. However, the maximum duration for each commercial paper guarantee issuance shall not exceed 180 days, and the maturity date for each guarantee shall not surpass the expiration date of the credit period.
- C. Tranche C: The non-revolving credit line is established at NT\$6.75 billion or its equivalent in USD, EUR, or JPY. It must be fully utilized by the borrower within 36 months from the initial utilization date. If the utilization period elapses without full utilization, the remaining portion of the credit line will be automatically canceled and cannot be utilized further.

The primary commitments and provisions of the syndicated loan outlined above: Throughout the duration of the credit facility, the borrower is required to uphold the following financial ratios:

- a. The current ratio shall not be lower than 100%. (Note 1)
- b. The financial liability ratio shall not be higher than 200%. (Note 2)
- c. The interest coverage ratio shall not be lower than 3. (Note 3)

Note 1: Current ratio= current assets/ current liabilities

Note 2: Financial liability ratio = (bank loans + domestic secured bonds) / owners' equity

Note 3: Interest coverage ratio = (income before income tax + interest expense + amortization expense) / interest expense

The Company should review these ratios every half year based on the audited annual consolidated financial statements and the reviewed semi-annual financial statements. If the Company fails to meet any of the ratios specified in any of the above covenants, the Company should seek improvement by injecting cash capital or other means.

When the Company fails to meet any terms of the covenants for the first time, the lending banks may deem it as non-violation without filing claims with respect to the contract. However, if the Company violates the same financial ratio requirement for a second time, it is regarded as a breach. The leading bank may ask the Company to pay compensation (at 0.10% of the unpaid loan as at the second review date) in one lump sum to the agent bank, and the agent bank will pay the compensation to the other lending banks in proportion to their loans.

When reviewing if the interest rates should be adjusted, upon one year maturity from the drawdown of the loan, the banks should review the Company's pre-tax margin every year based on the audited annual consolidated financial report provided by the Company. The banks shall adjust the interest rates according to the agreed principle on the next adjustment date for interest rates.

The Company did not violate the above covenants for the years ended 31 December 2023 and 2022.

#### (14) Post-employment benefits

##### Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NTD43,583 thousand and NTD41,767 thousand respectively.

### Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to the utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The average duration of the defined benefits plan obligation as at 31 December 2023 and 2022, is 7.1 years and 7.6 years.

Pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022:

	For the years ended 31 December	
	2023	2022
Current period service costs	\$846	\$1,035
Interest expense	985	685
Total	<u>\$1,831</u>	<u>\$1,720</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2023	31 December 2022	1 January 2022
Defined benefit obligation	\$177,119	\$173,099	\$181,747
Plan assets at fair value	(102,815)	(89,606)	(82,450)
Other non-current liabilities - defined benefit obligation	<u>\$74,304</u>	<u>\$83,493</u>	<u>\$99,297</u>

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2022	\$181,747	\$(82,450)	\$99,297
Current period service costs	1,035	-	1,035
Net interest expense (income)	1,267	(582)	685
Subtotal	184,049	(83,032)	101,017
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(6,879)	-	(6,879)
Experience adjustments	8,643	-	8,643
Remeasurements of the defined benefit assets	-	(6,438)	(6,438)
Subtotal	185,813	(89,470)	96,343
Payments from the plan	(12,714)	12,714	-
Contributions by employer	-	(12,850)	(2,848)
As at 31 December 2022	173,099	(89,606)	83,493
Current period service costs	846	-	846
Net interest expense (income)	2,077	(1,092)	985
Subtotal	176,022	(90,698)	85,324
Remeasurements of the net defined			

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
benefit liability (asset):			
Experience adjustments	2,754	-	2,754
Remeasurements of the defined benefit assets	-	(925)	(925)
Subtotal	178,776	(91,623)	87,153
Payments from the plan	(1,657)	1,657	-
Contributions by employer	-	(12,849)	(12,849)
As at 31 December 2023	<u>\$177,119</u>	<u>\$(102,815)</u>	<u>\$74,304</u>

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	31 December 2023	31 December 2022
Discount rate	1.2%	1.2%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2023 and 2022 is as shown below:

For the year ended 31 December 2023:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.1%	\$-	\$1,263
Discount rate decrease by 0.1%	1,278	-
Future salary increase by 0.1%	1,113	-
Future salary decrease by 0.1%	-	1,102

For the year ended 31 December 2022:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.1%	\$-	\$1,324
Discount rate decrease by 0.1%	1,341	-
Future salary increase by 0.1%	1,178	-
Future salary decrease by 0.1%	-	1,167

The sensitivity analyses above are based on a change in a significant assumption (for example: a change in the discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Discount rate reflects the time value of money but not the actuarial or investment risk. The discount rate for discounting post-employment benefits obligation should refer to the yield of high-quality corporate bonds at the end of the reporting period. The yield of government bonds should be used in countries where the bonds have no market depth. The currency and period of corporate or government bonds should be consistent with the currency and estimated period of post-employment benefits obligation. If there is no deep-market bond with a sufficiently long maturity date to coordinate the estimated due date of all benefit payments, the company should use the current market interest rate for appropriate period to discount the payment of a shorter period. In addition, extrapolating the current market rate along the curve of yield to estimate the discount rate with longer maturity period.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

## (15)Equity

### A. Share capital

As at 1 January 2022, the Company's authorized capital was NTD4,500,000 thousand, divided into 450,000,000 shares with par value of NTD10 each. The issued and outstanding capital stocks were NTD3,036,166 thousand. As at 31 December 2023, the capital remained unchanged.

### B. Capital surplus

	As at	
	31 December 2023	31 December 2022
Additional paid-in capital	\$54,807	\$54,807
Employee stock option	5,056	5,056
The difference between the actual acquisition or disposal of the equity price of the subsidiary company and the carrying value	371,467	371,467
Gain on sale of assets	42	42
Other	74	74
Total	<u>\$431,446</u>	<u>\$431,446</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

#### C. Legal reserve

According to the Company Act, the Company's after-tax earnings are required to first offset against any deficit, and 10% of the balance shall be set aside as a legal reserve. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the issued capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

#### D. Special reserve

When the Company distributes distributable earnings, it shall, according to the requirements on the first adoption of IFRS, set aside supplemental special reserve based on the difference between the special reserve surplus already set aside and the contra account of other equity. For any subsequent reversal of the contra account in other equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin - Guan - Cheng - Fa - 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside a special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company's special reserve of NTD64,037 thousand at first-time adoption of IFRS with the absolute value of other equity (deduction) – net as at 1 January 2022. As at the years ended 2023 and 2022, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2023 and 2022, when distributing 2023 and 2022 distributable earnings, the Company set aside special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, amounts equal to other net deductions from shareholders' equity were NTD(321,938) thousand and NTD556,517 thousand for the years ended 2023 and 2022, respectively.

#### E. Treasury Stock

(a)The Company implements the treasury stock system, buyback the Company's shares from the securities centralized trading market, and its shares increase or decrease is shown as follows according to the reasons:

For the year ended 31 December 2023

(unit: shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	695,000	-	-	-	695,000

For the year ended 31 December 2022

(unit: shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	1,028,000	-	(330,000)	-	695,000

The board meeting held on 9 August 2019 approved to repurchase 600,000 shares. The expected period to execute the decision will take place between 26 July 2019 and 25 September 2019; the repurchase price will be between NTD70 to NTD100.

The board meeting held on 20 March 2020 approved to repurchase 2,000,000 shares, which would be transferred to employees to motivate them. The expected period to execute the decision took place between 23 March 2020 and 22 May 2020; the repurchase price was between NTD40 to NTD80. To keep in line with the capital planning and the effectiveness of use, 531,000 shares were repurchased actually.

The board meeting held on 7 August 2020 approved to transfer 103,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price was NTD60.84. The Company recognized compensation cost of NTD706 thousand on the vested date. The Company's employees fully exercised the employee stock options of 103,000 shares on 28 August 2020. On the day of transfer, the difference between the transfer price and buyback price was offset by the share capital-employee stock option in the amount of NTD706 thousand.

The board meeting held on 10 May 2021 approved to transfer 333,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price was NTD60.84. The Company recognized compensation cost of NTD4,349 thousand in share capital-employee stock option on the vesting date. The Company's employees have not exercised the employee stock options of 333,000 shares as of 18 November 2022.

As at 31 December 2023, the treasury shares that the Company bought back not yet transferred to employee amounted to 695,000 shares.

- (b) According to the Securities and Exchange Act of R.O.C., the total shares of treasury stock shall not exceed 10% of issued stock, and the total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital in excess of par and realized additional paid-in capital.
- (c) In compliance with the Securities and Exchange Act of R.O.C., treasury stocks shall not be pledged, nor should they be entitled to voting rights or receiving dividends.

#### F. Distribution of retained earnings and dividend policies

According to the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- (a) Income tax obligation
- (b) Offsetting accumulated deficits, if any
- (c) Legal reserve at 10% of net income after tax
- (d) Special reserve in compliance with the Company Act or Securities and Exchange Act
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting

When the company distributes dividends to shareholders, if all or part of the dividend is in the form of cash distribution, the distribution shall be authorized through the board of directors representing more than two-thirds of the directors, with more than half of the directors present in favor of the proposal and shall report the resolution to the shareholders' meeting. The Company's policy of distribution is based on capital expenditure, business expansion and sustainable development. The amount of cash dividends to be distributed shall be more than 10% of the total dividends to shareholders when there is sufficient surplus remained for distribution. The ratio may be adjusted by the board of directors to between 50% to 100% of stock dividend depending on the actual profit and funding of the year or based on the needs of capital expenditure and business expansion, upon obtaining resolution of the shareholders' meeting.

According to the Company Act, the Company needs to set aside an amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Details of the 2022 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 28 June 2023 are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2023	2022	2023	2022
Legal reserve	(Note 2)	\$43,277		
Special reserve	(Note 2)	(321,938)		
Cash dividends—common stock (Note 1)	(Note 2)	181,753	(Note 2)	\$0.60

Note 1: The Company's board of directors was authorized by the Articles of Incorporation and approved the common stock cash dividend of 2022 by special resolution on 11 May 2023.

Note 2: The resolution to distribute the Company's 2023 earnings has not been finalized.

Please refer to Note 6 (20) for further details on employees' compensation and remuneration to directors and supervisors.

(16) Non-controlling interests

	For the years ended 31 December	
	2023	2022
Beginning balance	\$7,309	\$901,347
Profit attributable to non-controlling interests	(391)	(204,083)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(47)	93,747
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or dispose	-	(622,907)
Other	-	(160,795)
Ending balance	<u>\$6,871</u>	<u>\$7,309</u>

(17) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$36,851,587	\$32,761,842
Other operating revenues	1,217,976	851,105
Total	<u>\$38,069,563</u>	<u>\$33,612,947</u>

Analysis of revenue from contracts with customers during the years ended 31 December 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2023

	Americas department	European department	Asian department	Other department	Total
Sale of goods	\$19,068,872	\$8,334,166	\$7,946,171	\$1,502,378	\$36,851,587
Other operating revenues	361,815	751,500	76,052	28,609	1,217,976
Total	<u>\$19,430,687</u>	<u>\$9,085,666</u>	<u>\$8,022,223</u>	<u>\$1,530,987</u>	<u>\$38,069,563</u>

For the year ended 31 December 2022

	Americas department	European department	Asian department	Other department	Total
Sale of goods	\$15,658,189	\$7,817,694	\$7,738,959	\$1,547,000	\$32,761,842
Other operating revenues	265,694	497,003	63,011	25,397	851,105
Total	<u>\$15,923,883</u>	<u>\$8,314,697</u>	<u>\$7,801,970</u>	<u>\$1,572,397</u>	<u>\$33,612,947</u>

The Group recognizes revenues when operating revenue is transferred to the customers at a point in time.

B. Contract balance

(a) Contract asset – current

	As at		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	\$27,529	\$43,325	\$56,952

The significant changes in the Group's balances of contract assets for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to trade receivables	\$(43,325)	\$(56,952)
Increase of contract assets	27,259	43,325

Please refer to Note 6(18) for more details on the loss allowance.

(b) Contract liabilities – current

	As at		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	\$920,701	\$830,872	\$803,635

For the year ended 31 December 2023, the contract liabilities significantly reduced as performance obligations were mostly satisfied, of which NTD820,437 thousand were recognized as revenue.

(c) Transaction price allocated to unsatisfied performance obligations

None.

(d) Assets recognized from costs to fulfill a contract

None.

(18) Expected credit losses

	For the years ended	
	31 December	
	2023	2022
Operating expenses – Expected credit losses		
Trade receivables	<u>\$137,268</u>	<u>\$18,404</u>

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost is assessed as low as at 31 December 2023. Therefore, the expected credit loss is equal to zero.

The Group measures the loss allowance of its contract assets and trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2023 is as follows:

- A. The gross carrying amount of contract assets is NTD27,259 thousand. There is no need to recognize loss allowance based on individual customer assessment method.
- B. The Group considers the grouping of trade receivables by counterparties' credit rating. They are divided into groups of notes receivables and trade receivables, and groups of installment accounts receivable and leased accounts receivable. The details are as follows:

Note receivables and trade receivables as at 31 December 2023

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$7,248,423	\$1,005,637	\$145,621	\$176,521	\$620,531	\$9,196,733
Loss rate	0%-10%	0%-10%	0%-10%	0%-10%	70%-80%	
Lifetime expected credit losses	(24,972)	(16,681)	(1,852)	(8,943)	(479,209)	(531,657)
Per book	\$7,223,451	\$988,956	\$143,769	\$167,578	\$141,322	\$8,665,076

Note: The Group's note receivables are not overdue. The historical credit losses experience of the Group's note receivables and trade receivables shows that there is no significant difference in the loss patterns among different customer groups. Therefore, the group is no longer distinguished.

Installment accounts receivable and leased accounts receivable as at 31 December 2023

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$1,841,241	\$8,445	\$892	\$2,699	\$65,114	\$1,918,391
Loss rate	0%-10%	0%-10%	0%-10%	0%-10%	20%-30%	
Lifetime expected credit losses	(3,215)	(385)	(57)	(96)	(17,074)	(20,827)
Per book	\$1,838,026	\$8,060	\$835	\$2,603	\$48,040	\$1,897,564

Note receivables and trade receivables as at 31 December 2022

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$5,837,675	\$1,066,353	\$69,775	\$127,788	\$562,690	\$7,664,281
Loss rate	0%-10%	0%-10%	0%-10%	0%-10%	90%-100%	
Lifetime expected credit losses	(1,852)	(6,373)	(5,484)	(3,337)	(508,117)	(525,163)
Per book	\$5,835,823	\$1,059,980	\$64,291	\$124,451	\$54,573	\$7,139,118

Note: The Group's note receivables are not overdue. The historical credit losses experience of the Group's note receivables and trade receivables shows that there is no significant difference in the loss patterns among different customer groups. Therefore, the group is no longer distinguished.

Installment accounts receivable and leased accounts receivable as at 31 December  
2022

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$1,603,376	\$14,179	\$3,682	\$13,357	\$21,517	\$1,656,111
Loss rate	0%-10%	0%-10%	0%-10%	0%-10%	70%-80%	
Lifetime expected credit losses	(1,092)	(339)	(193)	(361)	(15,384)	(17,369)
Per book	<u>\$1,602,284</u>	<u>\$13,840</u>	<u>\$3,489</u>	<u>\$12,996</u>	<u>\$6,133</u>	<u>\$1,638,742</u>

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2023 and 2022 is as follows:

	Note receivables	Trade receivables
2023.01.01	\$-	\$542,532
Addition for the current period	-	137,268
Write off	-	(92,461)
Exchange differences	-	(34,855)
2023.12.31	<u>\$-</u>	<u>\$552,484</u>
2022.01.01	\$-	\$526,294
Addition for the current period	-	18,404
Write off	-	(17,353)
Exchange differences	-	15,187
2022.12.31	<u>\$-</u>	<u>\$542,532</u>

(19) Leases

A. The Group is a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
Land	\$400,776	\$421,582
Buildings	2,380,757	1,713,331
Machinery and equipment	19,493	9,688
Transportation equipment	70,366	63,445
Office equipment	10	1,471
Total	<u>\$2,871,402</u>	<u>\$2,209,517</u>

During the years ended 31 December 2023 and 2022, the Group's additions to right-of-use assets amounted to NTD1,455,294 thousand and NTD990,178 thousand, respectively.

(ii) Lease liabilities

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
Current	\$690,843	\$607,062
Non-Current	1,908,383	1,245,219
Total	<u>\$2,599,226</u>	<u>\$1,852,281</u>

Please refer to Note 6(21)(d) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 31 December 2022, and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2023 and 31 December 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	\$11,764	\$11,793
Buildings	716,982	563,525
Machinery and equipment	14,272	14,837
Transportation equipment	53,060	52,304
Office equipment	774	1,484
Total	<u>\$796,852</u>	<u>\$643,943</u>

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	\$47,463	\$31,012

D. Cash outflow related to lessee and lease activity

During the year ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounted to NTD816,680 thousand and NTD\$613,528 thousand, respectively.

(20) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

Nature \ Function	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$957,508	\$5,491,053	\$6,448,561	\$579,120	\$4,728,317	\$5,307,437
Labor and health insurance	151,138	632,356	783,494	128,144	545,705	673,849
Pension	13,888	145,007	158,895	11,264	133,030	144,294
Other employee benefits expense	196,302	1,031,088	1,227,390	74,291	932,950	1,007,241
Depreciation	239,645	1,066,129	1,305,774	113,846	1,010,607	1,124,453
Amortization	469	91,756	92,225	226	81,901	82,127

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 December 2023, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be NTD10,000 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

Based on the profit of the year ended 31 December 2022, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2022 to be NTD10,000 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 14 March 2023 to distribute NTD10,000 thousand and NTD7,200 thousand in cash as the employee compensation and remuneration to directors of 2022, respectively. There are no material differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2022.

(21) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2023	2022
Financial assets measured at amortized cost	\$194,186	\$165,172

B. Other income

	For the years ended 31 December	
	2023	2022
Compensate (Note)	\$35,525	\$580,799
Others	40,287	33,938
Total	\$75,812	\$614,737

Note: Civil infringement litigation (suspected patent infringement) between The Group's Japanese subsidiary Fuji Medical Instruments MFG. Co., Ltd. (hereinafter referred to as "Fuji Medical Instruments") and Family Inada Co., Ltd. (hereinafter referred to as "Family Inada"), after the trial judge of the Osaka District Court in Japan, Fuji Medical Instruments paid Family Inada 711,242 thousand in tort damages, and the accounts were compensated for losses in 15 September 2022. However, in accordance with the agreement between the Group and Asahi Life & Health Corporation (hereinafter referred to as "ALH") on the acquisition of Fuji Medical Devices, ALH shall bear the losses of the Group for the compensation arising from this litigation case, so the Group recognizes the compensation income on a pro rata basis. Fuji Medical Instruments settled in a separate lawsuit from Family Inada and received compensation in December 2022.

C. Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	\$376,191	\$970,876
Losses on disposal of investments	(15,226)	(226,390)
Losses on disposal of property, plant and equipment	(9,046)	(2,384)
Gains on financial assets at fair value through profit or loss (Note 1)	5,416	595
Losses on financial liabilities at fair value through profit or loss (Note 2)	(18,170)	(879)
Compensate	-	(711,242)
Others	(139,526)	(35,765)
Total	<u>\$199,639</u>	<u>\$(5,189)</u>

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss.
2. Balances were arising from held for trading financial liabilities.

D. Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	\$318,027	\$217,020
Interest on lease liabilities	59,443	39,160
Total	<u>\$377,470</u>	<u>\$256,180</u>

(22) Components of other comprehensive income

A. For the year ended 31 December 2023

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	\$(1,828)	\$(1,828)	\$365	\$(1,463)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	24	24	-	24
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(359,082)	(359,082)	-	(359,082)
Total of other comprehensive income	<u>\$(360,886)</u>	<u>\$(360,886)</u>	<u>\$365</u>	<u>\$(360,521)</u>

B. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	\$4,674	\$4,674	\$(935)	\$3,739
Unrealized (losses) gains from equity instruments investments measured at fair value through other comprehensive income	(745)	(745)	317	(428)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	496,704	496,704	(80,591)	416,113
Total of other comprehensive income	<u>\$500,633</u>	<u>\$500,633</u>	<u>\$(81,209)</u>	<u>\$419,424</u>

(23) Income tax

The major components of income tax expense(income) for the year ended 31 December 2023 and 2022 are as follows:

A. Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	\$470,041	\$296,677
Adjustments in respect of current income tax of prior periods	21,479	9,281
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	(174,225)	30,632
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	290,306	(277,274)
Other components of deferred tax income	17,444	19,349
Total income tax expense	<u>\$625,045</u>	<u>\$78,665</u>

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax income (expense):		
Exchange differences resulting from translating the financial statements of a foreign operation	\$-	\$80,591
Remeasurements of defined benefit plans	(365)	935
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	-	(317)
Income tax relating to components of other comprehensive income	<u>\$(365)</u>	<u>\$81,209</u>

C. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	<u>\$1,334,482</u>	<u>\$303,606</u>
Tax at the domestic rates applicable to profits in the country concerned	\$266,896	\$60,721
Tax effect of different tax rates of operating individuals at other tax region	198,924	272,911
Tax effect of revenues exempt from taxation	(550,563)	(207,883)
Tax effect of expenses not deductible for tax purposes	162,767	187,901
Tax effect of deferred tax assets/liabilities	458,610	(246,642)
5 % surtax on undistributed retained earnings	26,484	-
Adjustments in respect of current income tax of prior periods	21,479	9,281
Other adjustments according to tax law	40,448	2,376
Total income tax expense recognized in profit or loss	<u>\$625,045</u>	<u>\$78,665</u>

D. Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2023

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as at 31 December
Temporary difference					
Provision for allowance to reduce inventories to market value	\$87,115	\$4,646	\$-	\$(423)	\$91,338
Unrealized sales gross profit	94,938	19,780	-	(1,674)	113,044
Unrealized other income	18,492	(1,031)	-	28	17,489
Accrued expense	128,097	14,401	-	(198)	142,300
Prepaid Expenses	(7,930)	(1,010)	-	(7)	(8,947)
Unrealized financial assets measured at fair value through profit or loss	(1,724)	2,554	-	55	885
Exchange differences on translation of foreign operations	342,529	(342,529)	-	-	-
Unrealized Pension	4,218	(2,204)	-	-	2,014
Actuarial gain on defined benefit plans	12,480	-	365	-	12,845
Unrealized exchange gain or loss	(106,784)	67,235	-	89	(39,460)
Allowance for bad debts exceeded	6,998	6,475	-	(78)	13,395
Deferred expense	(3,896)	9,758	-	(174)	5,688
Depreciation	2,595	(20,598)	-	(189)	(18,192)
Unused tax losses	1,345,976	(290,306)	-	(3,078)	1,052,592
Provision-warranties	91,593	(1,295)	-	(516)	89,782
Land appreciation tax	(47,428)	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	(463)	-	-	(629)	(1,092)
Other deferred income tax assets	82,668	101,917	-	1,038	185,623
Other deferred income tax liabilities	(76,635)	(26,403)	-	112	(102,926)
Deferred income tax expense/(income)		<u>\$(458,610)</u>	<u>\$365</u>	<u>\$(5,644)</u>	
Net deferred income tax assets/(liabilities)	<u>\$1,972,839</u>				<u>\$1,508,950</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$2,139,856</u>				<u>\$1,656,533</u>
Deferred tax liabilities	<u>\$(167,017)</u>				<u>\$(147,583)</u>

## (b) For the year ended 31 December 2022

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as at 31 December
Temporary difference					
Provision for allowance to reduce inventories to market value	\$91,064	\$(12,229)	\$-	\$8,280	\$87,115
Unrealized sales gross profit	77,407	18,773	-	(1,242)	94,938
Unrealized other income	9,206	8,067	-	1,219	18,492
Accrued expense	95,169	25,025	-	7,903	128,097
Prepaid Expenses	(11,107)	4,219	-	(1,042)	(7,930)
Unrealized financial assets measured at fair value through profit or loss	(1,631)	(108)	-	15	(1,724)
Exchange differences on translation of foreign operations	423,120	-	(80,591)	-	342,529
Unrealized Pension	6,443	(2,226)	-	1	4,218
Actuarial gain (loss) on defined benefit plans	13,415	-	(935)	-	12,480
Unrealized exchange gain or loss	(1,272)	(105,518)	-	6	(106,784)
Allowance for bad debts exceeded	1,128	5,594	-	276	6,998
Deferred expense	(3,442)	(611)	-	157	(3,896)
Depreciation	(1,036)	4,406	-	(775)	2,595
Unused tax losses	972,328	277,272	-	96,376	1,345,976
Provision-warranties	76,330	9,731	-	5,532	91,593
Land appreciation tax	(47,428)	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	(815)	-	317	35	(463)
Other deferred income tax assets	40,441	36,816	-	5,411	82,668
Other deferred income tax liabilities	(48,133)	(22,569)	-	(5,933)	(76,635)
Deferred income tax expense/(income)		\$246,642	\$(81,209)	\$116,219	
Net deferred income tax assets/(liabilities)	\$1,691,187				\$1,972,839
Reflected in balance sheet as follows:					
Deferred tax assets	\$1,893,408				\$2,139,856
Deferred tax liabilities	\$(202,221)				\$(167,017)

(c) The following table contains information of the unused tax:

Year	Tax losses for the period	Unused tax losses as at		Expiration Year (Note)
		31 December 2023	31 December 2022	
2008	\$546,762	\$-	\$263,887	2028
2009	222,640	-	207,557	2029
2012	45,514	-	-	2032
2013	177,126	-	9,380	2022~2033
2014	159,637	-	56,177	2023~2034
2015	203,811	18,449	83,886	2024~2035
2016	153,332	78,841	78,841	2025~2036
2017	407,723	119,445	204,028	2026~2037
2018	526,425	427,741	427,741	2027~2038
2019	521,504	531,833	539,260	2028~2039
2020	615,708	579,168	581,707	2029~2040
2021	1,120,941	912,897	938,206	2030~2041
2022	1,463,686	969,674	1,463,686	2031~2042
2023	554,241	400,952	-	2025~2034
Total	<u>\$6,719,050</u>	<u>\$4,039,000</u>	<u>\$4,854,356</u>	

Note: The loss deduction of Johnson Industry Brazil Ltda. Johnson Health Tech North America Inc. and Johnson Health Tech Retail Inc. has no expiration year.

(d) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2023 and 2022, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD971,649 thousand and NTD397,711 thousand respectively.

(e) The assessment of income tax returns

As at 31 December 2023, the tax authorities have assessed the income tax returns of the Company through 2021

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the years attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	<u>\$709,828</u>	<u>\$429,024</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>302,922</u>	<u>302,628</u>
Basic earnings per share (NTD)	<u>\$2.34</u>	<u>\$1.42</u>

Calculation of diluted earnings per share is equal to basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Significant transactions with related parties

(1) Key management personnel compensation:

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	<u>\$217,864</u>	<u>\$125,301</u>

## 8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	As at		Contents of secured debt
	31 December 2023	31 December 2022	
Property, plant and equipment - land	\$671,271	\$671,271	Syndicated loans /Loan secured
Property, plant and equipment – buildings (carrying value)	902,933	728,679	Syndicated loans /Loan secured
Right-of-use assets-land	250,063	254,280	Loan secured
Machine (carrying value)	330,431	264,609	Loan secured
Other receivable - deposit	110,443	789,424	LC loan / Notes payable
Total	<u>\$2,265,141</u>	<u>\$2,708,263</u>	

## 9. Commitments and contingencies

(1) The important contracts of construction in progress or service

The contracts of the Group as at 31 December 2023 and 2022 are as follows:

A. As at 31 December 2023:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2023
Company A	Phase 2 factory construction project	NTD578,452 thousand	NTD551,970 thousand

B. As at 31 December 2022:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2022
Company A	Phase 2 factory construction project	NTD528,202 thousand	NTD490,224 thousand

(2) The Company issued guaranty notes as security for borrowings in the sum of NTD800,925 thousand as at 31 December 2023.

(3) The Company entered into financial guarantees to related parties as at 31 December 2023. Refer to Note 13(1)(b).

(4) Legal claim contingency:

The Group's French subsidiary, Johnson Health Tech France, accepted the tax audit of the French tax authority from 12 November 2020 to 10 December 2020, and the notice of additional tax payment was issued on 15 December 2020. The Group believes that the reasons for additional tax payment provided by the French tax authority are clearly inconsistent with the facts, and a tax lawyer has been entrusted to file a petition within the statutory period. However, the outcome of the case cannot be ascertained and unable to reasonably estimate uncertain income tax liabilities as the petition is still in progress as at the reporting date.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

	As at	
	31 December 2023	31 December 2022
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$14,162	\$8,746
Equity instruments measured at fair value through other comprehensive income loss	8,707	7,444
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	2,326,124	3,512,220
Financial assets measured at amortized cost	16,597	-
Notes and trade receivables	10,562,640	8,777,860
Other receivables	434,611	1,167,768
Subtotal	13,339,972	13,457,848
Total	\$13,362,841	\$13,474,038

	As at	
	31 December 2023	31 December 2022
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$5,029,244	\$12,277,783
Commercial paper payable	449,633	849,648
Notes and accounts payable	4,333,335	4,757,541
Other payable	3,762,873	3,567,656
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	6,079,426	1,471,028
Lease liability	2,599,226	1,852,281
Subtotal	<u>24,253,737</u>	<u>26,775,937</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	19,050	879
Total	<u>\$24,272,787</u>	<u>\$26,776,816</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

#### Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, EUR and CNY. The information of the sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$4,544
For the year ended 31 December 2022	\$-	\$6,988

(b) When NTD strengthens/weakens against EUR by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$31,704
For the year ended 31 December 2022	\$-	\$27,540

(c) When NTD strengthens/weakens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$(15,613)
For the year ended 31 December 2022	\$-	\$(13,496)

(d) When NTD strengthens/weakens against JPY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$1,924
For the year ended 31 December 2022	\$-	\$1,943

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2023 and 2022 to increase/decrease by NTD11,558 thousand and NTD14,598 thousand, respectively.

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial positions, ratings from credit rating agencies, historical experiences, prevailing economic conditions and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting prepayment or insurance.

As at 31 December 2023 and 2022, the credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

#### (5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve at the end of the reporting period.

#### Non-derivative financial instruments

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>&gt;= 5 years</u>	<u>Total</u>
<u>As at 31 December 2023</u>					
Short-term borrowings	\$5,056,053	\$-	\$-	\$-	\$5,056,053
Commercial paper payable	450,000	-	-	-	450,000
Notes and accounts payable	4,333,335	-	-	-	4,333,335
Bonds payable	2,011,006	-	-	-	2,011,006
Long-term loans	4,329,899	1,464,642	174,199	176,864	6,145,604
Lease liabilities	796,244	1,105,042	443,063	268,341	2,612,690

## Non-derivative financial instruments

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>&gt;= 5 years</u>	<u>Total</u>
<u>As at 31 December 2022</u>					
Short-term borrowings	\$12,355,442	\$-	\$-	\$-	\$12,355,442
Commercial paper payable	850,000	-	-	-	850,000
Notes and accounts payable	4,757,541	-	-	-	4,757,541
Bonds payable	16,600	2,016,600	-	-	2,033,200
Long-term loans	1,056,541	223,685	144,823	121,900	1,546,949
Lease liabilities	657,293	816,650	340,943	41,460	1,856,346

### (6) Reconciliation of liabilities arising from financing activities

#### Reconciliation of liabilities for the year ended 31 December 2023:

	<u>Short-term</u>	<u>Commercial</u>	<u>Long-term</u>	<u>Lease</u>	<u>Total liabilities</u>
	<u>borrowings</u>	<u>paper Payable</u>	<u>loans</u>	<u>liabilities</u>	<u>from financing</u>
					<u>activities</u>
As at 1 January 2023	\$12,277,783	\$849,648	\$1,471,028	\$1,852,281	\$16,450,740
Cash flows	(7,186,838)	(371,729)	4,638,457	(769,217)	(3,689,327)
Non-cash changes	-	(28,286)	-	1,455,294	1,427,008
Foreign exchange movement	(61,701)	-	(30,059)	60,868	(30,892)
As at 31 December 2023	<u>\$5,029,244</u>	<u>\$449,633</u>	<u>\$6,079,426</u>	<u>\$2,599,226</u>	<u>\$14,157,529</u>

#### Reconciliation of liabilities for the year ended 31 December 2022:

	<u>Short-term</u>	<u>Commercial</u>	<u>Long-term</u>	<u>Lease</u>	<u>Total liabilities</u>
	<u>borrowings</u>	<u>paper Payable</u>	<u>loans</u>	<u>liabilities</u>	<u>from financing</u>
					<u>activities</u>
As at 1 January 2022	\$7,544,264	\$4,045,492	\$1,199,773	\$1,237,661	\$14,027,190
Cash flows	4,677,060	(3,229,020)	272,829	(582,516)	1,138,353
Non-cash changes	-	33,176	-	990,178	1,023,354
Foreign exchange movement	56,459	-	(1,574)	206,958	261,843
As at 31 December 2022	<u>\$12,277,783</u>	<u>\$849,648</u>	<u>\$1,471,028</u>	<u>\$1,852,281</u>	<u>\$16,450,740</u>

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) is estimated using the market method valuation Techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses the DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using the interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

#### B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial instruments except cash and cash equivalents, trade receivables, accounts payable and other current liabilities, financial assets and liabilities measured at amortized cost approximate their fair value.

#### C. Fair value measurement hierarchy

Please refer to Note 12(9) for the fair value measurement hierarchy for the financial instruments of the Group.

### (8) Derivative instruments

The Group's related information for derivative instruments not qualified for hedge accounting and not yet settled as at 31 December 2023 and 2022 is as follows:

#### Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Company	Contract	Contract amount (in thousands)	Maturity
<u>As at 31 December 2023</u>			
Johnson Health Tech. Co., Ltd.	Foreign exchange swaps	Sell USD 77,800	2024/1/5
Johnson Health Tech. Co., Ltd.	Foreign exchange swaps	Sell EUR 15,300	2024/1/4-2024/1/5
Johnson Health Tech. Co., Ltd.	Pre-sale forward exchange contracts	Sell USD 10,000	2024/1/30
<u>As at 31 December 2022</u>			
Johnson Health Tech. Co., Ltd.	Pre-sale forward exchange contracts	Sell USD 6,000	2023/2/22
Johnson Health Tech. Co., Ltd.	Foreign exchange swaps	Sell USD 20,000	2023/1/6
Johnson Health Tech. Co., Ltd.	Foreign exchange swaps	Sell EUR 4,000	2023/1/6

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Pre-sale forward exchange contracts	\$-	\$14,162	\$-	\$14,162
Equity instruments measured at fair value through other comprehensive income	8,707	-	-	8,707
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Foreign exchange swaps	\$-	\$19,050	\$-	\$19,050

As at 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Pre-sale forward exchange contracts	\$-	\$8,746	\$-	\$8,746
Equity instruments measured at fair value through other comprehensive income	7,444	-	-	7,444
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Pre-sale forward exchange contracts	\$-	\$878	\$-	\$879

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at					
	31 December 2023			31 December 2022		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
<u>Financial assets</u>						
<u>Monetary item:</u>						
EUR	\$119,969	34.0114	\$4,080,319	\$107,212	32.7040	\$3,506,270
USD	83,710	30.7350	2,572,829	80,388	30.7080	2,468,542
CNY	110,409	4.3338	478,485	341,704	4.4178	1,509,572
JPY	4,699,085	0.2173	1,021,332	5,750,010	0.2324	1,336,446
<u>Financial liabilities</u>						
<u>Monetary item:</u>						
CNY	\$470,667	4.3338	\$2,039,756	\$647,187	4.4178	\$2,859,131
USD	72,135	30.7350	2,217,072	57,633	30.7080	1,769,787
EUR	3,813,666	0.2173	828,889	4,913,996	0.2324	1,142,135
JPY	24,682	34.0114	839,475	23,002	32.7040	752,269

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities use a large number of different functional currencies. The exchange loss for the years ended 31 December 2023 and 2022 were NTD376,191 thousand and NTD970,876 thousand, respectively.

The information above is disclosed based on the foreign currency carrying amount (already converted into functional currency).

#### (11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

### 13. Other disclosures

#### (1) Information at significant transactions

- A. Financing provided to others for the year ended 31 December 2023:  
Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 2.
- C. Securities held as of 31 December 2023: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2023: None
- E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2023: None
- F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2023: None

- G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2023: Please refer to Attachment 5.
- H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2023: Please refer to Attachment 4.
- I. Financial instruments and derivative transactions: Please refer to Note 12 (8).
- J. The business relationship, significant transactions and amounts exceeding the lower of NTD100 million or 20% of capital stock between parent company and subsidiaries: Please refer to Attachment 5.

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of the investee company and investment income (loss) recognized as of 31 December 2023: Please refer to Attachment 6.

(3) Information on investments in mainland China

The Company ultimately invests subsidiaries in mainland China through its subsidiary, Johnson International Holding Corp., Ltd.: Please refer to Attachment 7.

(4) Major Shareholder Information

Shares	Number of shares held	Shareholding ratio
Name of major shareholder		
Guang-ting Luo	86,087,121	28.35%
Kun-quan Luo	61,229,933	20.16%
Ya-fang Luo	17,195,413	5.66%

14. Operating segment information

- (1) For the purpose of operation, the Company operates in a single industry segment with different strategic segments, and they are classified into four segments as follows:

- A. American segment: In charge of selling cardiovascular equipment and research and development of training equipment in America.
- B. European segment: In charge of selling cardiovascular equipment in Europe.
- C. Asian segment: In charge of manufacturing and selling Fuji massage chairs, cardiovascular equipment and weight training equipment in Asia, and franchising the import and export of the above-mentioned products.
- D. Others: In charge of selling cardiovascular machinery in other areas.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Information of the reportable segments' profit and loss are listed as follows:

(a) For the year ended 31 December 2023

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	\$19,430,687	\$9,085,666	\$8,022,223	\$1,530,987	\$-	\$38,069,563
Inter-segment	322,469	293,087	22,870,314	5,703	(23,491,573)	-
Total revenue	<u>\$19,753,156</u>	<u>\$9,378,753</u>	<u>\$30,892,537</u>	<u>\$1,536,690</u>	<u>\$(23,491,573)</u>	<u>\$38,069,563</u>
Segment profit	<u>\$1,158,654</u>	<u>\$322,424</u>	<u>\$974,227</u>	<u>\$61,014</u>	<u>\$(1,181,837)</u>	<u>\$1,334,482</u>

(b) For the year ended 31 December 2022

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	\$15,923,883	\$8,314,697	\$7,801,970	\$1,572,397	\$-	\$33,612,947
Inter-segment	360,559	229,785	22,063,221	-	(22,653,565)	-
Total revenue	<u>\$16,284,442</u>	<u>\$8,544,482</u>	<u>\$29,865,191</u>	<u>\$1,572,397</u>	<u>\$(22,653,565)</u>	<u>\$33,612,947</u>
Segment profit	<u>\$(581,929)</u>	<u>\$124,049</u>	<u>\$101,711</u>	<u>\$59,577</u>	<u>\$600,198</u>	<u>\$303,606</u>

The related information of operating segment asset as at 31 December 2023 and 2022 are listed as follows:

Segment Assets:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2023	<u>\$13,198,540</u>	<u>\$9,239,447</u>	<u>\$52,196,184</u>	<u>\$1,621,499</u>	<u>\$(39,833,830)</u>	<u>\$36,421,840</u>
31 December 2022	<u>\$13,422,579</u>	<u>\$8,552,623</u>	<u>\$54,775,586</u>	<u>\$1,272,149</u>	<u>\$(39,156,993)</u>	<u>\$38,865,944</u>

Segment Liabilities:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2023	<u>\$11,031,898</u>	<u>\$4,990,658</u>	<u>\$25,224,115</u>	<u>\$1,136,485</u>	<u>\$(15,610,759)</u>	<u>\$26,772,397</u>
31 December 2022	<u>\$12,100,749</u>	<u>\$4,755,754</u>	<u>\$28,859,230</u>	<u>\$842,750</u>	<u>\$(17,174,819)</u>	<u>\$29,383,664</u>

(c) Reconciliations of the reported segment revenues, profit and loss, assets, liabilities and other major projects: None.

(d) Geographical information

(i) As at 31 December 2023 and 2022, the Company's external sales are listed as follows:

Area	For the years ended 31 December	
	2023	2022
Americas	\$19,430,687	\$15,923,883
Europe	9,085,666	8,314,697
Asia	8,022,223	7,801,970
Other	1,530,987	1,572,397
Total	<u>\$38,069,563</u>	<u>\$33,612,947</u>

Sales are classified based on the area where the customers are located at.

(ii) Non-current asset:

Area	As at	
	31 December 2023	31 December 2022
America	\$4,962,861	\$4,011,632
Europe	1,432,279	1,261,880
Asia	6,032,116	6,972,899
Other	384,720	200,092
Total	<u>\$12,811,976</u>	<u>\$12,446,503</u>

(e) Information about major customers

There are no sales to a single customer exceeding 10% of the consolidated sales of the Group for the years ended 2023 and 2022.

Attachment 1: Financing provided to others for the year ended 31 December 2023

No.	Lender	Counter-party	Financial statement account	Related Party or Not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note1)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Y	540,000	540,000	392,490	3.00%	1	531,489		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Y	270,000	270,000	144,928	3.00%	1	304,557		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Y	345,000	345,000	301,161	3.00%	1	240,898		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Y	71,000	-	-	0.00%	1	4,282,440		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading, INC.	Other receivable-related parties	Y	1,100,000	900,000	492,407	1.50%	1	1,493,320		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	Other receivable-related parties	Y	130,000	130,000	30,736	3.00%	1	284,519		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Other receivable-related parties	Y	350,000	350,000	84,423	3.00%	1	1,220,216		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Y	230,000	230,000	80,789	3.00%	1	363,241		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	Other receivable-related parties	Y	50,000	50,000	5,231	3.00%	1	675,102		-	-	-	675,102	3,857,029
0	Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	Other receivable-related parties	Y	535,440	-	-	0.00%	2	-	Short-term financing	-	-	-	1,928,514	3,857,029
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Other receivable-related parties	Y	23,380	-	-	0.00%	2	-	For business operation	-	-	-	1,928,514	3,857,029
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Y	13,725	-	-	0.00%	2	-	For business operation	-	-	-	-	-
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Y	175,250	171,050	160,787	3.36%	2	-	For business operation	-	-	-	455,159	606,879
3	Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Other receivable-related parties	Y	69,840	65,790	57,018	0.5565%	2	-	For business operation	-	-	-	70,628	211,883
4	Johnson Health Tech UK Limited	Johnson Health Tech Digital UK Ltd	Other receivable-related parties	Y	28,553	-	-	0.00%	2	-	For business operation	-	-	-	43,068	129,203

Note1 : Code "1" represents business relationship between the two companies.

Code "2" represents an entity that requires short-term financing.

Note2 : Johnson Health Tech. Co., Ltd.'s financing limit for the amount of financing between foreign subsidiaries which the Company holds was set at 50% of its net worth stated in the most recent financial report.

For entities not falling under this category, the limit is set at 20% of the Company's net worth or the lower of the balance of business transactions between the parties.

Johnson Health Tech. Co., Ltd.'s financing limit for the company which needs short-term financing was set at 20% of its net worth stated in the most recent financial report.

Johnson Health Tech. (Vietnam) Company Limited's financing limit for a counterparty was set at 100% of its net worth stated in the most recent financial report.

Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report.

Johnson Health Tech Japan Co., Ltd.'s financing limit for a counterparty was set at 20% of its net worth stated in the most recent financial report.

Johnson Health Tech UK Limited's financing limit for a counterparty was set at 20% of its net worth stated in the most recent financial report.

Note3 : Johnson Health Tech. Co., Ltd.'s financing limit for total financing between foreign subsidiaries which the Company holds was set at 100% of its net worth stated in the most recent financial report.

For entities not falling under this category, the limit is set at 40% of the Company's net worth or the lower of the balance of business transactions between the parties.

Johnson Health Tech. Co., Ltd.'s financing limit for total financing of the company which needs short-term financing was set at 40% of its net worth stated in the most recent financial report.

Johnson Health Tech. (Vietnam) Company Limited's financing limit for total financing limit was set at 100% of its net worth stated in the most recent financial report.

Johnson Health Tech France's financing limit for total financing limit was set at 80% of its net worth stated in the most recent financial report.

Johnson Health Tech Japan Co., Ltd.'s financing limit for total financing limit was set at 60% of its net worth stated in the most recent financial report.

Johnson Health Tech UK Limited's financing limit for total financing limit was set at 60% of its net worth stated in the most recent financial report.

Note4 : The amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares, is not restricted. However, such subsidiaries shall specify the period, limit and authorized amount of the loan.

## Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2023

No.	Endorsor/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn provided	Value of collaterals properties guarantee/ endorsement	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	9,642,572	289,950	136,840	-	-	1.42%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	9,642,572	318,593	317,483	4,812	-	3.29%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	9,642,572	140,200	136,840	-	-	1.42%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	9,642,572	315,450	307,890	280,697	-	3.19%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co.,Ltd.	2	9,642,572	46,220	43,860	-	-	0.45%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	9,642,572	97,440	92,220	38,732	-	0.96%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	9,642,572	166,640	160,640	34,894	-	1.67%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	9,642,572	144,180	139,920	58,300	-	1.45%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	9,642,572	162,400	153,700	68,420	-	1.59%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	9,642,572	2,043,500	1,598,480	224,083	-	16.58%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	9,642,572	61,520	-	-	-	0.00%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	9,642,572	526,440	517,620	143,864	-	5.37%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	9,642,572	315,200	217,700	66,853	-	2.26%	24,106,430	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	2	9,642,572	684,200	525,100	26,318	-	5.45%	24,106,430	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Netherlands B.V.	2	9,642,572	105,150	102,630	-	-	1.06%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	2	9,642,572	293,860	285,280	-	-	2.96%	24,106,430	Y	N	N
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	9,642,572	85,845	75,485	75,485	-	0.78%	24,106,430	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	9,642,572	31,579	26,934	26,934	-	0.28%	24,106,430	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	9,642,572	1,265	321	321	-	0.00%	24,106,430	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	9,642,572	165,671	143,767	143,767	-	1.49%	24,106,430	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	9,642,572	15,335	15,335	15,335	-	0.16%	24,106,430	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	9,642,572	2,239	1,305	1,305	-	0.01%	24,106,430	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	9,642,572	2,171	-	-	-	0.00%	24,106,430	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing, Inc.	1	9,642,572	1,875	-	-	-	0.00%	24,106,430	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	9,642,572	669,450	-	-	-	0.00%	24,106,430	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	9,642,572	3,096,100	740,180	21,770	-	7.68%	24,106,430	N	N	Y

6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	9,642,572	319,102	280,697	280,697	-	2.91%	24,106,430	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	9,642,572	597	-	-	-	0.00%	24,106,430	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	9,642,572	124,949	117,438	117,438	-	1.22%	24,106,430	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	9,642,572	99,750	94,800	94,800	-	0.98%	24,106,430	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	9,642,572	218,534	218,534	218,534	-	2.27%	24,106,430	N	N	N
9	Johnson Health Tech. Netherlands B.V.	Societe Generale	1	9,642,572	32,048	32,048	32,048	-	0.33%	24,106,430	N	N	N
10	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	9,642,572	307,860	-	-	-	0.00%	24,106,430	N	N	Y
11	Johnson Health Tech CZ & SK a.s.	PEAC Finance	1	9,642,572	4,652	4,117	4,117	-	0.04%	24,106,430	N	N	N

Note1 : Code "1" represents there are business relationship between the two companies.  
Code "2" represents a subsidiary in which the parent holds directly over 50% of equity interest.  
Code "3" represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

Note2 : Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note3 : The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

Attachment 3: Securities held as of 31 December 2023. (Excluding subsidiaries, associates and joint ventures)

Company	Securities species	Securities	Relationship with the securities issuer	Account	As of 31 December 2023			
					Number of shares/number of units	Book value	Shareholding ratio	Fair value
Fuji Medical Instruments MFG. Co., Ltd.	Stock	Joshin Denki Co.,Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	16,500	\$8,707	0.06%	\$8,707

Attachment 4 : Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as at end of the period

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Investee company	Account receivable USD 41,751 (NTD 1,283,215) Non-trade receivable USD 50 (NTD 1,545)	1.91	\$ -	-	\$699,456	\$ -
Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda	Investee company	Account receivable USD 16,461 (NTD 513,422) Non-trade receivable USD 14,498 (NTD 438,092)	1.25	-	-	231,340	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Investee company	Account receivable USD 8,003 (NTD 261,570) Non-trade receivable USD 5,371 (NTD 149,484)	1.07	-	-	27,006	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Investee company	Account receivable USD 77,904 (NTD 2,484,824) Non-trade receivable USD 17,370 (NTD 493,423)	0.53	-	-	183,622	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Investee company	Account receivable EUR 8,893 (NTD 302,456) Non-trade receivable EUR 151 (NTD 5,141)	1.22	-	-	61,373	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Investee company	Account receivable USD 4,997 (NTD 163,697) Non-trade receivable USD 11,330 (NTD 338,130)	1.03	-	-	11,072	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Investee company	Account receivable USD 7,850 (NTD 241,925) Non-trade receivable USD 2,915 (NTD 88,933)	1.45	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Investee company	Account receivable EUR 18,027 (NTD 611,773) Non-trade receivable EUR 3,195 (NTD 110,025)	3.05	-	-	272,728	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	Investee company	Account receivable EUR 6,950(NTD 236,483) Non-trade receivable EUR 268 (NTD 8,990)	2.35	-	-	59,170	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Investee company	Account receivable USD 18,180 (NTD 558,477) Non-trade receivable USD 1,352 (NTD 41,827)	0.47	-	-	13,037	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 74,894 (NTD 2,301,892) EUR 39,978 (NTD 1,359,698) JPY 137,136 (NTD 29,800) Non-trade receivable USD 1 (NTD 30)	1.56	-	-	1,166,376	-
	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 3,348 (NTD 102,900)	3.77	-	-	102,040	-

Johnson Health Technology (Shanghai) Co., Ltd.			EUR 232 (NTD 7,879) JPY 9,628 (NTD 2,092)					
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Investee company	Account receivable USD 12,930 (NTD 397,412) Non-trade receivable USD 1,204 (NTD 5,217)	5.63	-	-	172,289	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Investee company	Account receivable USD 3,385 (NTD 104,050) Non-trade receivable CNY 108 (NTD 468) USD 5 (NTD 144)	1.53	-	-	467,120	-

## Attachment 5 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	\$4,282,441	The same commercial terms as with a general customer	11.25%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	1,283,215	The same commercial terms as with a general customer	3.52%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	1,545	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	284,519	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	558,477	The same commercial terms as with a general customer	1.53%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	41,827	The same commercial terms as with a general customer	0.11%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	675,102	The same commercial terms as with a general customer	1.77%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	236,483	The same commercial terms as with a general customer	0.65%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	8,990	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,301,031	The same commercial terms as with a general customer	3.42%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	611,773	The same commercial terms as with a general customer	1.68%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	110,025	The same commercial terms as with a general customer	0.30%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	470,977	The same commercial terms as with a general customer	1.24%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	203,762	The same commercial terms as with a general customer	0.56%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	1,239	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	382,153	The same commercial terms as with a general customer	1.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	117,552	The same commercial terms as with a general customer	0.32%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	248	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	531,489	The same commercial terms as with a general customer	1.40%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	513,422	The same commercial terms as with a general customer	1.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	438,092	The same commercial terms as with a general customer	1.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	1	Sales	297,237	The same commercial terms as with a general customer	0.78%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	1	Receivables from related parties	30,822	The same commercial terms as with a general customer	0.08%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	1	Other accounts receivable	69	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	240,898	The same commercial terms as with a general customer	0.63%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	163,697	The same commercial terms as with a general customer	0.45%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	338,130	The same commercial terms as with a general customer	0.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	295,223	The same commercial terms as with a general customer	0.78%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	20,228	The same commercial terms as with a general customer	0.06%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	519	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Sales	133,227	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Receivables from related parties	236,483	The same commercial terms as with a general customer	0.65%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Other accounts receivable	8,990	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	342,409	The same commercial terms as with a general customer	0.90%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	302,456	The same commercial terms as with a general customer	0.83%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	5,141	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	304,557	The same commercial terms as with a general customer	0.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	261,570	The same commercial terms as with a general customer	0.72%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	149,484	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	1,493,320	The same commercial terms as with a general customer	3.92%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	2,484,824	The same commercial terms as with a general customer	6.82%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	493,423	The same commercial terms as with a general customer	1.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. D	1	Sales	363,241	The same commercial terms as with a general customer	0.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. D	1	Receivables from related parties	241,925	The same commercial terms as with a general customer	0.66%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. D	1	Other accounts receivable	88,933	The same commercial terms as with a general customer	0.24%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	134,904	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	6,766	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	1,735,675	The same commercial terms as with a general customer	4.56%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	25,092	The same commercial terms as with a general customer	0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Other payables to related parties	481	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	5,632,191	The same commercial terms as with a general customer	14.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Payables to related parties	3,691,389	The same commercial terms as with a general customer	10.14%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Other payables to related parties	30	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	350,034	The same commercial terms as with a general customer	0.92%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	112,871	The same commercial terms as with a general customer	0.31%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	233,485	The same commercial terms as with a general customer	0.61%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	87,689	The same commercial terms as with a general customer	0.24%

1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other payables to related parties	137	The same commercial terms as with a general customer	0.00%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	1,206,327	The same commercial terms as with a general customer	3.17%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	406,141	The same commercial terms as with a general customer	1.12%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other accounts receivable	928	The same commercial terms as with a general customer	0.00%

Note1 : Code "0" represents the parent company, each numerical codes starting from 1 represent each subsidiary.

Note2 : Code "1" represents transactions between the parent company and a subsidiary.

Code "2" represents transactions between a subsidiary and the parent company.

Code "3" represents transactions between subsidiaries.

Note3 : The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2023:  
(Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	\$5,494,895	\$5,495,256	-	100.00%	\$9,501,430	\$272,756	\$(16,333)	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	105,218 (USD 3,295)	92,706 (USD 2,900)	-	100.00%	(52,273)	(38,043)	(39,570)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Maxico-Toluca 5631-230 Col.Cuajimalpa,Del Cuajimalpa CP 05000,Mexico DF	Selling cardiovascular and weight training equipment	97,924 (USD 3,125)	97,924 (USD 3,125)	-	100.00%	298,111	106,722	106,722	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	10401,boul.Ray Lawson,Anjou,Quebec,H1J 1M3	Holding company	147,811 (USD 4,554)	147,811 (USD 4,554)	-	100.00%	(192,198)	(71,487)	(71,487)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England, UK	Selling cardiovascular and weight training equipment	321,100 (USD 10,000)	321,100 (USD 10,000)	-	44.43%	95,675	(102,294)	(45,449)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	130,785	6,391	6,391	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	-	20,813 (JPY 75,000)	-	-	-	-	-	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Unit1401-1402, The Orient Square Building F. Ortigas Jr. Road, Ortigas Center, Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(33,834)	(6,832)	(6,832)	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, Vietnam	Manufacturing and selling cardiovascular and weight training equipment	1,103,332 (USD 35,000)	618,082 (USD 20,000)	-	100.00%	325,068	(54,805)	(54,805)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	139,164	73,215	73,215	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	2,512,792 (USD 166) (JPY 9,361,000)	2,065,699 (JPY 7,361,000)	-	100.00%	2,517,254	(2,826)	(77,125)	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,714,288	606,406	606,406	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,JI Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	31,793	13,007	13,007	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/Istanbul.	Selling cardiovascular and weight training equipment	66,130 (EUR 2,000)	33,120 (EUR 1,000)	-	99.99%	38,461	8,261	8,261	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	55,820 (USD 2,000)	-	100.00%	22,057	(14,115)	(14,115)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAE0, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	17,230 (USD 486)(EUR 100)	17,230 (USD 486)(EUR 100)	-	100.00%	8,111	(4,351)	(4,351)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	Unit 2 40:40 Link Mill End Road, High Wycombe, England, HP12 4AX	Video transmission and streaming service	124,290 (USD 4,000)	61,800 (USD 2,000)	-	100.00%	95,055	(27,748)	(27,748)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	Woori Bldg., #302, 3F, 42, Chilpa-ro, Jung-gu, Seoul, Korea	Selling cardiovascular and weight training equipment	27,829 (USD 1,000)	27,829 (USD 1,000)	-	100.00%	53,350	28,871	28,871	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech India Pvt Ltd	Forbes Building, Charanjit Rai Marg, Fort, Mumbai, Mumbai City Maharashtra	Selling cardiovascular and weight training equipment	22,993 (USD 775)	22,993 (USD 775)	-	100.00%	22,428	7,916	7,916	
				130,489	130,489	16,052,000	99.38%	(19,712)	(35,755)	(35,533)	

Johnson Health Tech. Co., Ltd.	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	(USD 4,144)	(USD 4,144)						
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	13,763 (USD 429)	3,340,000	100.00%	40,393	10,098	10,098	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	32,830 (USD 1,000)	-	-	100.00%	53,434	53,356	49,281	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	-	2,000	100.00%	50,064	25,904	25,634	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	16,488 (JPY 75,000)	-	10,000	42.52%	16,448	(15,399)	-	
Johnson Health Tech. Co., Ltd.	DAYA Corporation	No. 999, Sec. 2, Dongda Rd., Zhongyi Vil., Daya Dist., Taichung City 428314, Taiwan (R.O.C.)	Catering industry, food and beverage wholesale, etc.	5,000 (NTD 5,000)	-	-	100.00%	5,000	-	-	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England, UK	Selling cardiovascular and weight training equipment	444,921 (USD 13,952)	444,921 (USD 13,952)	-	55.57%	137,642	(102,294)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	45, Avenue Georges Politzer 78190 Trappes – France.	Selling cardiovascular and weight training equipment	925,413 (USD 28,436)	925,413 (USD 28,436)	-	100.00%	758,598	(21,463)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	534,070	50,038	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	712,271	37,456	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	57.35%	335,963	(15,399)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	9th Floor, Unit 9B, Bangna Tower A2/3, Bangna-Trad Road K.M.6.5 Bangkaew, Bangplee Samutprakarn 10540 Thailand	Selling cardiovascular and weight training equipment	39,363 (USD 1,217)	39,363 (USD 1,217)	475,000	95.00%	69,587	(12,486)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo 11, Ascoli Piceno, AP, Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	675,828	107,586	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	-	64,780 (USD 2,006)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	745,099	43,654	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	1-3-8 Tokiwa-machi, Chuo-ku, Osaka, 540-0028, Japan	Massage chair research, development, manufacturing and trading	-	5,493 (USD 166)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Estrada Municipal José Costa de Mesquita, 200 - Chácara Alvorada - Gleba 3 - Módulos 14 e 15 do CLIN - Indaiatuba - São Paulo - 13337-200 - Brasil	Selling cardiovascular and weight training equipment	826,035 (USD 26,363)	826,035 (USD 26,363)	-	99.99%	356,739	161,049	Not applicable	
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 5 22926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	179,482	4,932	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard, Dandenong South VIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	409,524	16,114	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	103,525	7,376	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	-	12,512 (USD 395)	-	-	-	-	Not applicable	
	Johnson Health Tech UAE LLC			-	32,830	-	-	-	-	Not applicable	

Johnson International Holding Corp., Ltd.		No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment		(USD 1,000)						
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	7585 Equitable Dr Eden Prairie, Minnesota 55344	Selling cardiovascular and weight training equipment	657,600 (USD 19,900)	657,600 (USD 19,900)	-	100.00%	695,527	123,041	Not applicable	
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment, LLC	231 Executive Drive, Suite 15 Newark, DE 19702	Selling cardiovascular and weight training equipment	258,317 (USD 7,993)	258,317 (USD 7,993)	-	100.00%	546,889	(212,123)	Not applicable	
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powar, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD 4,650)	150,278 (USD 4,650)	-	100.00%	171,996	(133,052)	Not applicable	
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc.	150 East Gilman Street, Madison, WI 53703.	Selling cardiovascular and weight training equipment	351,886 (USD 11,511)	351,886 (USD 11,511)	10,000	100.00%	153,109	168,005	Not applicable	
Johnson Health Tech. North America, Inc.	Johnson Health Tech NA Manufacturing LLC	1600 Landmark Dr. Cottage Grove WI53527 USA	Selling and Manufacturing weight training equipment	394,287 (USD 12,698)	394,287 (USD 12,698)	-	100.00%	99,812	1,312	Not applicable	
Johnson Health Tech. North America, Inc.	Syncline	1600 LANDMARK DR COTTAGE GROVE, WI 53527	Hearing aid trading industry	-	-	-	-%	-	-	-	
Johnson Health Tech Australia Pty., Ltd	Johnson Health Tech New Zealand	WHK AUCKLAND, Whk, Level 6, 51-53 Shortland St, Auckland, 1010, NZ	Selling cardiovascular and weight training equipment	2 (NZD -)	2 (NZD -)	100	100.00%	(14,936)	(8,984)	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(142,126)	(17,611)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	32,944	12,024	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	72,134	21,416	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holešovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,611	8,923	Not applicable	
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Shiodome Shiba Rikyu Building 21F, 1-2-15 Kaigan, Minato-ku, Tokyo, Japan	Video transmission and streaming service	-	-	-	100.00%	4,616	(13,732)	Not applicable	
Fuji Medical Instruments Mfg. Co., Ltd.	Fujiryoki, Inc.	c/o Foley & Lardner LLP 150 East Gilman Street, Suite 5000 Madison, WI 53703	Massage chair trading	31 (USD 1)	-	-	100.00%	31	-	Not applicable	

Note1 : Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

Note2 : Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from concurrent/upstream transactions.

Note3 : Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

(Amounts in thousands; Currency denomination in NTD or in foreign currencies)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Beginning accumulated outflow of investment from Taiwan	Investment Flows		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					Outflow	Inflow						
Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	\$1,010,296 (RMB 244,757)	Indirect investments through JIH (BVI)	\$748,894 (USD 22,500)	\$ -	\$ -	\$748,894 (USD 22,500)	\$(379,735)	100.00%	\$(379,735)	\$1,807,191	\$ -
Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	333,455	100.00%	333,455	3,313,024	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	(1,923)	100.00%	(1,923)	33,877	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	87	100.00%	87	5,600	-
Johnson Health Tech Digital Shanghai Limited	Video transmission and streaming service	-	Indirect investments through JIH (BVI)	-	-	-	-	-	100.00%	-	-	-
Fuji Wellness (Shanghai) Co., Ltd.	Massage chair trading	4,333,700 (RMB 1,000,000)	Indirect investments through JIH (BVI)	-	-	-	-	-	100.00%	-	-	-

Note1 : Indirect investment in Mainland China was made through Johnson International Holding Corp. Ltd.

Note2 : The financial statements were certificated by the public accountants of the parent company in Taiwan.

Note3 : The figures in this table are presented in New Taiwan Dollars and the foreign currency is converted at the exchange rate on the balance sheet date.

Accumulated investment in Mainland China as at 31 December 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender's net accounts value × 60%
\$914,320 (USD27,800)	\$2,501,053 (USD76,450)	\$5,785,543

Please refer to Notes 13(1) and (2) for details on information such as the price, payment of transactions between the Company and its investment in mainland China through its investees.

## AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

### English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

#### **Opinion**

We have audited the accompanying parent company only balance sheets of Johnson Health Tech. Co., Ltd. (the “Company”) as of 31 December 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and their parent company only financial performance and cash flows for the years ended December 31 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company and in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Impairment of accounts receivable (including subsidiaries’ accounts receivable through equity method investment)

Accounts receivables of the Company and its subsidiaries through the equity method are material for the financial statements. Since the allowance for receivables is measured by the lifetime expected credit loss, the measurement process includes grouping the receivables and determining the use of the related assumptions in the analysis, including the appropriate accounting aging interval and the loss rate of each aging interval. As the measurement of expected credit losses involved judgment,

analysis and estimation, we therefore considered this a key audit matter.

Our audit procedures included, but not limited to assessing the effectiveness of internal controls around accounts receivable management, including performing simple tests by sampling and understanding management's assessment for expected credit losses of accounts receivable; dividing the expected loss rate of risk group and each group; selecting samples to perform the accounts receivable confirmation, analyzing trends of changes in account receivable of prior and subsequent periods and turnover rates; reviewing the collection in the subsequent period to assess their recoverability; performing an assessment of the reasonableness of impairment for individual long term accounts receivable.

We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6.

#### Inventory valuation (including investment accounted for using the equity method – the subsidiaries' inventory)

Inventories of the Company are material for financial reports. The determination of the provisions for obsolete inventories involve a high level of management judgment and was subject to uncertainty due to product diversity. As such, we determined this to be a key audit matter.

Our audit procedures included, but were not limited to assessing the effectiveness of inventory internal control established by management, including performing simple tests by sampling and understanding management's assessment for inventory valuation; evaluating the adequacy of accounting policy around obsolete and slow-moving inventories; obtaining inventory aging intervals to test whether the aging reports were reasonable; selecting important storage locations to observe inventory counts; in addition, we obtained inventory movement report, sampled related certificates of purchases and sales to verify the unit cost and access the net realizable value of inventories valuation.

We also assessed the adequacy of the disclosures related to inventory valuation in Notes 5 and 6.

#### Goodwill impairment

The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units have been determined based on the value in use because their fair value cannot be reliably measured. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Company and its subsidiaries, the determination of value in use was complex, and a high level of management judgment was involved when making assumptions about cash flow forecasts.

Our audit procedures included, but were not limited to: evaluating the management's assessment of value in use; involving internal expert to assist us in evaluating the reasonableness of key assumptions used by management such as growth rates, discount rates, and gross margin; involving internal expert to assist us in evaluating the reasonableness of key components of discount rates such as cost of capital, company-specific risk premium and market risk premium by comparing them to other companies of similar size with the cash-generating units; interviewing with management and assessing the reasonableness of assumptions used in their models such as gross margin, growth rates, and the expected future market and economic conditions; challenging management's budgeting process by comparing the actual financials to date versus previously forecasted financials and management's forecasting process by comparing the assumptions to the historic performance of the

Company.

We also assessed the adequacy of the disclosures related to goodwill assessment in Notes 5 and 6.

### **Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

### **Auditors' Responsibilities for the Audit of the parent company only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang, Tzu Ping

Chen, Ming Hung

Ernst & Young, Taiwan

14 March 2024

#### **Notice to Readers**

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
 JOHNSON HEALTH TECH CO., LTD.  
 PARENT COMPANY ONLY BALANCE SHEETS  
 31 December 2023 and 31 December 2022  
 (Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of	
		31 December 2023 Amount	31 December 2022 Amount
<b>Current assets</b>			
Cash and cash equivalents	4&6(1)	\$311,840	\$665,159
Financial assets at fair value through profit or loss, current	4,6(2)&12	14,162	8,746
Contract asset, current	4&6(16)	16,179	27,066
Notes receivable, net	4&6(17)	4,682	3,879
Trade receivables, net	4,6(3)&(17)	677,840	589,291
Trade receivables-related parties, net	4,6(3),(17)&7	7,367,940	9,751,428
Other accounts receivable, net	4&8	93,310	89,806
Other accounts receivable-related parties, net	4&7	1,749,436	1,421,331
Inventories, net	4&6(4)	1,198,855	1,604,104
Prepayments	6(5)	363,527	619,892
Other current assets		10,625	15,473
<b>Total current assets</b>		<b>11,808,396</b>	<b>14,796,175</b>
<b>Non-current assets</b>			
Investments accounted for under the equity method	4&6(6)	15,158,369	13,574,311
Property, plant and equipment	4,6(7)&8	1,171,422	1,203,928
Right-of-use assets	4&6(18)	114,010	104,299
Intangible assets	4	17,755	14,145
Deferred tax assets	4&6(22)	36,613	377,521
Other non-current assets		58,786	46,809
<b>Total non-current assets</b>		<b>16,556,955</b>	<b>15,321,013</b>
<b>Total assets</b>		<b>\$28,365,351</b>	<b>\$30,117,188</b>

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
31 December 2023 and 31 December 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of	
		31 December 2023 Amount	31 December 2022 Amount
<b>Current liabilities</b>			
Short-term borrowings	6(8)	\$4,260,000	\$10,070,000
Commercial paper payable	6(10)	449,633	849,648
Financial liabilities at fair value through profit or loss, current	4,6(11)&12	19,050	879
Contract liabilities, current	4&6(16)	217,926	189,061
Notes payable		111,220	130,385
Accounts payable		551,999	716,927
Accounts payable-related parties	7	3,856,030	3,702,446
Other payables	6(12)	511,862	526,389
Other payables-related parties	7	251,678	388,057
Current tax liabilities	4&6(22)	384,925	347,793
Lease liabilities, current	4&6(18)	38,434	39,988
Current portion of long-term loans	4,6(9)&13	2,032,531	987,695
Other current liabilities		10,219	9,108
<b>Total current liabilities</b>		<u>12,695,507</u>	<u>17,958,376</u>
<b>Non-current liabilities</b>			
Bonds payable	4&6(9)	-	2,000,000
Long-term loans	4&6(13)	5,464,857	105,026
Provisions, non-current	4&6(12)	24,958	42,865
Deferred tax liabilities	4&6(22)	87,223	154,697
Lease liabilities, non-current	4&6(18)	77,904	67,681
Net defined benefit obligation, non-current	4&6(14)	74,304	83,493
Credit balance in investment accounted for using equity method	4&6(6)	298,017	230,070
Other non-current liability	4	9	9
<b>Total non-current liabilities</b>		<u>6,027,272</u>	<u>2,683,841</u>
<b>Total liabilities</b>		<u>18,722,779</u>	<u>20,642,217</u>
<b>Equity</b>			
4&6(15)			
<b>Capital</b>			
Common stock		3,036,166	3,036,166
<b>Additional paid-in capital</b>		<u>431,446</u>	<u>431,446</u>
<b>Retained earnings</b>			
Legal reserve		1,555,699	1,512,422
Special reserve		1,620,071	1,942,009
Unappropriated earnings		5,031,884	4,226,611
<b>Subtotal</b>		<u>8,207,654</u>	<u>7,681,042</u>
<b>Other components of equity</b>			
Exchange differences on translation of foreign operations		(1,979,082)	(1,620,071)
<b>Treasury stock</b>		<u>(53,612)</u>	<u>(53,612)</u>
<b>Total equity</b>		<u>9,642,572</u>	<u>9,474,971</u>
<b>Total liabilities and equity</b>		<u>\$28,365,351</u>	<u>\$30,117,188</u>

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2023	2022
		Amount	Amount
<b>Operating revenues</b>	4,6(16)&7	\$13,952,940	\$13,642,388
<b>Operating costs</b>	6(4)&(19)	(10,812,339)	(10,525,354)
<b>Gross profit</b>		3,140,601	3,117,034
Unrealized intercompany profit		(62,040)	(107,333)
<b>Gross profit-net</b>		3,078,561	3,009,701
Operating expenses			
Selling and distribution	6(19)	(1,856,020)	(1,478,636)
General and administrative	6(19)	(399,080)	(358,521)
Research and development	6(19)	(711,694)	(637,399)
Expected credit losses	6(17)	(1,219)	-
Total operating expenses		(2,968,013)	(2,474,556)
<b>Operating income</b>		110,548	535,145
<b>Non-operating income and expenses</b>			
Interest income	4&6(20)	191,068	112,872
Other income	4&6(20)	61,799	87,558
Other gains and losses	6(20)	157,419	707,235
Finance costs	6(20)	(249,854)	(157,665)
Share of profit or loss of subsidiaries, associates and joint ventures	4&6(6)	550,835	(569,468)
Total non-operating income and expenses		711,267	180,532
<b>Income from continuing operations before income tax</b>		821,815	715,677
<b>Income tax expense</b>	4&6(22)	(111,987)	(286,653)
<b>Net income</b>		709,828	429,024
<b>Other comprehensive (loss) income</b>	6(21)		
<b>Items that may not be reclassified subsequently to profit or loss</b>			
Remeasurements of defined benefit plans		(1,828)	4,674
Share of profit or loss of associates & joint ventures accounted for using equity method	6(6)	24	(428)
Income tax relating to items that may not be reclassified subsequently		365	(935)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations	6(6)	(359,035)	402,957
Income tax relating to items that may be reclassified subsequently		-	(80,591)
<b>Total other comprehensive (loss) income, net of tax</b>		(360,474)	325,677
<b>Total comprehensive income</b>		\$349,354	\$754,701
<b>Earnings per share(NTD)</b>	6(23)		
Earnings per share-basic		\$2.34	\$1.42
Earnings per share-diluted		\$2.34	\$1.42

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
 JOHNSON HEALTH TECH CO., LTD.  
 PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
 For the years ended 31 December 2023 and 2022  
 (Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings				Other components of equity			Treasury stock	Total
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance as of 1 January 2022	\$3,036,166	\$59,979	\$1,509,898	\$1,385,492	\$4,504,183	\$(1,942,671)	\$662	(\$73,872)	\$8,479,837
Distribution of 2021 retained earnings									
Legal reserve			2,524		(2,524)				-
Special reserve				556,517	(556,517)				-
Cash dividends					(151,294)				(151,294)
Net income in 2022					429,024				429,024
Other comprehensive income(loss), net of tax in 2022					3,739	322,366	(428)		325,677
Total comprehensive income(loss)	-	-	-	-	432,763	322,366	(428)	-	754,701
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed		371,467							371,467
Exercise employee stock option to purchase treasury stock								20,260	20,260
Balance as of 31 December 2022	\$3,036,166	\$431,446	\$1,512,422	\$1,942,009	\$4,226,611	\$(1,620,305)	\$234	(\$53,612)	\$9,474,971
Balance as of 1 January 2023	\$3,036,166	\$431,446	\$1,512,422	\$1,942,009	\$4,226,611	\$(1,620,305)	\$234	(\$53,612)	\$9,474,971
Distribution of 2022 retained earnings									
Legal reserve			43,277		(43,277)				-
Special reserve				(321,938)	321,938				-
Cash dividends					(181,753)				(181,753)
Net income in 2023					709,828				709,828
Other comprehensive (loss)income, net of tax in 2023					(1,463)	(359,035)	24		(360,474)
Total comprehensive income(loss)	-	-	-	-	708,365	(359,035)	24	-	349,354
Balance as of 31 December 2023	\$3,036,166	\$431,446	\$1,555,699	\$1,620,071	\$5,031,884	\$(1,979,340)	\$258	(\$53,612)	\$9,642,572

(The accompanying notes are an integral part of the financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
JOHNSON HEALTH TECH CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December			For the years ended 31 December	
	2023	2022		2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$821,815	\$715,677	Acquisition of investments accounted for under the equity method	(1,043,798)	(169,967)
Adjustments to reconcile net income to net cash provided by operating activities:			Net cash flow from acquisition of subsidiaries	-	(251,440)
Income and expense:			Disposal of investments accounted for under the equity method	-	40,984
Depreciation	140,113	130,228	Acquisition of property, plant and equipment	(24,710)	(82,711)
Amortisation	10,291	6,716	Disposal of property, plant and equipment	50	844
Expected credit losses	1,219	-	Acquisition of intangible assets	(13,901)	(11,570)
Net loss of financial assets/liabilities at fair value through profit or loss	12,755	284	Received Cash dividend	-	50,825
Finance costs	249,854	157,665	Net cash used in investing activities	<u>(1,082,359)</u>	<u>(423,035)</u>
Interest income	(191,068)	(112,872)			
Share of (gain)loss of subsidiaries, associates and joint ventures	(550,835)	569,468	Cash flows from financing activities:		
(Gain) Loss on disposal of property, plant and equipment	(50)	1,200	Increase in short-term loans	43,473,657	41,715,000
Loss on disposal of intangible assets	-	5	Decrease in short-term loans	(49,283,657)	(37,700,143)
Loss of realized intercompany profit	62,040	107,333	Increase in commercial paper payable	1,338,271	13,470,980
Changes in operating assets and liabilities:			Decrease in commercial paper payable	(1,750,000)	(16,700,000)
Decrease in contract asset	10,887	3,666	Increase in long-term loans	17,531,423	1,271,952
(Increase) Decrease in notes receivable, net	(803)	7,774	Decrease in long-term loans	(13,190,755)	(1,328,576)
(Increase) Decrease in trade receivables, net	(89,768)	126,271	Cash dividends	(181,753)	(151,294)
Decrease (Increase) in trade receivables- related parties, net	2,383,488	(2,418,622)	Repayment of lease capital	(47,716)	(47,509)
(Increase) Decrease in other receivable, net	(3,504)	344,997	Exercise of employee stock option	-	20,260
Increase in other receivable- related parties, net	(328,105)	(25,531)	Net cash (used in) generated from financing activities	<u>(2,110,530)</u>	<u>550,670</u>
Decrease (Increase) in inventories, net	405,249	(44,603)			
Increase in prepayments	256,365	670,952	Net (decrease) increase in cash and cash equivalents	(353,319)	57,536
Decrease in other current assets	4,848	19,315	Cash and cash equivalents at beginning of period	665,159	607,623
Increase in other non-current assets	(48,200)	(40,458)	Cash and cash equivalents at end of period	<u>\$311,840</u>	<u>\$665,159</u>
Increase (Decrease) in contract liabilities	28,865	(258,334)			
Decrease in notes payable	(19,165)	(22,083)			
Decrease in accounts payable	(164,928)	(39,194)			
Increase in accounts payable-related parties	153,584	191,493			
Decrease in other payables	(13,132)	(135,734)			
(Decrease) Increase in other payables-related parties	(136,379)	61,582			
(Decrease) Increase in provisions	(17,907)	5,815			
Increase in other current liabilities	1,111	631			
Decrease in accrued pension liabilities	(11,017)	(11,130)			
Increase in other non-current liabilities	-	9			
Cash generated from operations	<u>2,967,623</u>	<u>12,520</u>			
Interest received	191,068	112,872			
Interest paid	(175,536)	(123,234)			
Income tax paid	(143,585)	(72,257)			
Net cash generated from (used in) operating activities	<u>2,839,570</u>	<u>(70,099)</u>			

(The accompanying notes are an integral part of the financial statements)

# JOHNSON HEALTH TECH. CO., LTD.

## Notes to Parent Company Only Financial Statements

For the years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Stated)

### 1. History and organization

Johnson Health Tech. Co., Ltd. (the Company) was incorporated in 1975. The main activities of the Company are manufacturing and selling sports equipment, cardio equipment, weight training equipment, and related electronic components. The shares of the Company were listed on the Taiwan Stock Exchange on 9 January 2003.

### 2. Date and procedures of authorization of financial statements for issue

The parent Company only financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 14 March 2024.

### 3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS

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These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

- (a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of Compliance

The parent Company only financial statements of the Company for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

The Company prepared the parent Company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent Company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent Company only financial statements shall be the same as the equity attributable to the parent Company presented in the consolidated financial statements. Therefore, investment in subsidiaries was presented in the parent Company only financial statements as “Investments accounted for using equity method” and made necessary adjustments.

The parent Company only financial statements have been prepared on a historical cost basis, except for financial instruments that are measured at fair values. The parent Company only financial statements are expressed in thousands of New Taiwan Dollars (“NTD”) unless otherwise stated.

(3) Foreign currency transactions

The parent Company only financial statements are presented in New Taiwan Dollars (NTD), which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that is part of a reporting entity’s net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising from the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On partial disposal of a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences

recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

#### (5) Current and Non-current Distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; or
- B. The Company holds the asset primarily for the purpose of trading; or
- C. The Company expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

- A. The Company expects to settle the liability in normal operating cycle; or
- B. The Company holds the liability primarily for the purpose of trading; or
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments does not affect its classification.

All other liabilities are classified as non-current.

## (6) Cash Equivalents

Cash and cash equivalents shall refer to cash, time deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, including time deposits with original maturities of three months or less.

## (7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

### A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchases or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

#### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables, etc., on the balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and are not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(c)

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

### Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on the aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, and the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

#### B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (b) the time value of money
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk

on a financial asset has increased significantly since the initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

#### C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

#### D. Financial liabilities and equity

##### Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a Company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### (8) Derivative instruments

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

#### (9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability, or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants are in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## (10) Inventories

Inventories are valued at lower cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Weighted average of actual procurements

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

## (11) Investments accounted for using the equity method

The Company prepared parent Company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent Company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent Company only financial statements shall be the same as the equity attributable to the parent Company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using the equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IFRS 9 Financial Instruments. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- A. its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

## (12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	3~55 years
Machinery and equipment	3~12 years
Transportation equipment	5~10 years
Office equipment	5~7 years
Tooling equipment	2~5 years
Leasehold improvements	Lower of leasehold years or useful lives
Miscellaneous equipment	2~12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

### Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

#### (14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets which fail to meet the recognition criteria are not capitalized and the expenditures are reflected in profit or loss in the period incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

A summary of policies information applied to the Company's intangible assets is as follows:

	<u>Computer software</u>
Useful lives	1~3 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Externally acquired

## (15) Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

## (16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

## (17) Revenue recognition

The Company's revenue arising from contracts with customers is primarily related to the sale of goods and rendering of services. The accounting policies are explained as follows:

### Sale of goods

The Company manufactures and sells fitness equipment. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer obtains the right and carrying value of the goods). The main products of the Company are cardiovascular equipment, weight training equipment, and related electronic components and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted for in accordance with IAS 37.

The credit period for the Company's sale of goods is from 0 to 65 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after the transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the Company lifetime expected credit losses. For some of the contracts, the Company collects the payments when contracts are signed-off and has the obligations to transfer the goods or provide the services, these contracts should be presented as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component has arisen.

#### (18) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as an additional government grant.

#### (20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, are not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

## (21) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of the vesting period.

## (22) Treasury Stock

Reacquired issued shares of the Company are recorded as treasury stock at cost and shown as a deduction in equity.

## (23) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## 5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions at the end of the reporting period that will affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

### (1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### A. The Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

#### B. Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

#### C. Pension Benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, expected salary increases and decreases.

#### D. Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company entities' domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

#### E. Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that are expected to receive (by evaluating forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

#### F. Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

## G. Share-Based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

### 6. Contents of significant accounts

#### (1) Cash and cash equivalents

	As at	
	31 December 2023	31 December 2022
Cash on hand	\$3,248	\$4,427
Checking and savings accounts	308,592	660,732
Total	<u>\$311,840</u>	<u>\$665,159</u>

#### (2) Financial assets at fair value through profit or loss

	As at	
	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Pre-sale forward exchange contracts	<u>\$14,162</u>	<u>\$8,746</u>
Current	\$14,162	\$8,746
Non-current	-	-
Total	<u>\$14,162</u>	<u>\$8,746</u>

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12 (8) for more details on forward exchange contracts.

#### (3) Trade receivables, net

	As at	
	31 December 2023	31 December 2022
Trade receivables	\$491,927	\$280,871
Installment accounts receivable	203,823	337,613
Less: unrealized gain on installment sales revenue	(15,929)	(28,431)
Less: loss allowance	(1,981)	(762)
Subtotal	<u>677,840</u>	<u>589,291</u>
Trade receivables-related party	7,367,940	9,751,428
Total	<u>\$8,045,780</u>	<u>\$10,340,719</u>

The expected recovery of the accounts receivables from installment sales is as follows:

	As at	
	31 December 2023	31 December 2022
2023.01~2023.12	\$-	\$184,821
2024.01~2024.12	124,559	107,856
2025.01~2025.12	51,393	36,566
2026.01~2026.12	21,509	8,370
2027.01~2027.12	6,362	-
Total	<u>\$203,823</u>	<u>\$337,613</u>

Accounts receivables were not pledged.

The total carrying amount is NTD8,047,761 thousand, NTD10,341,481 thousand as at 31 December 2023 and 2022. Please refer to Note 6(17) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2023	31 December 2022
Merchandises	\$611,676	\$919,135
Finished goods	200,633	366,152
Work in progress	272,988	212,923
Raw materials	113,558	105,894
Total	<u>\$1,198,855</u>	<u>\$1,604,104</u>

The cost of inventories recognized in expenses for the years ended 31 December 2023 and 2022 were NTD10,812,339 thousand and NTD10,525,354 thousand, respectively. The profit and loss related to the cost of goods sold are as follows:

	For the years ended 31 December	
	2023	2022
Warranty	\$222,189	\$228,500
Loss on disposal of inventory	1,124	208
Revenue from sale of scraps	(1,631)	(2,750)
Total	<u>\$221,682</u>	<u>\$225,958</u>

No inventories were pledged.

## (5) Prepayments

	As at	
	31 December 2023	31 December 2022
Prepayments to suppliers	\$313,028	\$539,056
Prepayments	50,497	72,832
Other	2	8,004
Total	<u>\$363,527</u>	<u>\$619,892</u>

## (6) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Investees	As at			
	31 December 2023		31 December 2022	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Johnson International Holding Co., Ltd.	\$9,501,430	100.00%	\$9,530,425	100.00%
Fuji Medical Instruments MFG. Co., Ltd.	2,517,254	100.00%	2,177,051	100.00%
Johnson Health Tech. North America, Inc.	1,714,288	100.00%	1,115,285	100.00%
Johnson Health Tech. Retail Inc.	130,785	100.00%	124,372	100.00%
Johnson Health Tech. UK Ltd.	95,675	44.43%	134,019	44.43%
Johnson Health Technologies, S.A. de C.V.	298,111	100.00%	163,651	100.00%
Johnson Health Tech SA Proprietary Limited	22,057	100.00%	38,796	100.00%
Johnson Health Tech. Rus Limited Liability Company	139,164	100.00%	84,789	100.00%
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	38,461	99.99%	13,147	99.99%
Johnson Health Industry (Vietnam) Company Limited.	325,068	100.00%	(85,721)	100.00%
Johnson Health Care Co., Ltd.	-	-	26,811	78.90%
PT Johnson Health Tech Indonesia	31,793	100.00%	18,877	100.00%
JHT FIT Company Limited	8,111	100.00%	12,351	100.00%
Johnson Health Tech Digital UK Limited	95,055	100.00%	37,494	100.00%
Johnson Health Tech Korea Co., Ltd.	53,350	100.00%	23,305	100.00%
Johnson Health Tech India Pvt Ltd	22,428	100.00%	14,717	100.00%
Johnson Health Tech. HK Ltd.	40,393	100.00%	30,449	100.00%
Johnson Health Tech UAE L.L.C	53,434	100.00%	-	-
Johnson Health Tech Japan Co., Ltd.	16,448	42.52%	-	-
Johnson Health Tech.(Schweiz) GmbH	50,064	100.00%	-	-
DAYA Corporation	5,000	100.00%	-	-
Subtotal	<u>15,158,369</u>		<u>13,459,818</u>	
Less: Investments accounted for using equity method at credit balance				
Johnson Health Tech (Vietnam) Company Limited	(52,273)	100.00%	13,056	100.00%
Johnson Health Tech Canada Inc.	(192,198)	100.00%	(117,466)	100.00%
Johnson Health Tech Philippines, Inc.	(33,834)	100.00%	(26,883)	100.00%
Johnson Fitness (Malaysia) SDN. BHD.	(19,712)	99.38%	15,716	99.38%
Subtotal	<u>(298,017)</u>		<u>(115,577)</u>	
Total	<u>\$14,860,352</u>		<u>\$13,344,241</u>	

For operational needs, the Company adjusted its investment structure in the third quarter of 2023 and merged Johnson Health Care Co.,Ltd., a subsidiary held by the Company and Johnson International Holding Corp., Ltd. at 78.9% and 21.1% respectively, with Fuji Medical Instruments MFG. Co., Ltd.

For operational needs, the Company adjusted its investment structure in the second quarter of 2023, and transferred 100% of Johnson International Holding Corp., Ltd.'s subsidiary, Johnson Health Tech UAE LCC., to the Company 100% holding.

On 22 December 2023, the Company increased capital in Johnson Health Tech Japan Co., Ltd. After the capital increase, the Company's and Johnson International Holding Corp., Ltd.' shareholding amounted to 42.52% and 57.35%, respectively.

For operational needs, the Company adjusted its investment structure in the fourth quarter of 2023, and transferred 100% of Johnson International Holding Corp., Ltd.'s subsidiary, Johnson Health Tech. (Schweiz) GmbH to the Company 100% holding.

On 25 December 2023, the Company set up a fully-owned subsidiary, DAYA Corporation in Taiwan.

A. Share of profit or loss of subsidiaries, associates and joint ventures in 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Fuji Medical Instruments MFG. Co., Ltd.	\$(56,747)	\$133,906
Johnson Health Tech Rus Limited Liability Company.	73,215	46,817
Johnson Health Technologies, S.A. de C.V.	106,722	93,165
Johnson Health Care Co., Ltd.	(16,078)	12,209
PT Johnson Health Tech Indonesia	13,007	7,222
Johnson Health Tech Philippines, Inc.	(6,832)	(11,501)
JHT FIT Company Limited	(4,351)	(4,410)
Johnson Health Tech SA Proprietary Limited	(14,115)	(10,179)
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Tica Ticaret Anonim Sirketi	8,261	(585)
Johnson Health Tech (Vietnam) Company Limited	(38,043)	(4,713)
Johnson Health Tech. UK Ltd.	(45,449)	(24,529)
Johnson Health Tech Canada Inc.	(71,487)	(38,048)
Johnson International Holding Corp., Ltd.	(16,333)	100,074
Johnson Health Tech. North America, Inc.	606,406	(78,422)
Johnson Health Industry (Viet Nam) Company Limited	(54,805)	(227,206)
Johnson Health Tech Retail Inc.	6,391	(527,660)
Johnson Health Tech Korea Co., Ltd.	31,425	(6,309)
Johnson Health Tech India Pvt Ltd	7,916	(7,512)
Johnson Health Tech Digital UK Limited	(27,748)	(25,656)
Johnson Health Tech. HK Ltd.	10,098	8,662
Johnson Fitness (Malaysia) SDN. BHD.	(35,533)	(4,793)
Johnson Health Tech UAE L.L.C	49,281	-
Johnson Health Tech.(Schweiz) GmbH	25,634	-
Total	<u>\$550,835</u>	<u>\$(569,468)</u>

- B. Exchange differences in translation of foreign operations in 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Johnson Health Tech Canada Inc.	\$(3,245)	\$(3,246)
Johnson Health Tech Philippines, Inc.	(119)	(340)
JHT FIT Company Limited	111	335
Johnson Health Tech (Vietnam) Company Limited	2,009	1,110
PT Johnson Health Tech Indonesia	(91)	68
Johnson Health Tech Rus Limited Liability Company.	(18,840)	3,365
Johnson Health Care Co., Ltd.	(1,125)	(195)
Johnson Health Technologies, S.A. de C.V.	27,738	15,244
Johnson Health Industry (Viet Nam) Company Limited.	(19,656)	4,675
Johnson Health Tech SA Proprietary Limited	(2,624)	1,972
Johnson Health Tech. UK Ltd.	7,105	(1,117)
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Tica Ticaret Anonim Sirketi	(15,957)	(3,502)
Johnson Health Tech Retail Inc.	22	49,422
Johnson Health Tech. North America, Inc.	(7,403)	101,276
Fuji Medical Instruments MFG. Co., Ltd.	(56,851)	(17,417)
Johnson International Holding Corp., Ltd.	49,739	247,625
Johnson Fitness (Malaysia) SDN. BHD.	105	64
Johnson Health Tech. HK Ltd.	(154)	1,247
Johnson Health Tech Korea Co., Ltd.	(1,380)	1,785
Johnson Health Tech India Pvt Ltd	(205)	(764)
Johnson Health Tech Digital UK Limited	22,819	1,350
Johnson Health Tech UAE L.L.C	(728)	-
Johnson Health Tech.(Schweiz) GmbH	2,224	-
Total	<u>\$(16,506)</u>	<u>\$402,957</u>

- C. Unrealized gain(loss) on fair value through other comprehensive income financial assets in 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Fuji Medical Instruments MFG. Co., Ltd.	\$24	\$(428)

- D. Investment in subsidiaries

The Company accounted for its investments in subsidiaries using the “equity method” and made necessary adjustments.

- (7) Owner-occupied property

	31 December 2023	31 December 2022
Owner-occupied property	<u>\$1,171,422</u>	<u>\$1,203,928</u>

A. Owner-occupied property

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
<b>Cost:</b>										
As at 1 January 2023	\$678,817	\$504,716	\$216,464	\$30,294	\$100,959	\$210,534	\$92,603	\$105,691	\$47,739	\$1,987,817
Additions	-	151	101	-	1,684	-	4,658	124	17,992	24,710
Disposals	-	(329)	(810)	(491)	(17,253)	(1,640)	(4,551)	-	-	(25,074)
Transfers	-	48,097	1,649	-	5,791	7,724	5,671	23,285	(54,834)	37,383
As at 31 December 2023	<u>\$678,817</u>	<u>\$552,635</u>	<u>\$217,404</u>	<u>\$29,803</u>	<u>\$91,181</u>	<u>\$216,618</u>	<u>\$98,381</u>	<u>\$129,100</u>	<u>\$10,897</u>	<u>\$2,024,836</u>
<b>Depreciation and impairment:</b>										
As at 1 January 2023	\$-	\$224,737	\$130,210	\$30,294	\$79,735	\$186,509	\$78,830	\$53,574	\$-	\$783,889
Depreciation	-	22,071	22,905	-	13,836	9,191	10,484	16,112	-	94,599
Disposals	-	(329)	(810)	(491)	(17,253)	(1,640)	(4,551)	-	-	(25,074)
As at 31 December 2023	<u>\$-</u>	<u>\$246,479</u>	<u>\$152,305</u>	<u>\$29,803</u>	<u>\$76,318</u>	<u>\$194,060</u>	<u>\$84,763</u>	<u>\$69,686</u>	<u>\$-</u>	<u>\$853,414</u>
<b>Net carrying amount:</b>										
As at 31 December 2023	<u>\$678,817</u>	<u>\$306,156</u>	<u>\$65,099</u>	<u>\$-</u>	<u>\$14,863</u>	<u>\$22,558</u>	<u>\$13,618</u>	<u>\$59,414</u>	<u>\$10,897</u>	<u>\$1,171,422</u>
As at 1 January 2023	<u>\$678,817</u>	<u>\$279,979</u>	<u>\$86,254</u>	<u>\$-</u>	<u>\$21,224</u>	<u>\$24,025</u>	<u>\$13,773</u>	<u>\$52,117</u>	<u>\$47,739</u>	<u>\$1,203,928</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
<b>Cost:</b>										
As at 1 January 2022	\$678,817	\$401,477	\$164,652	\$32,019	\$90,191	\$214,618	\$81,523	\$103,054	\$87,525	\$1,853,876
Additions	-	3,520	400	-	315	-	14,507	-	63,969	82,711
Disposals	-	(2,121)	(4,140)	-	(511)	(5,066)	(6,165)	-	-	(18,003)
Transfers	-	101,840	55,552	(1,725)	10,964	982	2,738	2,637	(103,755)	69,233
As at 31 December 2022	<u>\$678,817</u>	<u>\$504,716</u>	<u>\$216,464</u>	<u>\$30,294</u>	<u>\$100,959</u>	<u>\$210,534</u>	<u>\$92,603</u>	<u>\$105,691</u>	<u>\$47,739</u>	<u>\$1,987,817</u>
<b>Depreciation and impairment:</b>										
As at 1 January 2022	\$-	\$211,722	\$116,193	\$31,683	\$68,894	\$181,017	\$70,862	\$39,044	\$-	\$719,415
Depreciation	-	15,136	18,157	-	11,797	9,168	14,180	14,530	-	82,968
Disposals	-	(2,121)	(4,140)	-	(511)	(3,676)	(5,511)	-	-	(15,959)
Transfers	-	-	-	(1,389)	(445)	-	(701)	-	-	(2,535)
As at 31 December 2022	<u>\$-</u>	<u>\$224,737</u>	<u>\$130,210</u>	<u>\$30,294</u>	<u>\$79,735</u>	<u>\$186,509</u>	<u>\$78,830</u>	<u>\$53,574</u>	<u>\$-</u>	<u>\$783,889</u>
<b>Net carrying amount:</b>										
As at 31 December 2022	<u>\$678,817</u>	<u>\$279,979</u>	<u>\$86,254</u>	<u>\$-</u>	<u>\$21,224</u>	<u>\$24,025</u>	<u>\$13,773</u>	<u>\$52,117</u>	<u>\$47,739</u>	<u>\$1,203,928</u>
As at 1 January 2022	<u>\$678,817</u>	<u>\$189,755</u>	<u>\$48,459</u>	<u>\$336</u>	<u>\$21,297</u>	<u>\$33,601</u>	<u>\$10,661</u>	<u>\$64,010</u>	<u>\$87,525</u>	<u>\$1,134,461</u>

(a) Components of buildings that have different useful lives are the main building structure and electrical and plumbing facilities, which are depreciated over 55 years and 13 years, respectively.

(b) Please refer to Note 8 for property, plant and equipment pledged as collateral.

(c) No capitalization of interest as a result of purchasing property, plant and equipment for the years ended 31 December 2023 and 2022.

(8) Short-term loans

	Interest Rates (%)	As at	
		31 December 2023	31 December 2022
Unsecured bank loans	1.79%~2.15%	<u>\$4,260,000</u>	<u>\$10,070,000</u>
Unused short-term lines of credits amount		<u>\$6,240,146</u>	<u>\$6,356,481</u>

(9) Bonds payable

	As at	
	31 December 2023	31 December 2022
Domestic secured bonds	\$2,000,000	\$2,000,000
Less: current portion	2,000,000	-
Net	<u>\$-</u>	<u>\$2,000,000</u>

The Company issued five-year secured domestic bonds with a face value of NTD2,000,000 thousand for the first time on 29 August 2019, with the remaining amount to be fully settled by the maturity date.

The interest is paid every year at the annual interest rate of 0.83%.

(10) Commercial Paper Payable

Accounting title	Guarantee	As at	
		31 December 2023	31 December 2022
Commercial paper payable	Mega Bill Finance Corporation	\$150,000	\$50,000
	International Bills Financial Corporation	150,000	-
	China Bills Finance Corporation	150,000	-
	Taiwan Cooperative Bank, etc.	-	800,000
Less: Discount on commercial paper payable		(367)	(352)
Net amount		<u>\$449,633</u>	<u>\$849,648</u>

	For the years ended 31 December	
	2023	2022
Interest rates	1.480%-1.840%	1.760%-1.871%
Maturity date	2024/1/10-2024/2/5	2023/1/6-2023/1/13

(11) Financial liabilities at fair value through profit or loss

	As at	
	31 December 2023	31 December 2022
Held for trading:		
Derivatives not designated as hedging		
Foreign exchange swaps	\$19,050	\$879
Current	\$19,050	\$879
Non-current	-	-
Total	\$19,050	\$879

Please refer to Note 12(8) for the above financial instruments contracts.

(12) Other payables

	As at	
	31 December 2023	31 December 2022
Payroll	\$192,422	\$180,780
Export fees payable	25,533	66,466
Warranty expense	56,609	43,762
Advertising expense	23,863	31,285
Assembly expense	19,628	21,214
Employees' salaries and directors' remuneration	27,200	17,200
Other expense	166,607	165,682
Total	\$511,862	\$526,389

	As at	
	31 December 2023	31 December 2022
Product maintenance warranty		
Beginning balance	\$85,976	\$67,983
Warranty recognized	34,411	46,514
Amount utilized during the year	(39,471)	(28,521)
Ending balance	<u>\$80,916</u>	<u>\$85,976</u>
Current	\$56,609	\$43,762
Non-current	24,307	42,214
Total	<u>\$80,916</u>	<u>\$85,976</u>

(13) Long-term borrowings

Details of long-term loans as at 31 December 2023 and 31 December 2022 are as follows:

Lenders	As at 31 December 2023	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loans (Note 1)	\$434,600	The interest is paid monthly from 13 March 2023 to 28 January 2026, and repay the loan in full at maturity.
Taiwan Cooperative Bank, etc. syndicated bank loans (Note 1)	458,503	The interest is paid monthly from 22 February 2023 to 28 January 2026, and repay the loan in full at maturity.
Taipei Fubon Bank credit loan	300,000	From November 30 2023 to November 28 2025, the first installment is 6 months after the first drawdown date, with 3 months being one installment, which is divided into 7 installments. 10% of the principal will be amortized, 40% of the principal will be amortized in the 7th installment (i.e. the credit expiration date). The interest will be paid monthly.
First Commercial Bank credit loan	113,951	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Subtotal	<u>1,307,054</u>	
Less: current portion	(32,531)	
Less: syndicated bank loans expense	(5,865)	
Subtotal	<u>1,268,658</u>	
Commercial paper payable-syndicated bank loans (Note 1)	4,200,000	
Less: Discount on long-term commercial paper payable	(3,801)	
Subtotal	<u>4,196,199</u>	
Total	<u>\$5,464,857</u>	

Note: Long-term borrowings interest rate is between 0.96% to 1.79%, and interest is paid monthly. Long-term commercial paper payable interest rate is between 1.58%-1.595%

Lenders	As at 31 December 2022	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loans(Note 1)	\$490,364	The interest is paid monthly from 12 March 2021 to 12 March 2023, and repay the loan in full at maturity.
E.SUN Bank secured bank loan	464,800	The interest is paid quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
First Commercial Bank credit loan	146,482	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Subtotal	<u>1,101,646</u>	
Less: current portion	(987,695)	
Less: syndicated bank loans expense	(8,925)	
Total	<u><u>\$105,026</u></u>	

Note: Long-term borrowings interest rate is between 0.74% to 1.35%, and interest is paid monthly.

Please refer to Note 8 for property, plant and equipment pledged as collateral for long-term loans.

(Note 1) On 9 December 2020, the Company entered into a syndicated loan agreement with Taiwan Cooperative Bank and ten lending institutions. The agreement offered the Company a credit line of NTD9 billion. A summary of the agreement is as follows:

Credit period: From the date of first utilization until the end of a 5-year term

Credit Line and Utilization Method: The overall credit line is established at NTD9 billion. It is distributed and administered via the following credit mechanisms:

A. Tranche A: The revolving credit line is established at NTD9 billion, or its equivalent in USD, EUR, or JPY. However, each period of utilization shall not exceed 180 days, and the maturity date of each loan shall not exceed the expiration date of the credit period.

- B. Tranche B: The commercial paper issuance guarantees a revolving credit line of NTD4.5 billion. However, the maximum duration for each commercial paper guarantee issuance shall not exceed 180 days, and the maturity date for each guarantee shall not surpass the expiration date of the credit period.
- C. Tranche C: The non-revolving credit line is established at NT\$6.75 billion or its equivalent in USD, EUR, or JPY. It must be fully utilized by the borrower within 36 months from the initial utilization date. If the utilization period elapses without full utilization, the remaining portion of the credit line will be automatically canceled and cannot be utilized further.

The primary commitments and provisions of the syndicated loan outlined above: Throughout the duration of the credit facility, the borrower is required to uphold the following financial ratios:

- (a) The current ratio shall not be lower than 100%. (Note 1)
- (b) The financial liability ratio shall not be higher than 200%. (Note 2)
- (c) The interest coverage ratio shall not be lower than 3. (Note 3)

Note 1: Current ratio= current assets/ current liabilities

Note 2: Financial liability ratio = (bank loans + domestic secured bonds) / owners' equity

Note 3: Interest coverage ratio = (income before income tax + interest expense + amortization expense) / interest expense

The Company should review these ratios every half year based on the audited annual consolidated financial statements and the reviewed semi-annual financial statements. If the Company fails to meet any of the ratios specified in any of the above covenants, the Company should seek improvement by injecting cash capital or other means.

When the Company fails to meet any terms of the covenants for the first time, the lending banks may deem it as non-violation without filing claims with respect to the contract. However, if the Company violates the same financial ratio requirement for a second time, it is regarded as a breach. The lending bank may ask the Company to pay compensation (at 0.10% of the unpaid loan as at the second review date) in one lump sum to the agent bank, and the agent bank will pay the compensation to the other lending banks in proportion to their loans.

When reviewing if the interest rates should be adjusted, upon one year maturity from the drawdown of the loan, the banks should review the Company's pre-tax margin every year based on the audited annual consolidated financial report provided by the Company. The banks shall adjust the interest rates according to the agreed principle on the next adjustment date for interest rates.

The Company did not violate the above covenants for the years ended 31 December 2023 and 2022.

(14) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NTD43,583 thousand and NTD41,767 thousand respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The average duration of the defined benefits plan obligation as at 31 December 2023 and 2022, are 7.1 years and 7.6 years.

Pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022:

	For the years ended 31 December	
	2023	2022
Current period service costs	\$846	\$1,035
Interest expense	985	685
Total	<u>\$1,831</u>	<u>\$1,720</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2023	31 December 2022	1 January 2022
Defined benefit obligation	\$177,119	\$173,099	\$181,747
Plan assets at fair value	(102,815)	(89,606)	(82,450)
Other non-current liabilities - defined benefit obligation	<u>\$74,304</u>	<u>\$83,493</u>	<u>\$99,297</u>

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2022	\$181,747	\$(82,450)	\$ 99,297
Current period service costs	1,035	-	1,035
Net interest expense (income)	1,267	(582)	685
Subtotal	184,049	(83,032)	101,017
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(6,879)	-	(6,879)
Experience adjustments	8,643	-	8,643
Remeasurements of the defined benefit assets	-	(6,438)	(6,438)
Subtotal	185,813	(89,470)	96,343
Payments from the plan	(12,714)	12,714	-
Contributions by employer	-	(12,850)	(12,850)
As at 31 December 2022	173,099	(89,606)	83,493
Current period service costs	846	-	846
Net interest expense (income)	2,077	(1,092)	985
Subtotal	176,022	(90,698)	85,324
Remeasurements of the net defined benefit liability (asset):			
Experience adjustments	2,754	-	2,754
Remeasurements of the defined benefit assets	-	(925)	(925)
Subtotal	178,776	(91,623)	87,153
Payments from the plan	(1,657)	1,657	-
Contributions by employer	-	(12,849)	(12,849)
As at 31 December 2023	\$177,119	\$(102,815)	\$74,304

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	31 December 2023	31 December 2022
Discount rate	1.2%	1.2%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2023 and 2022 is, as shown below:

For the year ended 31 December 2023:

	<u>Increase defined benefit obligation</u>	<u>Decrease defined benefit obligation</u>
Discount rate increase by 0.1%	\$-	\$1,263
Discount rate decrease by 0.1%	1,278	-
Future salary increase by 0.1%	1,113	-
Future salary decrease by 0.1%	-	1,102

For the year ended 31 December 2022:

	<u>Increase defined benefit obligation</u>	<u>Decrease defined benefit obligation</u>
Discount rate increase by 0.1%	\$-	\$1,324
Discount rate decrease by 0.1%	1,341	-
Future salary increase by 0.1%	1,178	-
Future salary decrease by 0.1%	-	1,167

The sensitivity analyses above are based on a change in a significant assumption (for example: a change in the discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Discount rate reflects the time value of money but not the actuarial or investment risk. The discount rate for discounting post-employment benefits obligation should refer to the yield of high-quality corporate bonds at the end of reporting period. The yield of government bonds should be used in countries where the bonds have no market depth. The currency and period of corporate or government bonds should be consistent with the currency and estimated period of post-employment benefits obligation. If there is no deep-market bond with a sufficient long maturity date to coordinate the estimated due date of all benefit payments, the company should use the current market interest rate for an appropriate period to discount the payment of a shorter period. In addition, extrapolating the current market rate along the curve of yield to estimate the discount rate with a longer maturity period.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

## (15)Equity

### A. Share capital

As at 1 January 2022 the Company's authorized capital was NTD4,500,000 thousand, divided into 450,000,000 shares with par value of NTD10 each. The issued and outstanding capital stocks were NTD3,036,166 thousand. As at 31 December 2023, the capital remained unchanged.

### B. Capital surplus

	As at	
	31 December 2023	31 December 2022
Additional paid-in capital	\$54,807	\$54,807
Employee stock option	5,056	5,056
Difference between consideration and carrying amount of subsidiaries acquired or disposed	371,467	371,467
Gain on sale of assets	42	42
Other	74	74
Total	<u>\$431,446</u>	<u>\$431,446</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

### C. Legal reserve

According to the Company Act, the Company's after-tax earnings are required to first offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the issued capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

#### D. Special reserve

When the Company distributes distributable earnings, it shall, according to the requirements on the first adoption of IFRS, set aside supplemental special reserve based on the difference between the special reserve surplus already set aside and the contra account of other equity. For any subsequent reversal of the contra account in other equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin - Guan - Cheng - Fa - 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company's special reserve of NTD64,037 thousand at first-time adoption of IFRS with the absolute value of other equity (deduction) – net as at 1 January 2022. As at the year ended 2023 and 2022, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2023 and 2022, when distributing 2022 and 2021 distributable earnings, the Company (reversal) set aside special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, amount equal to other net deductions from shareholders' equity were NTD(321,938) thousand and NTD556,517 thousand for the years ended 2023 and 2022, respectively.

#### E. Treasury Stock

(a) The Company implements the treasury stock system, buyback the Company's shares from the securities centralized trading market, and its shares increase or decrease is shown as follows according to the reasons:

For the year ended 31 December 2023

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employee	695,000	-	-	-	695,000

For the year ended 31 December 2022

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	1,028,000	-	(333,000)	-	695,000

The board meeting held on 9 August 2019 approved to repurchase 600,000 shares. The expected period to execute the decision will take place between 26 July 2019 and 25 September 2019; the repurchase price will be between NTD70 to NTD100.

The board meeting held on 20 March 2020 approved to repurchase 2,000,000 shares, which would be transferred to employees to motivate them. The expected period to execute the decision took place between 23 March 2020 and 22 May 2020; the repurchase price was between NTD40 to NTD80. To keep in line with the capital planning and the effectiveness of use, 531,000 shares were repurchased actually.

The board meeting held on 7 August 2020 approved to transfer 103,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price of NTD60.84, and the Company recognized a compensation cost of NTD706 thousand on the vesting date. The Company's employees fully exercised the employee stock options of 103,000 shares on 28 August 2020. On the day of transfer, the difference between the transfer price and buyback price was offset by share capital- employee stock option in the amount of NTD706 thousand.

The board meeting held on 10 May 2021 approved to transfer 333,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price was NTD60.84. The Company recognized a compensation cost of NTD4,349 thousand in share capital-employee stock option on the vesting date. The 333,000 share options vest on 18 November 2022. On the day of transfer, the difference between the transfer price and buyback price was offset by share capital- employee stock option in the amount of NTD4,349 thousand.

As at 31 December 2023, the treasury shares that the Company bought back not yet transferred to employee amounted to 695,000 shares.

- (b) According to the Securities and Exchange Act of R.O.C., the total shares of treasury stock shall not exceed 10% of issued stock, and the total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital in excess of par and realized additional paid-in capital.
- (c) In compliance with the Securities and Exchange Act of R.O.C., treasury stocks shall not be pledged, nor should they be entitled to voting rights or receiving dividends.

F. Distribution of retained earnings and dividend policies

According to the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- (a) Income tax obligation
- (b) Offsetting accumulated deficits, if any
- (c) Legal reserve at 10% of net income after tax
- (d) Special reserve in compliance with the Company Act or Securities and Exchange Act
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting

When the Company distributes dividends to shareholders, if all or part of the dividend is in the form of cash distribution, the distribution shall be authorized through the board of directors representing more than two-thirds of the directors, with more than half of the directors present in favor of the proposal, and shall report the resolution to the shareholders' meeting. The Company's policy of distribution is based on capital expenditure, business expansion and sustainable development. The amount of cash dividends to be distributed shall be more than 10% of the total dividends to shareholders when there is sufficient surplus remaining for distribution. The ratio may be adjusted by the board of directors to between 50% to 100% of stock dividend depending on the actual profit and funding of the year or based on the needs of capital expenditure and business expansion, upon obtaining resolution of the shareholders' meeting.

According to the Company Act, the Company needs to set aside an amount to a legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Details of the 2022 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 28 June 2023 is as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2023	2022	2023	2022
Legal reserve	(Note 2)	\$43,277		
(Reversal) Special reserve	(Note 2)	(321,938)		
Cash dividends-common stock (Note 1)	(Note 2)	181,753	(Note 2)	\$0.60

Note 1: The Company's board of directors was authorized by the Articles of Incorporation and approved the common stock cash dividend of 2022 by special resolution on 11 May 2023.

Note 2: The resolution to distribute the Company's 2022 earnings have not been finalized.

Please refer to Note 6 (19) for further details on employees' compensation and remuneration to directors and supervisors.

(16) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$13,946,072	\$13,634,499
Other operating revenues	6,868	7,889
Total	<u>\$13,952,940</u>	<u>\$13,642,388</u>

The Company recognizes revenues when control of the products is transferred to the customers at a point in time. Information on revenues from contracts with customers during the years ended 31 December 2023 and 2022 are as follows:

A. Contract balance

(a) Contract asset – current

As at		
31 December 2023	31 December 2022	1 January 2022

Sales of goods	\$16,179	\$27,066	\$30,732
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The significant changes in the Company's balances of contract assets for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to trade receivables	\$(27,066)	\$(30,732)
Increase of contract assets	16,179	27,066

Please refer to Note 6(17) for more details on the loss allowance.

(b) Contract liabilities – current

	As at		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	\$217,926	\$189,061	\$447,395

During the period, contract liabilities increased as an increase of NTD 179,573 thousand in advance sales receipts that have not yet completed performance obligations during the period.

During the past period, contract liabilities significantly decreased as performance obligations were partially satisfied and NTD301,699 thousand was recognized as revenue during the period.

(c) Transaction price allocated to unsatisfied performance obligations

None.

(d) Assets recognized from costs to fulfill a contract

None.

(17) Expected credit losses

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit losses		
Trade receivables	\$1,219	\$-

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its contract assets and trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2023 is as follows:

- A. The gross carrying amount of contract asset is NTD16,179 thousand. There is no need to recognize loss allowance based on individual customer assessment method.
- B. The Company considers the grouping of trade receivables by counterparties' credit rating. They are divided into groups of notes receivables and trade receivables, and groups of installment accounts receivable and leased receivable. The details are as follows:

Note receivables and trade receivables as at 31 December 2023

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$437,499	\$54,325	\$4,099	\$686	\$-	\$496,609
Loss rate	-%	-%	0-10%	100%	-%	
Lifetime expected credit losses	-	-	(76)	(686)	-	(762)
Per book	\$437,499	\$54,325	\$4,023	\$-	\$-	\$495,847

Note: The Company's note receivables are not overdue. The historical credit losses experience of the Company's note receivables and trade receivables shows that there is no significant difference in the loss patterns among different customer groups. Therefore, the Company is no longer distinguished.

Note receivables and trade receivables as at 31 December 2023 – related party

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$4,483,587	\$868,867	\$253,309	\$110,648	\$1,651,529	\$7,367,940
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	\$4,483,587	\$868,867	\$253,309	\$110,648	\$1,651,529	\$7,367,940

Installment accounts receivable as at 31 December 2023

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$186,596	\$289	\$-	\$-	\$1,009	\$187,894
Loss rate	-%	70-80%	-%	-%	100%	
Lifetime expected credit losses	-	(219)	-	-	(1,009)	(1,219)
Per book	\$307,963	\$79	\$-	\$-	\$-	\$186,675

Note receivables and trade receivables as at 31 December 2022

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$217,254	\$60,701	\$3,609	\$2,424	\$762	\$284,750
Loss rate	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(762)	(762)
Per book	\$217,254	\$60,701	\$3,609	\$2,424	\$-	\$283,988

Note: The Company's note receivables are not overdue. The historical credit losses experience of the Company's note receivables and trade receivables shows that there is no significant difference in the loss patterns among different customer groups. Therefore, the Company is no longer distinguished.

Note receivables and trade receivables as at 31 December 2022 – related party

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$6,332,457	\$2,022,731	\$792,310	\$428,372	\$175,558	\$9,751,428
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	\$6,332,457	\$2,022,731	\$792,310	\$428,372	\$175,558	\$9,751,428

Installment accounts receivable as at 31 December 2022

	Not yet due (note)	Overdue				Total
		<=60 days	61-90 days	91-180 days	>=181 days	
Gross carrying amount	\$307,963	\$-	\$-	\$-	\$1,219	\$309,182
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	\$307,963	\$-	\$-	\$-	\$1,219	\$309,182

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2023 and 2022 is as follows:

	Note receivables	Trade receivables
2023.01.01	\$-	\$762
Write off	-	-
Addition for the current period	-	1,219
Reclassification for the current period	-	-
2023.12.31	\$-	\$1,981
2022.01.01	\$-	\$882
Write off	-	-
Addition for the current period	-	-
Reclassification for the current period	-	(120)
2022.12.31	\$-	\$762

(18) Leases

A. The Company is a lessee

The Company leases buildings. The lease terms range from 2 to 5 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As at 31 December	
	2023	2022
Buildings	\$114,010	\$104,299

During the years ended 31 December 2023 and 2022, the Company's additions to right-of-use assets amounted to NTD55,225 thousand and NTD105,675 thousand, respectively.

(ii) Lease liabilities

	As at 31 December	
	2023	2022
Current	\$38,434	\$39,988
Non-Current	77,904	67,681
Total	\$116,388	\$107,669

Please refer to Note 6(20)(d) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note 12(5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2023 and 2022.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Buildings	\$45,514	\$47,260

(c) Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	\$32,472	\$29,006

(d) Cash outflow related to lessee and lease activity

During the year ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounted to NTD80,188 thousand and NTD76,515 thousand, respectively.

(19) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

Nature	Function	For the years ended 31 December					
		2023			2022		
		Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense							
Salaries		\$254,825	\$686,453	\$941,278	\$240,966	\$668,972	\$909,938
Labor and health insurance		29,594	63,232	92,826	27,287	59,860	87,147
Pension		11,699	33,715	45,414	11,264	32,223	43,487
Director compensation		-	7,524	7,524	-	7,704	7,704
Other employee benefits expense		12,550	23,192	35,742	12,133	22,302	34,435
Depreciation		59,436	80,677	140,113	48,906	81,322	130,228
Amortization		226	10,065	10,291	227	6,489	6,716

As at 31 December 2023 and 31 December 2022, the Company's employees were 1,268 and 1,240, respectively; the number of directors who were not concurrently employees was 8 and 7.

As at 31 December 2023 and 31 December 2022, the Company's average employee benefits expenses were NT\$885 thousand and NT\$872 thousand, respectively.

As at 31 December 2023 and 31 December 2022, the Company's average employee salaries expenses were NT\$747 thousand and NT\$738 thousand employees, respectively; the average adjusted employee salaries expense was decreased to 1.22%.

The Company has no supervisor's remuneration as the Company has set up an audit committee to replace the supervisor.

The Company's salary policy is as follows: (including directors, managers and employees)

The Company's salary policy for employee remuneration holds the spirit of providing market-competitive salary levels and provides reasonable and motivating salary based on the employee's personal responsibility, contribution, performance and ability. In addition to the monthly salary, there are other incentives such as performance bonuses, proposal bonuses, irregular incentive bonuses, and profit sharing bonuses based on the Company's current year's profit. The Company evaluates directors' and manager's performance regularly and set the achievement of directors' and managers' performance goals every year. The results of performance evaluation are used as the basis of promotion, training development and salary payment.

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 December 2023, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be NTD10,000 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 14 March 2023 to distribute NTD10,000 thousand and NTD7,200 thousand in cash as employee compensation and remuneration to directors of 2022, respectively. There are no material differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2022.

(20) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2023	2022
Financial assets measured at amortized cost	\$191,068	\$112,872

B. Other income

	For the years ended 31 December	
	2023	2022
Others	\$61,799	\$87,558

C. Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	\$187,311	\$936,755
Gains on financial assets at fair value through profit or loss(Note 1)	5,416	595
Losses on financial liabilities at fair value through profit or loss (Note 2)	(18,170)	(879)
Losses on disposal of investments	(15,226)	(226,390)
Gains(Losses) on disposal of property, plant and equipment	50	(1,200)
Others	(1,962)	(1,646)
Total	\$157,419	\$707,235

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss.
2. Balances were arising from held for trading financial liabilities.

D. Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	\$248,864	\$156,537
Interest on lease liabilities	990	1,128
<b>Total</b>	<b>\$249,854</b>	<b>\$157,665</b>

(21) Components of other comprehensive income

A. For the year ended 31 December 2023

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	\$(1,828)	\$(1,828)	\$365	\$(1,463)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	24	24	-	24
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operator	(359,035)	(359,035)	-	(359,035)
<b>Total of other comprehensive income</b>	<b>\$(360,839)</b>	<b>\$(360,839)</b>	<b>\$365</b>	<b>\$(360,474)</b>

B. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	\$4,674	\$4,674	\$(935)	\$3,739
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	(428)	(428)	-	(428)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operator	402,957	402,957	(80,591)	322,366
<b>Total of other comprehensive income</b>	<b>\$407,203</b>	<b>\$407,203</b>	<b>\$(81,526)</b>	<b>\$325,677</b>

(22) Income tax

The major components of income tax expense for the year ended 31 December 2023 and 2022 are as follows:

A. Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	\$159,200	\$176,519
Adjustments in respect of current income tax of prior periods	21,014	4,834
Deferred tax (income) expense:		
Deferred tax (income) expense relating to origination and reversal of temporary differences	(68,730)	105,300
Other components of deferred tax income	503	-
Total income tax expense	<u>\$111,987</u>	<u>\$286,653</u>

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax (income) expense:		
Exchange differences resulting from translating the financial statements of a foreign operation	\$-	\$80,591
Remeasurements of defined benefit plans	(365)	935
Income tax relating to components of other comprehensive income	<u>\$(365)</u>	<u>\$81,526</u>

C. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	<u>\$821,813</u>	<u>\$715,677</u>
Tax at the domestic rates applicable to profits in the country concerned	164,363	143,135
Tax effect of expenses not deductible for tax purposes	(99,874)	135,360
5 % surtax on undistributed retained earnings	26,484	-
Adjustments in respect of current income tax of prior periods	21,014	4,834
Other adjustments according to tax law	-	3,324
Total income tax expense recognized in profit or loss	<u>\$111,987</u>	<u>\$286,653</u>

D. Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2023

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Temporary difference				
Unrealized foreign exchange gain (loss)	\$(105,695)	\$65,900	\$-	\$(39,795)
Provision for allowance to reduce inventories to market value	1,211	3,521	-	4,732
Gain (losses) on financial assets and liabilities at fair value through profit or loss	(1,574)	2,552	-	978
Net defined benefit liability – non-current	4,219	(2,204)	-	2,015
Remeasurement on defined benefit plans	12,480	-	365	12,845
Exchange differences on translation of foreign operations	342,529	(342,529)	-	-
Provision-warranties	17,082	(1,039)	-	16,043
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax (income)/expense		<u>\$(273,799)</u>	<u>\$365</u>	
Net deferred tax assets/(liabilities)	<u>\$222,824</u>			<u>\$(50,610)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$377,521</u>			<u>\$36,613</u>
Deferred tax liabilities	<u>\$(154,697)</u>			<u>\$(87,223)</u>

(b) For the year ended 31 December 2022

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Temporary difference				
Unrealized foreign exchange gain (loss)	\$1,103	\$(106,798)	\$-	\$(105,695)
Provision for allowance to reduce inventories to market value	1,211	-	-	1,211
(Loss) Gain on financial assets and liabilities at fair value through profit or loss	(1,630)	56	-	(1,574)
Net defined benefit liability – non-current	6,444	(2,225)	-	4,219
Remeasurement on defined benefit plans	13,415	-	(935)	12,480
Exchange differences on translation of foreign operations	423,120	-	(80,591)	342,529
Provision-warranties	13,415	3,667	-	17,082
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		<u>\$(105,300)</u>	<u>\$(81,526)</u>	
Net deferred tax assets/(liabilities)	<u>\$409,650</u>			<u>\$222,824</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$458,709</u>			<u>\$377,521</u>
Deferred tax liabilities	<u>\$(49,059)</u>			<u>\$(154,697)</u>

- (c) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2023 and 2022, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD971,649 thousand and NTD397,711 thousand respectively.

- (d) The assessment of income tax returns

As at 31 December 2023, the tax authorities have assessed income tax returns of the Company through 2021.

- (23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the years attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the years ended 31 December</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	<u>\$709,828</u>	<u>\$429,024</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>302,922</u>	<u>302,628</u>
Basic earnings per share (NTD)	<u>\$2.34</u>	<u>\$1.42</u>

Calculation of diluted earnings per share is equal to basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

## 7. Related party transactions

### Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Johnson Health Tech North America, Inc.	Subsidiary
Johnson Health Industry (Viet Nam) Company Limited	Subsidiary
Johnson Health Technologies, S.A. DE C.V.	Subsidiary
Johnson Health Technologies Canada Inc.	Subsidiary
Johnson Health Tech Retail Inc	Subsidiary
Johnson Health Tech UAE L.L.C	Subsidiary
Johnson Health Tech UK Ltd.	Subsidiary
Johnson Health Tech GmbH	Subsidiary
Johnson Industries (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary
Johnson Industrial do Brasil Ltda	Subsidiary
Johnson Health Tech France	Subsidiary
Johnson Health Tech Netherland B.V.	Subsidiary
Johnson Health Technologies Ibérica, SL	Subsidiary
Johnson Health Tech Italia S.P.A.	Subsidiary
Johnson Health Tech (Thailand) Co., Ltd.	Subsidiary

### Significant transactions with related parties

#### A. Sales

	For the years ended 31 December	
	2023	2022
Johnson Health Tech North America, Inc.	\$4,282,441	\$4,639,651
Johnson Health Tech Retail Inc	1,493,320	765,432
Johnson Health Tech Netherland B.V.	1,301,031	1,465,771
Johnson Health Tech GmbH	675,102	883,844
Johnson Health Tech UK Ltd.	284,519	770,641
Others	4,043,548	3,202,293
Total	\$12,079,961	\$11,727,632

The selling price and collection terms between related parties are not significantly different from those with the third parties.

B. Purchase

	For the years ended 31 December	
	2023	2022
Johnson Industries (Shanghai) Co., Ltd.	\$5,632,191	\$5,921,199
Johnson Health Industry (Vietnam) Company Limited	1,735,675	924,924
Johnson Health Technology (Shanghai) Co., Ltd.	350,034	520,462
Others	249,217	248,354
Total	<u>\$7,967,117</u>	<u>\$7,614,939</u>

The purchase price from the above related parties was determined through a mutual agreement based on the market rates. The payment terms from the related party suppliers are similar to third party suppliers.

C. Accounts receivable, net

	As at	
	31 December 2023	31 December 2022
Johnson Health Tech Retail Inc	\$2,434,824	\$3,208,085
Johnson Health Tech North America, Inc.	1,283,215	3,199,417
Johnson Health Tech Netherland B.V.	611,773	241,389
Johnson Health Tech UK Ltd.	558,477	654,307
Johnson Industrial do Brasil Ltda.	513,422	344,809
Johnson Health Tech Italia S.P.A.	302,456	259,859
Johnson Health Tech UAE L.L.C	261,570	305,660
Johnson Health Technologies, S.A. de C.V.	241,925	257,658
Johnson Health Tech GmbH	236,483	337,273
Johnson Health Technologies Canada Inc.	163,697	305,454
Johnson Health Technologies Ibérica, SL	20,228	159,419
Others	739,870	478,098
Total	<u>\$7,367,940</u>	<u>\$9,751,428</u>

D. Other accounts receivable, net

	As at	
	31 December 2023	31 December 2022
Johnson Health Tech Retail Inc	\$493,423	\$6,671
Johnson Industrial do Brasil Ltda	438,092	468,285
Johnson Health Technologies Canada Inc.	338,130	176,752
Johnson Health Tech UAE LLC	149,484	196,292
Johnson Health Tech Netherland B.V.	110,025	2,803
Johnson Health Technologies, S.A. DE C.V.	88,933	2,706
Johnson Industries (Shanghai) Co., Ltd.	6,950	55,131
Fuji Medical Instruments Mfg. Co., Ltd.	6,591	350,420
Johnson Health Technology (Shanghai) Co., Ltd.	1,920	71,469
Others	115,888	90,802
Total	<u>\$1,749,436</u>	<u>\$1,421,331</u>

Other accounts receivable mainly consists of developing tools, purchasing material and equipment, overdue accounts receivable transfer and financing for related parties.

E. Accounts payable, net

	As at	
	31 December 2023	31 December 2022
Johnson Industries (Shanghai) Co., Ltd.	\$3,691,389	\$3,394,424
Johnson Health Technology (Shanghai) Co., Ltd.	112,871	64,992
Johnson Health Industry (Vietnam) Company Limited	-	130,906
Others	51,770	112,124
Total	<u>\$3,856,030</u>	<u>\$3,702,446</u>

F. Other payables, net

	As at	
	31 December 2023	31 December 2022
Johnson Health Tech France	\$168,197	\$106,303
Johnson Health Tech Retail, Inc.	27,846	9,709
Johnson Health Tech Netherland B.V.	23,514	63,102
Johnson Health Tech. North America, Inc.	7,464	141,134
Johnson Health Tech GmbH	353	33,342
Others	24,304	34,467
Total	<u>\$251,678</u>	<u>\$388,057</u>

G. Expenses

	For the years ended 31 December	
	2023	2022
Johnson Health Tech Retail Inc	\$954,083	\$313,085
Johnson Health Tech. North America, Inc.	470,292	670,130
Johnson Health Tech. Netherland B.V	205,492	147,787
Others	118,830	146,195
Total	<u>\$1,748,697</u>	<u>\$1,277,197</u>

## H. Other Income

	For the years ended 31 December	
	2023	2022
Johnson Industries (Shanghai) Co., Ltd.	\$28,656	\$35,902
Johnson Health Tech Retail Inc	26,229	-
Johnson Health Tech North America, Inc.	20,189	19,655
Johnson Industrial do Brasil Ltda.	18,075	16,190
Johnson Health Technologies Canada Inc.	12,133	10,223
Johnson Health Tech UK Ltd.	11,068	7,952
Johnson Health Industry (Viet Nam) Company Limited	8,692	7,428
Johnson Health Technology (Shanghai) Co., Ltd.	7,973	13,276
Johnson Health Tech UAE L.L.C	2,392	3,387
Others	44,794	30,930
Total	<u>\$180,201</u>	<u>\$144,943</u>

## I. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	<u>\$79,910</u>	<u>\$62,200</u>

## 8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	As at		Contents of secured debt
	31 December 2023	31 December 2022	
Property, plant and equipment - land	\$671,271	\$671,271	Syndicated loans / Secured loan
Property, plant and equipment – buildings (carrying value)	42,320	43,642	Syndicated loans / Secured loan
Other receivable - deposit	78,974	79,373	LC loan
Total	<u>\$792,565</u>	<u>\$794,286</u>	

## 9. Commitments and contingencies

### (1) The important contracts of construction in progress or service

The contracts of the Company as at 31 December 2023 and 2022 are as follows:

#### A. As at 31 December 2023:

None.

#### B. As at 31 December 2022:

None.

### (2) The Company issued guaranty notes as security for borrowings in the sum of NTD800,925 thousand as at 31 December 2023.

### (3) The Company entered into financial guarantees to related parties as at 31 December 2023. Refer to Note 13(1)(b).

## 10. Losses due to major disasters

None.

## 11. Significant subsequent events

None.

## 12. Others

### (1) Categories of financial instruments

	As at	
	31 December 2023	31 December 2022
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$14,162	\$8,746
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	308,592	660,732
Notes and trade receivable	8,050,462	10,344,598
Other receivables	1,842,746	1,511,137
Subtotal	10,201,800	12,516,467
Total	\$10,215,962	\$12,525,213

	As at	
	31 December 2023	31 December 2022
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$4,260,000	\$10,070,000
Commercial paper payable	449,633	849,648
Notes and accounts payable	4,519,249	4,549,758
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	5,497,388	1,092,721
Lease liability	116,338	107,669
Subtotal	<u>16,842,608</u>	<u>18,669,796</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	19,050	879
Total	<u><u>\$16,861,658</u></u>	<u><u>\$18,670,675</u></u>

## (2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, a due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

## (3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

## Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD, EUR and CNY. The information of the sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$40,756
For the year ended 31 December 2022	\$-	\$63,212

(b) When NTD strengthens/weakens against EUR by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$18
For the year ended 31 December 2022	\$-	\$(4,864)

(b) When NTD strengthens/weakens against JPY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	\$-	\$(7,124)
For the year ended 31 December 2022	\$-	\$(4,674)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2023 and 2022 to decrease by NTD10,208 thousand and NTD12,012 thousand, respectively.

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial positions, ratings from credit rating agencies, historical experiences, prevailing economic conditions and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2023 and 2022, the credit concentration risk of other accounts receivables is insignificant. The accounts receivable of the top ten customers accounted for 71.65% and 86.76% of the Company's balance of accounts receivables, respectively.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
<u>As at 31 December 2023</u>					
Short-term borrowings	\$4,273,880	\$-	\$-	\$-	\$4,273,880
Commercial paper payable	450,000	-	-	-	450,000
Notes and accounts payable	4,519,249	-	-	-	4,519,249
Bonds payable	2,011,006	-	-	-	2,011,006
Long-term loans	4,236,852	1,265,093	17,985	6,654	5,526,584
Lease liabilities	38,606	50,026	26,189	-	114,821
<u>As at 31 December 2022</u>					
Short-term borrowings	\$10,102,159	\$-	\$-	\$-	\$10,102,159
Commercial paper payable	850,000	-	-	-	850,000
Notes and accounts payable	4,549,758	-	-	-	4,549,758
Bonds payable	16,600	2,016,600	-	-	2,033,200
Long-term loans	993,453	66,161	33,923	15,504	1,109,041
Lease liabilities	40,825	38,894	28,907	-	108,626

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2023	\$10,070,000	\$849,648	\$2,000,000	\$1,092,721	\$107,669	\$14,120,038
Cash flows	(5,810,000)	(411,729)	-	4,340,668	(47,716)	(1,928,777)
Non-cash changes	-	11,714	-	63,999	56,385	132,098
As at 31 December 2023	<u>\$4,260,000</u>	<u>\$449,633</u>	<u>\$2,000,000</u>	<u>\$5,497,388</u>	<u>\$116,338</u>	<u>\$12,323,359</u>

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2022	\$6,055,143	\$4,045,492	\$2,000,000	\$1,149,345	\$52,979	\$13,302,959
Cash flows	4,014,857	(3,229,020)	-	(56,624)	(47,509)	681,704
Non-cash changes	-	33,176	-	-	102,199	135,375
As at 31 December 2022	<u>\$10,070,000</u>	<u>\$849,648</u>	<u>\$2,000,000</u>	<u>\$1,092,721</u>	<u>\$107,669</u>	<u>\$14,120,038</u>

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public Company and private Company equity securities) is estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses the DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using the interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

#### B. Fair value measurement hierarchy

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

#### (8) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2023 and 2022 is as follows:

##### Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Contract	Contract amount (in thousands)	Maturity
<u>As at 31 December 2023</u>		
Foreign exchange swaps	Sell USD 77,800	2024/1/5
Foreign exchange swaps	Sell EUR 15,300	2024/1/4-2024/1/5
Pre-sale forward exchange contracts	Sell USD 10,000	2024/1/30
<u>As at 31 December 2022</u>		
Pre-sale forward exchange contract	Sell USD 6,000	2023/2/22
Foreign exchange swaps	Sell USD 20,000	2023/1/6
Foreign exchange swaps	Sell EUR 4,000	2023/1/6

The counterparties of said derivatives financial instruments are well-known local and international banks with good credit rating, therefore carry low credit risk.

Foreign exchange forward contract transactions mainly aim at hedging the risk of exchange rate changes of net assets or net liabilities. There will be corresponding cash inflow or outflow at maturity. There is no significant cash flow risk as the Company's working capital is sufficient to support such activity.

## (9) Fair value measurement hierarchy

### A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$-	\$14,162	\$-	\$14,162
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Foreign exchange rates contracts	\$-	\$19,050	\$-	\$19,050

As at 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$-	\$8,746	\$-	\$8,746
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Foreign exchange rates contracts	\$-	\$879	\$-	\$879

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at					
	31 December 2023			31 December 2022		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
<u>Financial assets</u>						
<u>Monetary item:</u>						
USD	\$260,449	30.735	\$8,004,902	\$328,840	30.708	\$10,098,029
EUR	47,339	34.011	1,610,062	37,612	32.704	1,230,068
JPY	180,778	0.2173	39,283	2,031,526	0.2324	472,127
<u>Financial liabilities</u>						
<u>Monetary item:</u>						
USD	\$94,692	30.735	\$2,910,369	\$71,529	30.708	\$2,196,514
EUR	47,274	34.011	1,607,824	56,202	32.704	1,838,039
JPY	4,277,903	0.2173	929,588	4,545,269	0.2324	1,056,320

The Company is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Company and subsidiaries use a large number of different functional currencies. The exchange gain for the years ended 31 December 2023 and 2022 were NTD187,311 thousand and NTD936,755 thousand, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

### 13. Other disclosures

#### (1) Information at significant transactions

- A. Financing provided to others for the year ended 31 December 2023: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 2.
- C. Securities held as of 31 December 2023 (excluding subsidiaries, associates and joint ventures): None
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2023: None
- E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2023: None
- F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2023: None
- G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2023:  
  
Please refer to Note 13(1)(j) for detail.
- H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2023: Please refer to Attachment 3.
- I. Transaction of derivative financial instruments: Please refer to Note 12(8).

J. The business relationship, significant transactions and amounts exceeding the lower of NTD100 million or 20% of capital stock between parent company and subsidiaries: Please refer to Attachment 4.

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income(loss) of the investee company and investment income(loss) recognized as of 31 December 2023: Please refer to Attachment 5.

(3) Information on investments in mainland China

The Company ultimately invests subsidiaries in mainland China through its subsidiary, Johnson International Holding Corp., Ltd., as below: Please refer to Attachment 6.

Attachment 1: Financing provided  
A.The Company

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Yes	\$540,000	\$540,000	\$392,490	3.00%	1	\$531,489		-	-	-	\$4,821,286	\$9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Yes	270,000	270,000	144,928	3.00%	1	304,557		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Yes	345,000	345,000	301,161	3.00%	1	240,898		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Yes	71,000	-	-	0.00%	1	4,282,440		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Yes	1,100,000	900,000	492,407	1.50%	1	1,493,320		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Other receivable-related parties	Yes	130,000	130,000	30,736	3.00%	1	284,519		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech.Netherlands B.V.	Other receivable-related parties	Yes	350,000	350,000	84,423	3.00%	1	1,220,216		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Yes	230,000	230,000	80,789	3.00%	1	363,241		-	-	-	4,821,286	9,642,572
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech.GmbH	Other receivable-related parties	Yes	50,000	50,000	5,231	3.00%	1	675,102		-	-	-	675,102	3,857,029
0	Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	Other receivable-related parties	Yes	535,440	-	-	0.00%	2		Short-term financing	-	-	-	1,928,514	3,857,029
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Other receivable-related parties	Yes	23,380	-	-	0.00%	2		For business operation	-	-	-	1,928,514	3,857,029

Note1 : Code "1" represents business relationship between the two companies.

Code "2" represents an entity that requires short-term financing.

Note2 : Johnson Health Tech. Co., Ltd.'s financing limit for the amount of financing between foreign subsidiaries which the Company holds was set at 50% of its net worth stated in the most recent financial report.

For entities not falling under this category, the limit is set at 20% of the Company's net worth or the lower of the balance of business transactions between the parties.

Johnson Health Tech. Co., Ltd.'s financing limit for the company which needs short-term financing was set at 20% of its net worth stated in the most recent financial report.

Note3 : Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted to the limit of financing amount of 40% of the lender's net worth.

However these subsidiaries shall specify the duration of loans, limits on the aggregate amount of such loans, and authorization for loans in their established operational procedures.

Attachment 1: Financing provided  
B.Subsidiaries

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	\$13,725	\$-	\$-	0.00%	2	-	For business operation	-	-	-	-	-
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Yes	175,250	171,050	160,787	3.36%	2	-	For business operation	-	-	-	455,159	606,879
3	Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Other receivable-related parties	Yes	69,840	65,790	57,018	0.5565%	2	-	For business operation	-	-	-	70,628	211,883
4	Johnson Health Tech UK Limited	Johnson Health Tech Digital UK Ltd	Other receivable-related parties	Yes	28,553	-	-	0.00%	2	-	For business operation	-	-	-	43,068	129,203

Note1 : Code "1" represents business relationship between the two companies.

Code "2" represents an entity that requires short-term financing.

Note 2 : Johnson Health Tech. (Vietnam) Company Limited 's financing limit for a counterparty and total financing limit were set at 100% of its net worth stated in the most recent financial report.

Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report; total financing limit was set at 80% of its net worth stated in the most recent financial report.

Johnson Health Tech Japan Co., Ltd. 's financing limit for a counterparty and total financing limit were set at 20% of its net worth stated in the most recent financial report.

Johnson Health Tech UK Limited 's financing limit for a counterparty and total financing limit were set at 20% of its net worth stated in the most recent financial report.

Note 3 : Limits on the overseas companies in which Johnson Health Tech. Co., Ltd. holds, directly or indirectly, 100% of the voting shares is calculated at 100% of the net worth of the most recent financial statements.

For entities not falling under this category, the limit is set at 40% of the Company's net worth or the lower of the balance of business transactions between the parties.

For entities requiring short-term financing, the limit is calculated at 40% of Johnson Health Tech. Co., Ltd.'s net worth of the most recent financial statements.

The maximum total limit for Johnson Health Tech (Vietnam) Company Limited is calculated at 100% of the net worth of the most recent financial statements.

The maximum total limit for Johnson Health Tech France is calculated at 80% of the net worth of the most recent financial statements.

The maximum total limit for Johnson Health Tech Japan Co., Ltd. is calculated at 60% of the net worth of the most recent financial statements.

The maximum total limit for Johnson Health Tech UK Limited is calculated at 60% of the net worth of the most recent financial statements.

## Attachment 2 : Endorsement/Guarantee provided:

## A.The Company

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	\$9,642,572	\$289,950	\$136,840	\$-	-	1.42%	\$24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	9,642,572	318,593	317,483	4,812	-	3.29%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	9,642,572	140,200	136,840	-	-	1.42%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	9,642,572	315,450	307,890	280,697	-	3.19%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co.,Ltd.	2	9,642,572	46,220	43,860	-	-	0.45%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	9,642,572	97,440	92,220	38,732	-	0.96%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	9,642,572	166,640	160,640	34,894	-	1.67%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	9,642,572	144,180	139,920	58,300	-	1.45%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	9,642,572	162,400	153,700	68,420	-	1.59%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	9,642,572	2,043,500	1,598,480	224,083	-	16.58%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	9,642,572	61,520	-	-	-	0.00%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	9,642,572	526,440	517,620	143,864	-	5.37%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	9,642,572	315,200	217,700	66,853	-	2.26%	24,106,430	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	2	9,642,572	684,200	525,100	26,318	-	5.45%	24,106,430	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Netherlands B.V.	2	9,642,572	105,150	102,630	-	-	1.06%	24,106,430	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	2	9,642,572	293,860	285,280	-	-	2.96%	24,106,430	Y	N	N

Note1 : Code "1" represents there are business relationship between the two companies.

Code "2" represents a subsidiary in which the parent holds directly over 50% of equity interest.

Code "3" represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

Note2 : Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note3 : The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

## Attachment 2 : Endorsement/Guarantee provided:

## B.Subsidiaries

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	\$9,642,572	\$85,845	\$75,485	\$75,485	-	0.78%	\$24,106,430	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	9,642,572	31,579	26,934	26,934	-	0.28%	24,106,430	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	9,642,572	1,265	321	321	-	0.00%	24,106,430	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	9,642,572	165,671	143,767	143,767	-	1.49%	24,106,430	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	9,642,572	15,335	15,335	15,335	-	0.16%	24,106,430	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	9,642,572	2,239	1,305	1,305	-	0.01%	24,106,430	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	9,642,572	2,171	-	-	-	0.00%	24,106,430	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing, Inc.	1	9,642,572	1,875	-	-	-	0.00%	24,106,430	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	9,642,572	669,450	-	-	-	0.00%	24,106,430	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	9,642,572	3,096,100	740,180	21,770	-	7.68%	24,106,430	N	N	Y
6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	9,642,572	319,102	280,697	280,697	-	2.91%	24,106,430	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	9,642,572	597	-	-	-	0.00%	24,106,430	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	9,642,572	124,949	117,438	117,438	-	1.22%	24,106,430	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	9,642,572	99,750	94,800	94,800	-	0.98%	24,106,430	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	9,642,572	218,534	218,534	218,534	-	2.27%	24,106,430	N	N	N
9	Johnson Health Tech. Netherlands B.V.	Societe Generale	1	9,642,572	32,048	32,048	32,048	-	0.33%	24,106,430	N	N	N
10	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	9,642,572	307,860	-	-	-	0.00%	24,106,430	N	N	Y
11	Johnson Health Tech CZ & SK a.s.	PEAC Finance	1	9,642,572	4,652	4,117	4,117	-	0.04%	24,106,430	N	N	N

Note1 : Code "1" represents there are business relationship between the two companies.  
Code "2" represents a subsidiary in which the parent holds directly over 50% of equity interest.  
Code "3" represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

Note2 : Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note3 : The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

Attachment 3 : Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as at end of the period

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Investee company	Account receivable USD 41,751 (NTD 1,283,215) Non-trade receivable USD 50 (NTD 1,545)	1.91	\$ -	-	\$699,456	\$ -
Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda	Investee company	Account receivable USD 16,461 (NTD 513,422) Non-trade receivable USD 14,498 (NTD 438,092)	1.25	-	-	231,340	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Investee company	Account receivable USD 8,003 (NTD 261,570) Non-trade receivable USD 5,371 (NTD 149,484)	1.07	-	-	27,006	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Investee company	Account receivable USD 77,904 (NTD 2,484,824) Non-trade receivable USD 17,370 (NTD 493,423)	0.53	-	-	183,622	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Investee company	Account receivable EUR 8,893 (NTD 302,456) Non-trade receivable EUR 151 (NTD 5,141)	1.22	-	-	61,373	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Investee company	Account receivable USD 4,997 (NTD 163,697) Non-trade receivable USD 11,330 (NTD 338,130)	1.03	-	-	11,072	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Investee company	Account receivable USD 7,850 (NTD 241,925) Non-trade receivable USD 2,915 (NTD 88,933)	1.45	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Investee company	Account receivable EUR 18,027 (NTD 611,773) Non-trade receivable EUR 3,195 (NTD 110,025)	3.05	-	-	272,728	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	Investee company	Account receivable EUR 6,950(NTD 236,483) Non-trade receivable EUR 268 (NTD 8,990)	2.35	-	-	59,170	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Investee company	Account receivable USD 18,180 (NTD 558,477) Non-trade receivable USD 1,352 (NTD 41,827)	0.47	-	-	13,037	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 74,894 (NTD 2,301,892) EUR 39,978 (NTD 1,359,698) JPY 137,136 (NTD 29,800) Non-trade receivable USD 1 (NTD 30)	1.56	-	-	1,166,376	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 3,348 (NTD 102,900) EUR 232 (NTD 7,879) JPY 9,628 (NTD 2,092)	3.77	-	-	102,040	-

Attachment 4 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	\$4,282,441	The same commercial terms as with a general customer	11.25%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	1,283,215	The same commercial terms as with a general customer	3.52%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	1,545	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	284,519	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	558,477	The same commercial terms as with a general customer	1.53%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	41,827	The same commercial terms as with a general customer	0.11%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	675,102	The same commercial terms as with a general customer	1.77%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	236,483	The same commercial terms as with a general customer	0.65%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	8,990	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,301,031	The same commercial terms as with a general customer	3.42%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	611,773	The same commercial terms as with a general customer	1.68%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	110,025	The same commercial terms as with a general customer	0.30%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	470,977	The same commercial terms as with a general customer	1.24%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	203,762	The same commercial terms as with a general customer	0.56%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	1,239	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	382,153	The same commercial terms as with a general customer	1.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	117,552	The same commercial terms as with a general customer	0.32%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	248	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	531,489	The same commercial terms as with a general customer	1.40%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	513,422	The same commercial terms as with a general customer	1.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	438,092	The same commercial terms as with a general customer	1.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	1	Sales	297,237	The same commercial terms as with a general customer	0.78%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	1	Receivables from related parties	30,822	The same commercial terms as with a general customer	0.08%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	1	Other accounts receivable	69	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	240,898	The same commercial terms as with a general customer	0.63%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	163,697	The same commercial terms as with a general customer	0.45%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	338,130	The same commercial terms as with a general customer	0.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	295,223	The same commercial terms as with a general customer	0.78%

0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	20,228	The same commercial terms as with a general customer	0.06%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	519	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Sales	133,227	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Receivables from related parties	236,483	The same commercial terms as with a general customer	0.65%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Other accounts receivable	8,990	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	342,409	The same commercial terms as with a general customer	0.90%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	302,456	The same commercial terms as with a general customer	0.83%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	5,141	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	304,557	The same commercial terms as with a general customer	0.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	261,570	The same commercial terms as with a general customer	0.72%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	149,484	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	1,493,320	The same commercial terms as with a general customer	3.92%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	2,484,824	The same commercial terms as with a general customer	6.82%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	493,423	The same commercial terms as with a general customer	1.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. D	1	Sales	363,241	The same commercial terms as with a general customer	0.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. D	1	Receivables from related parties	241,925	The same commercial terms as with a general customer	0.66%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. D	1	Other accounts receivable	88,933	The same commercial terms as with a general customer	0.24%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	134,904	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	6,766	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	1,735,675	The same commercial terms as with a general customer	4.56%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	25,092	The same commercial terms as with a general customer	0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Other payables to related parties	481	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	5,632,191	The same commercial terms as with a general customer	14.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Payables to related parties	3,691,389	The same commercial terms as with a general customer	10.14%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Other payables to related parties	30	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	350,034	The same commercial terms as with a general customer	0.92%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	112,871	The same commercial terms as with a general customer	0.31%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	233,485	The same commercial terms as with a general customer	0.61%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	87,689	The same commercial terms as with a general customer	0.24%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other payables to related parties	137	The same commercial terms as with a general customer	0.00%

1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	1,206,327	The same commercial terms as with a general customer	3.17%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	406,141	The same commercial terms as with a general customer	1.12%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other accounts receivable	928	The same commercial terms as with a general customer	0.00%

Note1 : Code "0" represents the parent company, each numerical codes starting from 1 represent each subsidiary.

Note2 : Code "1" represents transactions between the parent company and a subsidiary.

Code "2" represents transactions between a subsidiary and the parent company.

Code "3" represents transactions between subsidiaries.

Note3 : The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2023: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	5,494,895	\$5,495,256	-	100.00%	\$9,501,430	\$272,756	\$(16,333)	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	105,218 (USD 3,295)	92,706 (USD 2,900)	-	100.00%	(52,273)	(38,043)	(39,570)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Maxico-Toluca 5631-230 Col.Cuajimalpa,Del Cuajimalpa CP 05000,Mexico DF	Selling cardiovascular and weight training equipment	97,924 (USD 3,125)	97,924 (USD 3,125)	-	100.00%	298,111	106,722	106,722	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	10401,boul.Ray Lawson,Anjou,Quebec,H1J 1M3	Holding company	147,811 (USD 4,554)	147,811 (USD 4,554)	-	100.00%	(192,198)	(71,487)	(71,487)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	321,100 (USD 10,000)	321,100 (USD 10,000)	-	44.43%	95,675	(102,294)	(45,449)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	130,785	6,391	6,391	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	-	20,813 (JPY 75,000)	-	-%	-	-	-	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Unit1401-1402, The Orient Square Building F. Ortigas Jr. Road, Ortigas Center, Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(33,834)	(6,832)	(6,832)	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, Vietnam	Manufacturing and selling cardiovascular and weight training equipment	1,103,332 (USD 35,000)	618,082 (USD 20,000)	-	100.00%	325,068	(54,805)	(54,805)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4.	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	139,164	73,215	73,215	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	2,512,792 (USD 166) (JPY 9,361,000)	2,065,699 (JPY 7,361,000)	-	100.00%	2,517,254	(2,826)	(77,125)	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,714,288	606,406	606,406	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,JI Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	31,793	13,007	13,007	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	66,130 (EUR 2,000)	33,120 (EUR 1,000)	-	99.99%	38,461	8,261	8,261	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	55,820 (USD 2,000)	-	100.00%	22,057	(14,115)	(14,115)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAE0, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	17,230 (USD 486)(EUR 100)	17,230 (USD 486)(EUR 100)	-	100.00%	8,111	(4,351)	(4,351)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	Unit 2 40:40 Link Mill End Road, High Wycombe, England, HP12 4AX	Video transmission and streaming service	124,290 (USD 4,000)	61,800 (USD 2,000)	-	100.00%	95,055	(27,748)	(27,748)	
				27,829	27,829	-	100.00%	53,350			

Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	Woori Bldg., #302, 3F, 42, Chilpaec-ro, Jung-gu, Seoul, Korea	Selling cardiovascular and weight training equipment	(USD 1,000)	(USD 1,000)					28,871	28,871	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech India Pvt Ltd	Forbes Building, Charanjit Rai Marg, Fort, Mumbai, Mumbai City Maharashtra	Selling cardiovascular and weight training equipment	22,993 (USD 775)	22,993 (USD 775)	-	100.00%	22,428	7,916		7,916	
Johnson Health Tech. Co., Ltd.	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	130,489 (USD 4,144)	130,489 (USD 4,144)	16,052,000	99.38%	(19,712)	(35,755)		(35,533)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	13,763 (USD 429)	3,340,000	100.00%	40,393	10,098		10,098	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	32,830 (USD 1,000)	-	-	100.00%	53,434	53,356		49,281	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	-	2,000	100.00%	50,064	25,904		25,634	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	16,488 (JPY 75,000)	-	10,000	42.52%	16,448	(15,399)		-	
Johnson Health Tech. Co., Ltd.	DAYA Corporation	No. 999, Sec. 2, Dongda Rd., Zhongyi Vil., Daya Dist., Taichung City 428314, Taiwan (R.O.C.)	Catering industry, food and beverage wholesale, etc.	5,000 (NTD 5,000)	-	-	100.00%	5,000	-		-	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England, UK	Selling cardiovascular and weight training equipment	444,921 (USD 13,952)	444,921 (USD 13,952)	-	55.57%	137,642	(102,294)		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	45, Avenue Georges Politzer 78190 Trappes – France.	Selling cardiovascular and weight training equipment	925,413 (USD 28,436)	925,413 (USD 28,436)	-	100.00%	758,598	(21,463)		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	534,070	50,038		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	712,271	37,456		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	57.35%	335,963	(15,399)		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	9th Floor, Unit 9B, Bangna Tower A2/3, Bangna-Trad Road K.M.6.5 Bangkaew, Bangplee Samutprakan 10540 Thailand	Selling cardiovascular and weight training equipment	39,363 (USD 1,217)	39,363 (USD 1,217)	475,000	95.00%	69,587	(12,486)		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	675,828	107,586		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	-	64,780 (USD 2,006)	-	-	-	-		Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	745,099	43,654		Not applicable	
	Johnson Health Care Co., Ltd.			-	5,493	-	-	-	-		Not applicable	

Johnson International Holding Corp., Ltd.		1-3-8 Tokiwa-machi, Chuo-ku, Osaka, 540-0028, Japan	Massage chair research, development, manufacturing and trading		(USD 166)							
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Estrada Municipal José Costa de Mesquita, 200 - Chácara Alvorada - Gleba 3 - Módulos 14 e 15 do CLIN - Indaiatuba - São Paulo - 13337-200 - Brasil	Selling cardiovascular and weight training equipment	826,035 (USD 26,363)	826,035 (USD 26,363)	-	99.99%	356,739	161,049	Not applicable		
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 5 22926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	179,482	4,932	Not applicable		
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard, Dandenong South VIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	409,524	16,114	Not applicable		
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	103,525	7,376	Not applicable		
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	-	12,512 (USD 395)	-	-%	-	-	Not applicable		
Johnson International Holding Corp., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	-	32,830 (USD 1,000)	-	-%	-	-	Not applicable		
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	7585 Equitable Dr Eden Prairie, Minnesota 55344	Selling cardiovascular and weight training equipment	657,600 (USD 19,900)	657,600 (USD 19,900)	-	100.00%	695,527	123,041	Not applicable		
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment, LLC	231 Executive Drive, Suite 15 Newark, DE 19702	Selling cardiovascular and weight training equipment	258,317 (USD 7,993)	258,317 (USD 7,993)	-	100.00%	546,889	(212,123)	Not applicable		
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powar, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD 4,650)	150,278 (USD 4,650)	-	100.00%	171,996	(133,052)	Not applicable		
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc.	150 East Gilman Street, Madison, WI 53703.	Selling cardiovascular and weight training equipment	351,886 (USD 11,511)	351,886 (USD 11,511)	10,000	100.00%	153,109	168,005	Not applicable		
Johnson Health Tech. North America, Inc.	Johnson Health Tech NA Manufacturing LLC	1600 Landmark Dr. Cottage Grove WI53527 USA	Selling and Manufacturing weight training equipment	394,287 (USD 12,698)	394,287 (USD 12,698)	-	100.00%	99,812	1,312	Not applicable		
Johnson Health Tech. North America, Inc.	Synclync	1600 LANDMARK DR COTTAGE GROVE, WI 53527	Hearing aid trading industry	-	-	-	-%	-	-	-		
Johnson Health Tech Australia Pty., Ltd	Johnson Health Tech New Zealand	WHK AUCKLAND, Whk, Level 6, 51-53 Shortland St, Auckland, 1010, NZ	Selling cardiovascular and weight training equipment	2 (NZD -)	2 (NZD -)	100	100.00%	(14,936)	(8,984)	Not applicable		
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(142,126)	(17,611)	Not applicable		
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	32,944	12,024	Not applicable		
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	72,134	21,416	Not applicable		
		Plynární 1617, 170 00 Praha 7-Holešovice		12,853	12,853	99	99.00%	12,611	8,923	Not applicable		

Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.		Selling cardiovascular and weight training equipment	(CKZ 9,900)	(CKZ 9,900)						
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Shiodome Shiba Rikyu Building 21F, 1-2-15 Kaigan, Minato-ku, Tokyo, Japan	Video transmission and streaming service	-	-	-	100.00%	4,616	(13,732)	Not applicable	
Fuji Medical Instruments Mfg. Co., Ltd.	Fujiryoki, Inc.	c/o Foley & Lardner LLP 150 East Gilman Street, Suite 5000 Madison, WI 53703	Massage chair trading	31 (USD 1)	-	-	100.00%	31	-	Not applicable	

Note1 : Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

Note2 : Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from concurrent/upstream transactions.

Note3 : Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

## Attachment 6 : Information on investments in mainland China

(Amounts in thousands; Currency denomination in NTD or in foreign currencies)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Beginning accumulated outflow of investment from Taiwan	Investment Flows		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					Outflow	Inflow						
Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	\$1,010,296 (RMB 244,757)	Indirect investments through JIH (BVI)	\$748,894 (USD 22,500)	\$ -	\$ -	\$748,894 (USD 22,500)	\$(379,735)	100.00%	\$(379,735)	\$1,807,191	\$ -
Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	333,455	100.00%	333,455	3,313,024	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	(1,923)	100.00%	(1,923)	33,877	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	87	100.00%	87	5,600	-
Johnson Health Tech Digital Shanghai Limited	Video transmission and streaming service	-	Indirect investments through JIH (BVI)	-	-	-	-	-	100.00%	-	-	-
Fuji Wellness (Shanghai) Co., Ltd.	Massage chair trading	4,333,700 (RMB 1,000,000)	Indirect investments through JIH (BVI)	-	-	-	-	-	100.00%	-	-	-

Note1 : Indirect investment in Mainland China was made through Johnson International Holding Corp. Ltd.

Note2 : The financial statements were certificated by the public accountants of the parent company in Taiwan.

Note3 : The figures in this table are presented in New Taiwan Dollars and the foreign currency is converted at the exchange rate on the balance sheet date.

Accumulated investment in Mainland China as at 31 December 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender's net accounts value × 60%
\$914,320 (USD27,800)	\$2,501,053 (USD76,450)	\$5,785,543

Please refer to Notes 13(1) and (2) for details on information such as the price, payment of transactions between the Company and its investment in mainland China through its investees.

5. If the Company and its affiliates had financial difficulties in recent years and as of the printing date of the annual report, the impact on the Company's financial position should be stated as follows: None.

## VIII. Review and Risk Analysis on Financial Situations and Performance

### 1. Financial Overview ( Consolidated Statements ) :

Unit: NTD in Thousand

Item	Year	2023	2022	Increase (Decrease) Discrepancies	
				Amount	%
Current assets		23,609,864	26,419,441	(2,809,577)	(10.63)
Real estate, factory & facility		4,580,639	4,494,351	86,288	1.92
Intangible assets		2,823,009	2,857,429	(34,420)	(1.20)
Other assets		5,408,328	5,094,723	313,605	6.16
<b>Total assets</b>		<b>36,421,840</b>	<b>38,865,944</b>	<b>(2,444,104)</b>	<b>(6.29)</b>
Current debts		18,124,321	24,799,590	(6,675,269)	(26.92)
Long-term loan		5,959,452	446,964	5,512,488	1233.32
Debt provision-non current		311,003	263,069	47,934	18.22
Deferred Tax Liability		147,583	167,017	(19,434)	(11.64)
Other liabilities		2,230,038	3,707,024	(1,476,986)	(39.84)
<b>Total debt</b>		<b>26,772,397</b>	<b>29,383,664</b>	<b>(2,611,267)</b>	<b>(8.89)</b>
Equity		3,036,166	3,036,166	0	0
Capital surplus		431,446	431,446	0	0
Retained surplus		8,207,654	7,681,042	526,612	6.86
Other equity		(1,979,082)	(1,620,071)	(359,011)	22.16
<b>Total equity of parent company</b>		<b>9,642,572</b>	<b>9,474,971</b>	<b>167,601</b>	<b>1.77</b>
Non-controlling equity		6,871	7,309	(438)	(5.99)
<b>Total equity</b>		<b>9,648,443</b>	<b>9,482,280</b>	<b>166,163</b>	<b>1.75</b>

Note:

1. Decrease in current liabilities: The decrease was mainly due to the decrease in short-term borrowings to meet operating needs.
2. Increase in long-term loans: Mainly due to the increase in long-term loans to meet operating needs.
3. Decrease in other liabilities: The decrease was mainly due to the reclassification of bonds to current liabilities because the bonds would mature within one year.
4. Increase in other equity: Mainly due to the effect of exchange differences on the translation of financial statements of foreign operations.

## 2. Financial Performance Analysis ( Consolidated Statements )

Unit: NTD in Thousand

Item \ Year	2023	2022	Increased (Decreased) Amount	Variation Rate%
Operating income	38,069,563	33,612,947	4,456,616	13.26
Operating costs	(19,642,253)	(19,006,576)	(635,677)	3.34
Operating gross	18,427,310	14,606,371	3,820,939	26.16
Operating expenses	(17,184,995)	(14,821,305)	2,363,690	15.95
Operating profit	1,242,315	(214,934)	1,457,249	(678.00)
Non-operating income and expenses	92,167	518,540	(426,373)	(82.23)
Net profit before-tax	1,334,482	303,606	1,030,876	339.54
Income tax profit (expense)	(625,045)	(78,665)	(546,380)	694.57
Net profit for this period	709,437	224,941	484,496	215.39
Other composite loss or profit for this period (net profit after-tax)	(360,521)	419,424	(779,945)	(185.96)
Total composite loss or profit for this period	348,916	644,365	(295,449)	(45.85)

Note (i.e., increase or decrease rate variation):

1. Increase in gross profit/interest from operations: Mainly attributable to the increase in revenue, which led to the increase in profit.
2. Decrease in non-operating income and expenses: Mainly due to the decrease in foreign exchange gains.
3. Increase in net profit before-tax/for this period: Mainly due to the increase in revenue, resulting in an increase in profits.
4. Advantage in other composite loss (net profit after-tax) for this period: Mainly due to the cumulative change in foreign currency translation differences on financial statements of foreign operations resulted in the difference.
5. Decrease in total composite loss or profit for this period: Mainly due to unfavorable exchange differences in the translation of financial statements of foreign operations.

## 3. Cash Flow Analysis

### 1. Consolidated report

Unit: NTD in Thousand

Cash balance at the beginning of the year (2022/12/31)	Cash flow from operating activities for the whole year (2023)	Cash flow from investment & funding for the whole year (2023)	Effect of exchange rate variability	Cash remaining (2023/12/31)
3,531,554	3,842,551	(4,551,897)	(480,791)	2,341,417

Cash flow analysis for the year:

1. The company's cash flow from operating activities was NT\$3.84 billion, mainly due to the recovery of the North American commercial market and the decrease in global freight rates, which resulted in a simultaneous increase in revenue and profit, and the Company's proactive inventory control, which resulted in an increase in cash from operating activities.
2. The cash flow from investment and funding amounted to NT\$4.55 billion: the significant increase in cash inflows from financing activities was mainly due to the significant increase in cash outflows from operating activities and the Company's proactive efforts to control cash levels and reduce bank borrowings.

## 2. Future cash flow analysis for one year

Unit: NTD in Thousand

Cash remaining at the beginning of the year (1)	Estimated net cash flow from operating activities for the year (2)	Estimated cash flow for the year (3)	Estimated amount of cash remaining (deficiency) (1)+(2)-(3)	Measures for calculating estimated cash flow shortage	
				Investment program	Wealth management program
2,341,417	779,088	879,088	2,241,417	-	-

### 4. Impacts of Substantial Capital Expenditure within Recent Years on Company Business: None

### 5. Reinvestment Policy within Recent Years and Reasons of Profit/Loss Gained, Improvement Plans and Investment Project for the Next Year:

The reinvestments policy of JOHNSON HEALTH TECH CO., LTD. are primarily part of a long-term strategic plan for the development of our own brand. Investment projects mainly focus on establishing fully functional marketing teams worldwide and manufacturing bases in Asia. JOHNSON HEALTH TECH CO., LTD. mainly strengthens brand promotion and management functions by directly and indirectly holding 100% ownership in subsidiaries.

In 2023, JOHNSON HEALTH TECH CO., LTD. earned NT 550,835K in investment income under the equity method, mainly due to the continued expansion of market share in commercial markets such as large chain gyms in Europe and the United States, flexible adjustments in the manufacturing chain, and ongoing product development. However, some subsidiaries are still experiencing losses due to the impact of the covid and high logistics costs. JOHNSON HEALTH TECH CO., LTD. is closely monitoring market trends, enhancing channel development, and meeting customized demands to continuously improve the situation.

Investment plan for the coming year: The development of China-U.S. relations and trade policies is crucial for the Asian supply chain system. JOHNSON HEALTH TECH CO., LTD. will adjust its investment direction in Asian manufacturing bases according to changes in these situations and will continue to assess market conditions to increase investments in Central Europe, South America, and other markets.

### 6. Risk Evaluation & Analysis

#### 1. Impact of variations of interest, exchange rate, and inflation on the company's loss or profit and future counter-measures:

- (1) The company's interest expenses are mainly attributable to financial liabilities and corporate bonds arising from operating activities. The company has taken advantage of a long-term loan with fixed interest as financing tool for reducing interest rate risk.
- (2) Since 90% of the company's revenue is derived from exports, fluctuations in USD to NTD and EUR to NTD exchange rates had an enormous impact on the company's profit. Thus, the company adopted a natural hedge to meet import demand through foreign exchange earnings from exports. Natural hedging (using foreign exchange from exports to pay for imports). Forward exchange (SWAP) is used to minimize exchange rate risk when the foreign exchange earnings from exports are larger than those from imports.

#### 2. Measures adopted to handle profit or loss derived from high-risk, high-leverage investments, cash loans to others, endorsements and trading policy on commodity derivatives, and profit or loss:

The company adopted a discrete attitude towards managing its financial situation without engaging in high-risk, high leverage investments. As for loans, endorsements, or commodity derivatives, the company has established a comprehensive policy and internal control procedures.

#### 3. R&D Expenses for Future Research Projects and Estimated Costs

Our new product development focuses on the following:

Commercial products:

- (1) Top gym product development and smart commercial retraining development to enable Matrix brand to capture more of the top fitness markets.
- (2) Group training Fitness equipment development to help gyms develop more group classes.
- (3) The developer used its second brand, Vision, to meet the demand of the home gym market in developing countries and to enter the low-budget gym market.

Household products:

- (1) Electrical commercial access fitness equipment development.
- (2) Promote the fitness app software to connect with Horizon home equipment to provide more value-added features.
- (3) The development of intelligent home fitness equipment can provide more diversified digital content.
- (4) Developing digital content that can be subscribed for use on different platforms.

Item	Product Development Strategy	Estimated invested amount (NTD)
1	Research & development of critical electrical control components	18 million
2	New generation human-machine interface with dashboard development	25 million
3	Integrated audio-visual multimedia & wireless functions	8 million
4	Cloud technology application development	5 million
5	Online media streaming technology development	10 million
6	AI technology development	25 million
7	New commercial machine development (Onyx)	80 million
8	Low-budget commercial model development	30 million

- 4. The impact of changes in domestic and international policies and laws on the company's financial businesses, and countermeasures:  
The company has not experienced any changes in domestic and international policies and laws that could affect operations.
- 5. The effect of changes in global technologies (including cybersecurity risks) and industrial transformation on the company's financial status and countermeasures:  
None
- 6. The effect of change in corporate image on the company's risk management and countermeasures: None
- 7. The impact of the company's acquisition activity and possible risks, and countermeasures: None
- 8. The effect of factory expansion and its possible profit, risk, and countermeasures: None
- 9. The impact of the risk of imports or exports at the concentration center, and countermeasures: N/A
- 10. The impact of equity change, or significant transfer made by a director, supervisor, or shareholder with more than 10%, and countermeasures: None
- 11. The impact of change in company franchise as well as risks and countermeasures: None
- 12. The impact of a lawsuit or non-litigation event on shareholder equity or securities: None
- 12. Other risks and countermeasures: N/A

**7. Other Matters: N/A**

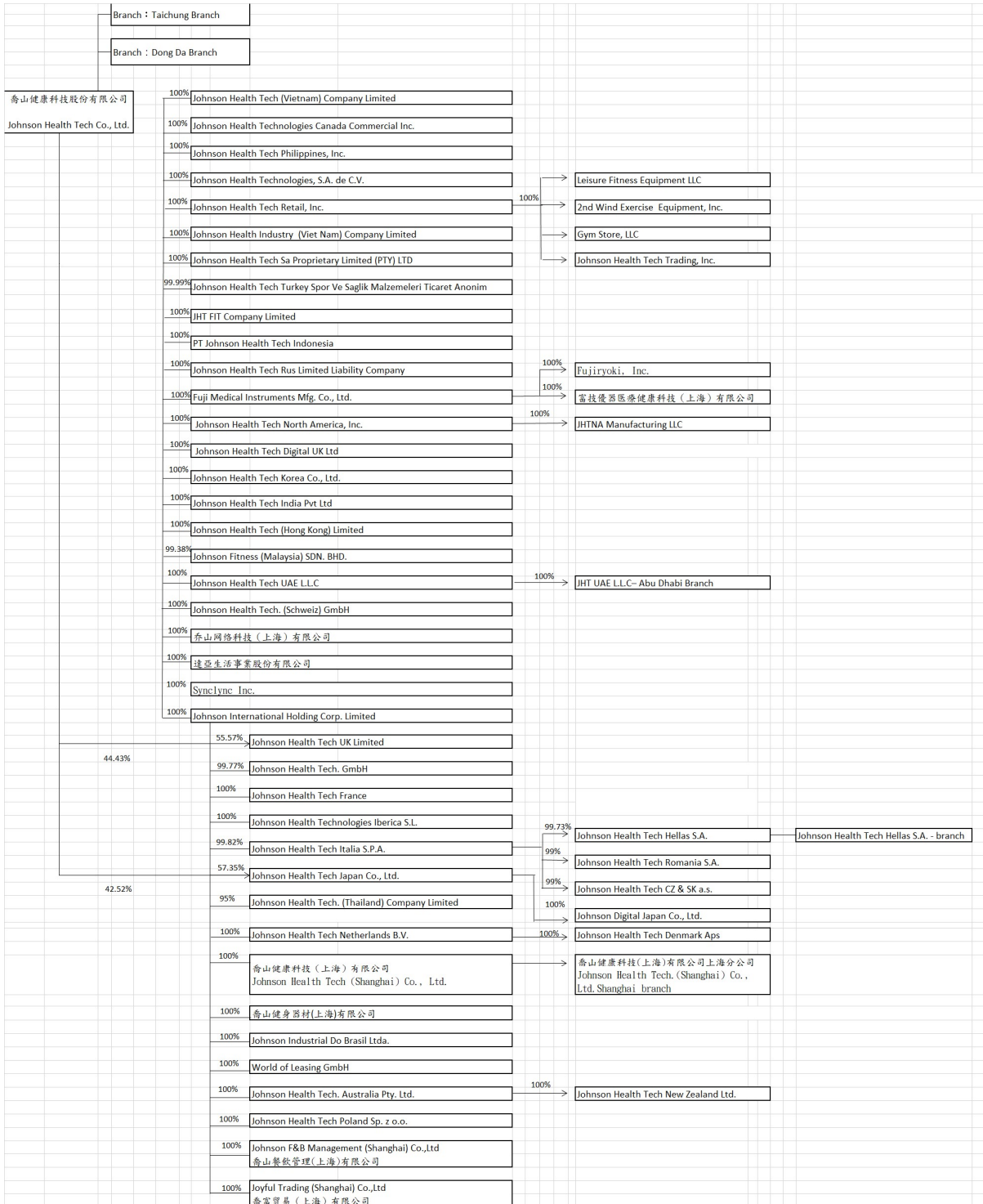
# IX. Other Items Deserving Special Mention

## 1. Affiliated Enterprises

### (i) Affiliated enterprise consolidated operation report

#### 1. Affiliated enterprise overview

##### (1) Affiliated enterprise organizational chart (As of 2024/03/31)



## (2) Affiliated enterprise basic information (As of 2024/03/31)

Unit: NTD (foreign currency)

Item	Name of Enterprise	Date of Founding	Currency	Paid-in capital	Address	Major Business or Product
1	Johnson International Holding Corp. Limited	2000/02/17	NTD	5,494,894,135	Tortola, British Virgin Islands	Financial investment
2	Johnson Health Tech North America, Inc.	2009/01/01	USD	66,935,833	Wisconsin, USA	US - fitness equipment import & sales
3	Johnson Health Tech UK Limited	2007/12//13	GBP	14,485,568	Staffordshire, U.K.	UK - fitness equipment import & sales
4	Johnson Health Tech. GmbH	2002/01/01	EUR	2,300,000	Frechen, Germany	Germany - fitness equipment import & sales
5	Johnson Health Technology (Shanghai) Co., Ltd.	2000/11/17	RMB	244,757,242	Shanghai, China	Manufacture and sale of fitness equipment
6	Johnson Health Technologies Iberica S.L.	2003/11/10	EUR	17,674,625	Madrid, Spain	Spain, Portugal - fitness equipment import and sales
7	Johnson Health Tech Japan Co., Ltd.	2004/03/08	JPY	165,000,000	Tokyo, Japan	Japan - fitness equipment import and sales
8	Johnson Health Tech France	2003/06/06	EUR	22,127,251	Trappes, France	France - fitness equipment import and sales
9	Johnson Health Tech (Thailand) Company Limited	2004/12/22	THB	50,000,000	Bangkok, Thailand	Thailand - fitness equipment import and sales
10	Johnson Fitness (Malaysia) Sdn. Bhd.	2005/02/23	MYR	16,152,000	Kuala Lumpur, Malaysia	Malaysia - fitness equipment import and sales
11	Johnson Health Tech Italia S.P.A.	2005/03/23	EUR	11,940,000	Ancona, Italy	Italy - fitness equipment in import and sales
12	Johnson Health Tech. (Schweiz) GmbH	2005/11/16	CHF	2,000,000	Regensdorf, Switzerland	Switzerland -fitness equipment import and sales
13	Johnson Health Tech Netherlands B.V.	2006/01/06	EUR	12,282,702	Houten Utrecht, the Netherlands	The Netherlands -fitness equipment import and sales
14	Johnson Health Tech (Hong Kong) Limited	2006/07/13	HKD	3,340,000	Hong Kong	Hong Kong - fitness equipment and sales
15	Johnson Industries (Shanghai) Co., Ltd.	2006/02/21	RMB	292,683,285	Shanghai, China	Manufacture and sale of fitness equipment
16	Johnson Industrial Do Brasil Ltda.	2006/09/25	BRL	63,689,218	Brazil	Manufacture and sale of fitness equipment
17	World of Leasing GmbH	2008/03/31	EUR	1,150,000	Ahrensburg, Germany	Rental and sale of fitness equipment
18	Johnson Health Tech. Australia Pty. Ltd.	2010/01/13	AUD	20,715,330	Victoria ,Australia	Australia - fitness equipment import and sales
19	Johnson Health Tech Poland SP. Z.O.O.	2013/07/22	PLN	5,691,000	Warszawa, Poland	Portland - fitness equipment import and sales
20	Johnson Health Tech (Vietnam) Company Limited	2013/09/03	VND	65,962,500,000	Ho Chi Minh City, Vietnam	Vietnam - fitness equipment import and sales

21	Johnson Health Tech Catering Management (Shanghai) Co., Ltd.	2014/04/25	RMB	14,424,335	Shanghai,China	China - food and relevant product sales
22	Johnson Trading (Shanghai) Co., Ltd.	2014/09/10	RMB	6,308,875	Shanghai,China	China - food and relevant product sales
23	Johnson Health Technologies, S.A. de C.V.	2015/05/20	MXN	55,455,882	Mexico	Mexico - fitness equipment import and sales
24	Johnson Health Tech Philippines, Inc.	2015/10/20	PHP	76,522,800	Philippines	Philippines - fitness equipment import and sales
25	Johnson Health Tech Retail, Inc.	2013/08/27	USD	37,150,000	USA	Financial business investment
26	Johnson Health Technologies Canada Commercial Inc.	2015/09/10	CAD	6,000,000	Québec H1J 1M3 ,Canada	Canada - fitness equipment import and sales
27	Johnson Health Tech UAE L.L.C	2015/09/10	AED	4,288,750	Dhabi, UAE	Dubai - fitness equipment import and sales
28	Johnson Health Industry (Viet Nam) Company Limited	2019/03/20	VND	464,795,303,815	Bac Ninh Province, Vietnam	Manufacture and sale of fitness equipment
29	Johnson Health Tech Rus Limited Liability Company	2019/10/23	RUB	35,000,000	Moscow, Russia	Russia - fitness equipment import and sales
30	Fuji Medical Instruments Mfg. Co., Ltd.	1965/04/13	JPY	30,000,000	Japan	Massage chair manufacturing and sales
31	PT Johnson Health Tech Indonesia	2020/09/03	IDR	5,198,333,050	Indonesia	Indonesia - fitness equipment import and sales
32	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	2021/02/03	TRY	29,500,000	Turkey	Turkey district – fitness equipment import and sales
33	Johnson Health Tech SA Proprietary Ltd.	2021/01/25	USD	2,000,000	South Africa	South Africa district – fitness equipment import and sales
34	JHT FIT Company Limited	2021/07/02	THB	20,000,000	Thailand	Thailand district – media transmission and streaming service provision
35	Johnson Health Tech Digital UK Ltd	2021/11/16	USD	5,000,000	UK	UK district – media transmission and streaming service provision
36	Johnson Health Tech Korea Co., Ltd.	2022/01/03	KRW	1,180,000,000	Seoul, Korea	South Korea district – fitness equipment import and sales
37	Johnson Health Tech India Pvt Ltd	2022/05/23	INR	60,000,000	India	India district – fitness equipment import and sales
38	Qiaoshan Network Technology (Shanghai) Co., LTD	2023/10/16	USD	500,000	Shanghai,China	China – media transmission and streaming service provision
39	DAYA Corporation	2023/12/25	NTD	15,000,000	Taiwan	Taiwan - import and Trading of Food and Related Products
40	Synclync Inc.	2023/12/12	USD	0	USA	Hearing aid buying and selling

## (3) Overall management businesses (As of 2024/03/31)

Item	Name of Affiliated Enterprise	Business
1	Johnson International Holding Corp. Limited	Financial investment
2	Johnson Health Tech North America, Inc.	US - fitness equipment import and sales
3	Johnson Health Tech UK Limited	UK - fitness equipment import and sales
4	Johnson Health Tech. GmbH	Germany - fitness equipment import and sales
5	Johnson Health Technology (Shanghai) Co., Ltd.	Manufacture and sale of fitness equipment
6	Johnson Health Technologies Iberica S.L.	Spain and Portugal - fitness equipment import and sales
7	Johnson Health Tech Japan Co., Ltd.	Japan -fitness equipment import and sales
8	Johnson Health Tech France	France -fitness equipment import and sales
9	Johnson Health Tech. (Thailand) Company Limited	Thailand - fitness equipment import and sales
10	Johnson Fitness (Malaysia) Sdn. Bhd.	Singapore-Malaysia -fitness equipment import and sales
11	Johnson Health Tech Italia S.P.A.	Italy - fitness equipment import and sales
12	Johnson Health Tech. (Schweiz) GmbH	Switzerland - fitness equipment import and sales
13	Johnson Health Tech Netherlands B.V.	The Netherlands - fitness equipment import and sales
14	Johnson Health Tech (Hong Kong) Limited	Hong Kong - fitness equipment import and sales
15	Johnson Industries (Shanghai) Co., Ltd.	Manufacture and sale of fitness equipment
16	Johnson Industrial Do Brasil Ltda.	Manufacture and sale of fitness equipment
17	World of Leasing GmbH	Rental and sale of fitness equipment
18	Johnson Health Tech. Australia Pty. Ltd.	Australia - fitness equipment import and sales
19	Johnson Health Tech Poland SP. Z.O.O.	Portland - fitness equipment import and sales
20	Johnson Health Tech(Vietnam) Company Limited	Vietnam - fitness equipment import and sales
21	Johnson Health Tech Catering Management (Shanghai) Co., Ltd.	China - food related products trading
22	Johnson Trading (Shanghai) Co., Ltd.	China - import and trading of food-related products
23	Johnson Health Technologies S.A.de C.V.	Mexico - fitness equipment import and sales
24	Johnson Health Tech Philippines, Inc.	Philippines - fitness equipment import and sales
25	Johnson Health Tech Retail, Inc.	Financial investment
26	Johnson Health Technologies Canada Commercial Inc.	Canada - fitness equipment import and sales
27	Johnson Health Tech UAE L.L.C	Dubai - fitness equipment import and sales
28	Johnson Health Industry (Viet Nam) Company Limited	Fitness equipment manufacturing and sales
29	Johnson Health Tech Rus Limited Liability Company	Russia district- fitness equipment import and sales
30	Fuji Medical Instruments Mfg. Co., Ltd.	Massage chair & sales
31	PT Johnson Health Tech Indonesia	Indonesia district – fitness equipment import and sales
32	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Turkey district – fitness equipment import and sales
33	Johnson Health Tech SA Proprietary Ltd.	South Africa district – fitness equipment import and sales
34	JHT FIT Company Limited	Thailand district – media transmission and streaming service provision
35	Johnson Health Tech Digital UK Ltd	UK district – media transmission and streaming service provision
36	Johnson Health Tech Korea Co., Ltd.	South Korea district – fitness equipment import and sales
37	Johnson Health Tech India Pvt Ltd	India district – fitness equipment import and sales
38	Qiaoshan Network Technology (Shanghai) Co., LTD	China – media transmission and streaming service provision
39	DAYA Corporation	Taiwan - import and Trading of Food and Related Products
40	Synelync Inc.	Hearing aid buying and selling

(4) Same shareholder information for those presumed to have control or a subsidiary relationship: None.

## (5) Directors, supervisors, and general manager of related companies.

Deadline: 2024/03/31

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
1	Johnson International Holding Corp. Limited	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
2	Johnson Health Tech North America, Inc.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Mark Zabel	-	-
3	Johnson Health Tech UK Limited	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director	Crista Lin	-	-
		Director/General manager	Matthew Pengelly	-	-
4	Johnson Health Tech. GmbH	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Ulfert Bohme	-	0.23%
5	Johnson Health Technology (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director/General Manager	Jason Lo	-	-
		Auditor	Crista Lin	-	-
6	Johnson Health Technologies Iberica S.L.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	18	0.00%
		General Manager	Ernesto Aspe	-	-
7	Johnson Health Tech Japan Co.,Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	30	0.13%
		Director	Seiji Yasunaga	-	-
		Supervisor	Crista Lin	-	-
		General Manager	Tatsuo Takahashi	-	-
8	Johnson Health Tech France	General Manager	Denis Daon	-	-
9	Johnson Health Tech. (Thailand) Company Limited	Director	Peter Lo	30,000	1.50%
		Director	Cindy Lo	10,000	0.50%
		Director	Jason Lo	30,000	1.50%
		Director/General Manager	Jesada Kiatnawan	-	-
10	Johnson Fitness (Malaysia) Sdn. Bhd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	100,000	0.62%
		Director	Raja Yusof Bin Raja Abas	750,000	4.64%
		General Manager	Chi-Wei Chu	-	-
11	Johnson Health Tech Italia S.P.A.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Pino Di Eugenio	2,000	0.18%
12	Johnson Health Tech. (Schweiz) GmbH	Director	Peter Lo	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Oliver Mueller	-	-
13	Johnson Health Tech Netherlands B.V.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		General Manager	Marco Vonk	-	-
14	Johnson Health Tech (Hong Kong) Limited.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Mei-Fang Teng	-	-
15	Johnson Industries (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Auditor	May Lo	-	-
16	Johnson Industrial Do Brasil Ltda.	General Manager	Reginaldo Recchia	-	-
17	World of Leasing GmbH	General Manager	Thorsten Kraft	-	-
18	Johnson Health Tech. Australia Pty. Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Michael Conlan	-	-
19	Johnson Health Tech Poland SP. Z.O.O	Director/General Manager	Michał Marszałek	-	-
20	Johnson Health Tech (Vietnam) Company Limited	General Manager	Nguyen Ngoc Van	-	-
21	Johnson Health Tech Catering Management (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Audit	Christa Lin	-	-
		General manager	Yong-Kai Lee	-	-
22	Johnson Trading (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Audit	Christa Lin	-	-
		General manager	Yong-Kai Lee	-	-
23	Johnson Health Technologies, S.A.de C.V.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
24	Johnson Health Tech Philippines, Inc.	Director	Jason Lo	1	0.00%
		Director	Fulvio D. Dawilan	1	0.00%
		Director	Irwin C. Nidea, JR.	1	0.00%
		Director	Rodel C. Unciano	1	0.00%
25	Johnson Health Tech Retail, Inc.	General Manager	Robert Zande	-	-
26	Johnson Health Technologies Canada Commercial Inc.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Nasser Obeid	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
27	Johnson Health Tech UAE L.L.C	General Manager	Hany Abdel Elah A Abu Omar	-	-
28	Johnson Health Industry (Vietnam) Company Limited	General Manager	Yitao Lian	-	-
29	Johnson Health Tech Rus Limited Liability Company	General Manager	Andrei Korotkov	-	-
30	Fuji Medical Instruments Mfg. Co., Ltd.	Director	Hsu-Ya Wu	-	-
		Director	Daisuke Watanabe	-	-
		Director/General Manger	Seiji Yasunaga	-	-
		Independent Director	Makoto Shimokawa	-	-
		Independent Director/Supervis or	Kouji Kamino	-	-
		Independent Director/Supervis or	Yumiko Terada	-	-
		Independent Director/Supervis or	Motoharu Iyomasa	-	-
31	PT Johnson Health Tech Indonesia	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Hadi Wibowo	-	-
32	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director	Pino Di Eugenio	1	0.01%
33	Johnson Health Tech SA Proprietary Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		General Manager	Kyle B. Millroy	-	-
34	JHT FIT Company Limited	General Manager	Jesada Kiatnawanan	-	-
35	Johnson Health Tech Digital UK Ltd	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Danny Oliver	-	-
36	Johnson Health Tech Korea Co., Ltd.	General Manager	Jae-Yong, Lee	-	-
37	Johnson Health Tech India Pvt Ltd	Director	Jason Lo	-	-
		Director	Peter Lo	-	-
		Director/General Manager	Rajiv Wallia	-	-
38	Qiaoshan Network Technology (Shanghai) Co., LTD	Director / Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Audit	Christa Lin	-	-
39	DAYA Corporation	Chairman	Ming-Jong Ke	-	-
		Audit	Christa Lin	-	-
40	Synclync Inc.	Director	Peter Lo	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
		Director	Jason Lo	-	-
		Director	Greg Waters	-	-
		Director	Carol Lai	-	-
		General Manager	Greg Waters	-	-

## (6) Affiliated Enterprise Operation Overview (2022)

Unit: NTD (foreign currency)

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
1	Johnson International Holding Corp. Limited	NTD	5,494,894,135	10,183,952,619	4,135,028	10,179,817,591	-	(76,468)	272,755,743
2	Johnson Health Technology (Shanghai) Co., Ltd.	RMB	244,757,242	667,967,284	250,963,988	417,003,296	694,084,363	(74,160,931)	(86,260,628)
3	Johnson Health Tech North America, Inc.	USD	66,935,833	172,620,779	121,433,822	51,186,957	364,261,676	26,798,316	19,461,408
4	Johnson Health Tech. Australia Pty. Ltd.	AUD	20,715,330	46,331,113	26,831,102	19,500,011	38,480,480	301,874	777,829
5	Johnson Health Tech. GmbH	EUR	2,300,000	30,452,475	14,725,702	15,726,773	45,334,662	2,673,205	1,485,040
6	Johnson Health Technologies Iberica S.L.	EUR	17,674,625	26,009,288	5,067,228	20,942,060	21,046,735	70,399	1,111,639
7	Johnson Health Tech France	EUR	22,127,251	36,742,795	14,438,528	22,304,267	30,043,451	(25,086)	(636,979)
8	Johnson Health Tech Japan Co., Ltd.	JPY	750,950,000	2,378,043,755	753,279,930	1,624,763,825	2,787,540,630	(109,386,700)	(69,366,289)
9	Johnson Health Tech Poland SP.Z. O.O	PLN	5,691,000	19,969,039	6,720,189	13,248,850	18,593,064	689,320	995,097
10	Johnson Health Tech (Thailand) Co., Ltd.	THB	50,000,000	261,170,491	179,580,082	81,590,409	284,665,565	(15,413,065)	(13,939,727)
11	Johnson Health Tech Italia S.P.A.	EUR	11,940,000	42,551,613	22,646,446	19,905,167	28,544,685	3,440,964	3,192,970
12	Johnson Fitness (Malaysia) Sdn. Bhd.	MYR	16,152,000	17,562,066	20,561,667	(2,999,601)	15,642,793	(4,696,164)	(5,232,050)
13	Johnson Health Tech. (Schweiz) GmbH	CHF	2,000,000	5,530,157	4,159,045	1,371,112	11,024,312	716,855	747,059
14	Johnson Health Tech Netherlands B.V.	EUR	12,282,702	66,234,855	44,327,502	21,907,354	80,831,399	2,133,172	1,295,561
15	Johnson Industries (Shanghai) Co., Ltd.	RMB	292,683,285	1,213,551,109	449,081,783	764,469,327	1,366,584,749	72,378,541	75,747,820
16	Johnson Health Tech (Hong Kong) Limited	HKD	3,340,000	23,100,341	12,832,280	10,268,061	30,823,181	2,639,662	2,536,856
17	Johnson Industrial Do Brasil Ltda.	BRL	63,689,218	239,822,228	183,482,032	56,340,196	172,724,355	29,308,200	25,835,155
18	World of Leasing GmbH	EUR	1,150,000	6,457,026	1,184,487	5,272,539	930,067	33,113	146,360
19	Johnson Health Tech UK Limited	GBP	14,485,568	34,089,987	28,593,569	5,496,418	37,156,173	(2,019,870)	(2,641,814)

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
20	Johnson Health Tech (Vietnam) Company Limited.	VND	74,490,500,000	33,897,935,589	75,122,465,354	41,224,529,765	28,038,884,132	(8,604,170,288)	(29,084,330,296)
21	Johnson Health Tech Catering Management (Shanghai) Co., Ltd.	RMB	14,424,335	8,069,213	252,456	8,253,849	56,992	(511,482)	(437,092)
22	Johnson Trading (Shanghai) Co., Ltd.	RMB	6,308,875	1,194,667	97,474	1,292,142	96,653	10,463	19,661
23	Johnson Health Technologies, S.A. de C.V.	MXN	55,455,882	458,816,776	294,269,219	164,547,558	369,760,524	61,471,062	60,808,418
24	Johnson Health Technologies Canada Commercial Inc.	CAD	6,000,000	20,822,117	29,101,598	(8,279,481)	23,102,593	2,781,263	3,096,269
25	Johnson Health Tech. Philippines, Inc.	PHP	76,522,800	125,814,188	186,790,082	(60,975,894)	91,684,573	(6,228,476)	(12,204,459)
26	Johnson Health Tech Retail, Inc.	USD	37,150,000	164,634,077	160,378,821	4,255,256	197,176,430	2,598,365	205,092
27	Johnson Health Tech UAE L.L.C	AED	4,288,750	67,183,636	60,799,410	6,384,226	79,265,574	5,916,397	6,287,758
28	Johnson Health Industry (Viet Nam) Company Limited	VND	828,845,303,815	1,420,568,944,601	1,164,206,280,558	256,362,664,043	1,372,421,455,664	6,585,016,873	(41,899,693,456)
29	Johnson Health Tech Rus Limited Liability Company	RUB	35,000,000	667,207,537	264,096,524	403,111,013	891,789,583	290,853,131	199,573,520
30	Fuji Medical Instruments Mfg. Co., Ltd.	JPY	9,456,000	11,851,568,093	6,495,687,541	5,355,880,552	18,545,864,743	86,309,437	(12,728,905)
31	PT Johnson Health Tech Indonesia	IDR	5,198,333,050	26,903,833,044	10,975,448,952	15,928,384,092	26,615,741,451	7,032,994,735	6,360,598,639
32	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	TRY	29,500,000	49,125,822	12,354,072	36,771,750	37,228,534	4,725,697	6,272,775
33	Johnson Health Tech SA Proprietary Ltd.	ZAR	29,072,477	51,264,662	38,144,986	13,119,676	39,583,186	(9,936,858)	(8,351,353)
34	JHT FIT Company Limited	THB	20,000,000	11,002,206	1,967,928	9,034,278	884,133	(6,035,051)	(4,858,477)
35	Johnson Health Tech Digital UK Ltd	GBP	3,838,335	4,456,449	2,030,196	2,426,253	2,014,461	(1,579,897)	(716,591)
36	Johnson Health Tech Korea Co., Ltd.	KRW	1,180,000,000	4,735,606,924	1,660,005,292	3,075,601,632	12,343,109,258	1,561,756,058	1,210,003,158
37	Johnson Health Tech India Pvt Ltd	INR	60,000,000	324,345,331	263,747,713	60,597,618	485,280,496	22,785,023	20,977,736
38	DAYA Corporation	NTD	5,000,000	5,000,000	-	5,000,000	-	-	-

(ii) Affiliated Enterprise Consolidated Financial Statements

**Johnson Health Tech Co., Ltd.**

**REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of JOHNSON HEALTH TECH. CO., LTD. as of and for the year ended 31 December 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, JOHNSON HEALTH TECH. CO., LTD. and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

JOHNSON HEALTH TECH. CO., LTD.

Lo, Kun Chuan  
Chairman

14 March 2024

- 2. Private Purchase of Corporate Securities in Recent Years until the Publication of the Annual Report: None**
- 3. Any Subsidiary that Holds or Disposes the Parent Company's Stock in Recent Years until the Publication of the Annual Report: None**
- 4. Other Matters Worth Mentioning: None**
- 5. Major Impacts of any Incident Related to Shareholder Equity or Corporate Securities in Recent Years Leading up to the Publication of the Annual Report: None**

**Johnson Health Tech. Co., Ltd.**

**Chairman : Lo, Kun Chuan (Peter Lo)**



**喬山健康科技股份有限公司**  
**Johnson Health Tech. Co., Ltd.**

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