

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2023 AND 2022

Notice to readers:

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To GLOBE UNION INDUSTRIAL CORP.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Globe Union Industrial Corp. (the “Company”) and its subsidiaries as at 30 September 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2023 and 2022, changes in equity and cash flows for the nine-month periods ended 30 September 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### Scope of Review

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

### **Basis for Qualified Conclusion**

As explained in Note 6(8), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$16,858 thousand and NT\$19,644 thousand as at 30 September 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(1,712) thousand, NT\$(243) thousand, NT\$(2,187) thousand and NT\$(1,038) thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$529 thousand, NT\$154 thousand, NT\$(2) thousand and NT\$592 thousand for the three-month and nine-month periods ended 30 September 2023 and 2022, respectively. The information related to the above associates and joint ventures accounted for under the equity method was not reviewed by independent accountants.

### **Qualified Conclusion**

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of associates and joint ventures accounted for using equity method and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 30 September 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods ended 30 September 2023 and 2022, and their consolidated cash flows for the nine-month periods ended 30 September 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Tu, Ching Yuan  
Lo, Wen Chen

Ernst & Young, Taiwan

6 November 2023

### **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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
30 September 2023, 31 December 2022 and 30 September 2022  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at		
		30 Sep 2023	31 Dec 2022	30 Sep 2022
<b>Current assets</b>				
Cash and cash equivalents	4, 6(1)	\$2,588,494	\$2,271,437	\$2,151,705
Financial assets at fair value through profit or loss, current	4, 6(2)	3,887	19,862	8,317
Financial assets measured at amortized cost, current	4, 6(3), 8	118,547	171,070	121,910
Accounts receivable, net	4, 5, 6(4), 8	2,749,633	2,565,843	2,783,550
Inventories, net	4, 5, 6(5), 8	3,790,757	4,788,457	4,996,656
Prepayment	6(6)	258,697	184,476	228,902
Other current assets		555,308	607,907	633,670
Total current assets		<u>10,065,323</u>	<u>10,609,052</u>	<u>10,924,710</u>
<b>Non-current assets</b>				
Financial assets at fair value through other comprehensive income, non-current	4, 6(7)	28,980	27,960	31,140
Investments accounted for under the equity method	4, 6(8)	16,858	19,047	19,644
Property, plant and equipment	4, 6(9), 8	2,442,618	2,311,704	2,404,369
Right-of-use assets	4, 6(22)	2,302,125	2,328,096	2,384,580
Investment properties	4, 6(10)	36,667	-	-
Intangible assets	4, 6(11)	56,849	52,631	30,770
Goodwill	4, 5, 6(11)(12)	714,843	680,469	655,263
Deferred tax assets	4,5	360,566	322,514	236,497
Deposits-out		33,376	27,282	50,388
Other non-current assets	6(13)	82,182	223,070	241,301
Total non-current assets		<u>6,075,064</u>	<u>5,992,773</u>	<u>6,053,952</u>
Total assets		<u>\$16,140,387</u>	<u>\$16,601,825</u>	<u>\$16,978,662</u>

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

(continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
30 September 2023, 31 December 2022 and 30 September 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at		
		30 Sep 2023	31 Dec 2022	30 Sep 2022
<b>Current liabilities</b>				
Short-term loans	4, 6(14)	\$2,122,207	\$1,777,167	\$2,247,121
Financial liabilities at fair value through profit or loss, current	4	-	6,102	54,821
Contract liabilities, current	6(20)	350	665	279
Notes payable		76,239	69,539	79,355
Accounts payable		1,618,016	1,888,505	2,089,210
Other payables	6(15)	1,863,866	2,069,625	2,486,921
Current tax liabilities	4	152,061	74,413	53,673
Lease liabilities, current	4, 6(22)	409,382	354,880	342,261
Current portion of long-term loans	4, 6(16)	300,000	330,000	330,000
Other current liabilities		47,377	50,698	45,982
Total current liabilities		<u>6,589,498</u>	<u>6,621,594</u>	<u>7,729,623</u>
<b>Non-current liabilities</b>				
Long-term loans	4, 6(16)	1,200,000	2,810,000	1,820,000
Deferred tax liabilities	4,5	12,107	11,838	26,558
Lease liabilities, non-current	4, 6(22)	2,099,573	2,183,928	2,252,417
Other non-current liabilities		279,849	266,316	445,240
Net defined benefit obligation, non-current	4,6(17)	27,880	34,345	9,076
Total non-current liabilities		<u>3,619,409</u>	<u>5,306,427</u>	<u>4,553,291</u>
Total liabilities		<u>10,208,907</u>	<u>11,928,021</u>	<u>12,282,914</u>
<b>Equity attributable to the parent company</b>				
<b>Capital</b>				
Common stock		4,084,140	3,581,640	3,581,640
Advance receipts for common stock		-	3,100	-
Total capital		<u>4,084,140</u>	<u>3,584,740</u>	<u>3,581,640</u>
Capital surplus		986,666	887,844	884,976
<b>Retained earnings</b>				
Legal reserve		201,221	892,412	892,412
Special reserve		678,770	902,450	902,450
Unappropriated earnings (accumulated deficits)		395,959	(914,871)	(991,801)
Total retained earnings		<u>1,275,950</u>	<u>879,991</u>	<u>803,061</u>
<b>Other components of equity</b>				
Exchange differences on translation of foreign operations		(413,056)	(675,531)	(573,869)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(2,220)	(3,240)	(60)
Total other components of equity		<u>(415,276)</u>	<u>(678,771)</u>	<u>(573,929)</u>
Total equity		<u>5,931,480</u>	<u>4,673,804</u>	<u>4,695,748</u>
<b>Total liabilities and equity</b>		<u>\$16,140,387</u>	<u>\$16,601,825</u>	<u>\$16,978,662</u>

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the three-month and nine-month periods ended 30 September 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the 3-month periods ended 30 September		For the 9-month periods ended 30 September	
		2023	2022	2023	2022
Net sales	6(20)	\$4,798,612	\$4,826,910	\$14,007,016	\$15,256,408
Cost of sales	6(5)(23)	(3,259,818)	(3,560,991)	(9,835,334)	(11,562,359)
Gross profit		1,538,794	1,265,919	4,171,682	3,694,049
Operating expenses	6(22)(23)				
Selling and marketing		(559,455)	(483,519)	(1,604,891)	(1,523,548)
General and administrative		(820,045)	(623,928)	(2,152,542)	(2,809,125)
Research and development		(40,590)	(54,576)	(137,080)	(169,588)
Expected credit losses	6(21)	(4,089)	(2,307)	(10,685)	(7,105)
Total operating expenses		(1,424,179)	(1,164,330)	(3,905,198)	(4,509,366)
Operating income (loss)		114,615	101,589	266,484	(815,317)
Non-operating income and expenses	6(24)				
Other revenue		30,013	38,830	219,103	98,364
Other gains and losses		174,074	18,546	275,759	(84,592)
Finance costs		(56,772)	(55,814)	(172,620)	(152,258)
Share of profit or loss of associates and joint ventures	4, 6(8)	(1,712)	(243)	(2,187)	(1,038)
Total non-operating income and expenses		145,603	1,319	320,055	(139,524)
Income (loss) before income tax		260,218	102,908	586,539	(954,841)
Income tax expense	4,5,6(26)	(73,374)	(8,999)	(190,580)	(36,960)
Income (loss) from continuing operations, net of tax		186,844	93,909	395,959	(991,801)
Other comprehensive income	6(25)				
Items that may not be reclassified subsequently to profit or loss					
Unrealized gains or losses on financial assets at fair value through other comprehensive income		300	(2,040)	1,020	(5,340)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		234,954	231,749	262,477	512,631
Share of other comprehensive income (loss) of associates and joint ventures	6(8)	529	154	(2)	592
Total other comprehensive income, net of tax		235,783	229,863	263,495	507,883
Total comprehensive income (loss)		\$422,627	\$323,772	\$659,454	\$(483,918)
Net income (loss) attributable to:					
Stockholders of the parent		\$186,844	\$93,909	\$395,959	\$(991,801)
Non-controlling interests		-	-	-	-
		\$186,844	\$93,909	\$395,959	\$(991,801)
Comprehensive income (loss) attributable to:					
Stockholder of the parent		\$422,627	\$323,772	\$659,454	\$(483,918)
Non-controlling interests		-	-	-	-
		\$422,627	\$323,772	\$659,454	\$(483,918)
Earnings (losses) per share (NTD)	6(27)				
Earnings (losses) per share-basic		\$0.46	\$0.26	\$1.01	\$(2.77)
Earnings (losses) per share-diluted		\$0.46	\$0.26	\$1.00	\$(2.77)

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the nine-month periods ended 30 September 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Equity Attributable to the Parent Company								Total Equity
		Capital			Retained Earnings			Other Components of Equity		
		Common Stock	Advance Receipts for Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
Balance as at 1 January 2022	6(18)	\$3,581,640	\$-	\$877,995	\$886,922	\$852,940	\$55,000	\$(1,087,092)	\$5,280	\$5,172,685
Appropriations of earnings, 2021:										
Legal reserve					5,490		(5,490)			-
Special reserve						49,510	(49,510)			-
Net loss for the nine-month period ended 30 September 2022							(991,801)			(991,801)
Other comprehensive income (loss), net of tax for the nine-month period ended 30 September 2022								513,223	(5,340)	507,883
Total comprehensive income (loss) for the nine-month period ended 30 September 2022							(991,801)	513,223	(5,340)	(483,918)
Share-based payment transactions-Share-based payment expense	6(19)			6,981						6,981
Balance as at 30 September 2022	6(18)	\$3,581,640	\$-	\$884,976	\$892,412	\$902,450	\$(991,801)	\$(573,869)	\$(60)	\$4,695,748
Balance as at 1 January 2023	6(18)	\$3,581,640	\$3,100	\$887,844	\$892,412	\$902,450	\$(914,871)	\$(675,531)	\$(3,240)	\$4,673,804
Deficit compensation, 2022:										
Legal reserved used to cover deficits					(691,191)		691,191			-
Reversal of special reserve						(223,680)	223,680			-
Net income for the nine-month period ended 30 September 2023							395,959			395,959
Other comprehensive income, net of tax for the nine-month period ended 30 September 2023								262,475	1,020	263,495
Total comprehensive income for the nine-month period ended 30 September 2023							395,959	262,475	1,020	659,454
Cash capital increase		500,000		87,500						587,500
Share-based payment transactions-Conversion of advance receipts for common stock		2,500	(3,100)	600						-
Share-based payment transactions-Share-based payment expense	6(19)			10,722						10,722
Balance as at 30 September 2023	6(18)	\$4,084,140	\$-	\$986,666	\$201,221	\$678,770	\$395,959	\$(413,056)	\$(2,220)	\$5,931,480

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the nine-month periods ended 30 September 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the nine-month periods ended 30 September	
		2023	2022
Cash flows from operating activities:			
Net income (loss) before tax		\$586,539	\$(954,841)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation		590,837	549,172
Amortization		15,390	12,543
Expected credit losses		10,685	7,105
Net (gain) loss of financial assets/liabilities at fair value through profit or loss		(19,353)	97,354
Interest expense		172,620	152,258
Interest income		(32,871)	(20,260)
Dividend income		(1,362)	(1,920)
Share-based payment expense		10,722	6,981
Share of profit or loss of associates and joint ventures		2,187	1,038
(Gain) loss on disposal of property, plant and equipment		(104,258)	12,734
Gain on disposal of right-of-use properties		(50,404)	-
Loss (gain) on lease modification		758	(184)
Impairment loss on non-financial assets		-	119,050
Changes in operating assets and liabilities:			
Financial instrument at fair value through profit or loss, current		29,226	(43,377)
Accounts receivable		(69,388)	246,475
Inventories, net		1,166,522	(391,088)
Prepayments		(47,668)	(53,346)
Other current assets		52,599	95,391
Other non-current assets		60,672	(72,859)
Notes payable		6,700	20,567
Accounts payable		(207,209)	(112,433)
Other payables		(374,959)	888,902
Contract liabilities, current		(315)	(2,527)
Other current liabilities		(3,529)	(844)
Defined benefit obligation		(6,257)	(2,948)
Other non-current liabilities		13,533	55,865
Cash generated from operations		<u>1,801,417</u>	<u>608,808</u>
Interest received		32,871	20,260
Interest paid		(172,864)	(151,838)
Income tax paid		(150,715)	(88,095)
Net cash generated from operating activities		<u>1,510,709</u>	<u>389,135</u>

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

(Continued)



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the nine-month periods ended 30 September 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the nine-month periods ended 30 September	
		2023	2022
(Continued)			
Cash flows from investing activities:			
Acquisition of property, plant and equipment		\$(361,083)	\$(189,282)
Disposal of property, plant and equipment		121,621	14,551
Disposal of right-of-use properties		53,627	-
Increase in deposits-out		(6,094)	(16,251)
Financial assets measured at amortized cost, current		52,523	(15,465)
Acquisition of intangible assets		(17,293)	(13,627)
Dividend received		1,362	1,920
Net cash used in investing activities		<u>(155,337)</u>	<u>(218,154)</u>
Cash flows from financing activities:			
Increase in short-term loans		2,338,000	3,866,756
Decrease in short-term loans		(2,007,005)	(3,778,756)
Increase in long-term loans		500,000	1,600,000
Decrease in long-term loans		(2,140,000)	(1,679,947)
Decrease in lease liabilities		(312,366)	(241,091)
Cash capital increase		587,500	-
Net cash used in financing activities		<u>(1,033,871)</u>	<u>(233,038)</u>
Effect of changes in exchange rate on cash and cash equivalents		(4,444)	(67,535)
Net increase (decrease) in cash and cash equivalents		<u>317,057</u>	<u>(129,592)</u>
Cash and cash equivalents at beginning of period		<u>2,271,437</u>	<u>2,281,297</u>
Cash and cash equivalents at end of period	6(1)	<u><u>\$2,588,494</u></u>	<u><u>\$2,151,705</u></u>

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the nine-month periods ended 30 September 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### 1. HISTORY AND ORGANIZATION

GLOBE UNION INDUSTRIAL CORP. (“the Company”) was incorporated on 29 October 1979 to manufacture and sell plumbing products. On 1 December 1995, the Company acquired Chen Ling Industrial Co. Ltd., a company operated in manufacturing and sale of plumbing products. The Company applied to be listed on the Taipei Exchange on 1 June 1998, and was authorized to trade its shares over the counter on 7 May 1999. The Company applied to be listed on Taiwan Stock Exchange on 16 June 2000 and its shares were authorized to be listed on Taiwan Stock Exchange on 11 September 2000. The Company’s registered office and the main business location is at No.22, Chien-Kuo Rd., Tanzi Dist., Taichung, Taiwan (R.O.C.).

#### 2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine-month periods ended 30 September 2023 and 2022 were authorized for issue by the Company’s board of directors on 6 November 2023.

#### 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 endorsed by the 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 and interpretations of initial application has had no material impact on the Group.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“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	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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 January 1, 2024. The remaining standards and interpretations have 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (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 fulfilment 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 how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not, and the additional disclosures when a currency lacks exchangeability. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet 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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES INFORMATION

(1) Statement of Compliance

The consolidated financial statements of the Group for the nine-month periods ended 30 September 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

(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 (“\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 Company 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 Company 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.

The consolidated entities are as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%)			Note
			30 Sep 2023	31 Dec 2022	30 Sep 2022	
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Holding company	100.00%	100.00%	100.00%	
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling faucets and related parts	100.00%	100.00%	100.00%	

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main Business	Percentage of ownership (%)			Note
			30 Sep 2023	31 Dec 2022	30 Sep 2022	
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	10.71%	10.71%	10.71%	
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Holding company	100.00%	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Verwaltungs GmbH	Holding company	100.00%	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Germany GmbH & Co. KG	Selling faucets and related parts	100.00%	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union (UK) Limited	Holding company	100.00%	100.00%	100.00%	
Globe Union (UK) Limited	PJH Trustees Limited	Trust company	100.00%	100.00%	100.00%	
Globe Union (UK) Limited	PJH Group Limited	Selling kitchen and bathroom products	100.00%	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Holding company	100.00%	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Globe Union Group, Inc.	Holding company	100.00%	100.00%	100.00%	
Globe Union Group, Inc.	Danze Inc.	Overseas sales and maintenance center	100.00%	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union (Canada) Inc.	Sales and marketing support services	100.00%	100.00%	100.00%	
Globe Union Group, Inc.	Gerber Plumbing Fixtures, LLC	Assembling and selling bathroom products	100.00%	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union Services Inc.	Marketing support services	100.00%	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	89.29%	89.29%	89.29%	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Manufacturing and selling porcelain bathroom fittings	100.00%	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	100.00%	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co., Ltd.	Manufacturing and selling bathroom products	100.00%	100.00%	100.00%	Note 1
Shenzhen Globe Union Enterprise Co., Ltd.	He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	100.00%	100.00%	100.00%	Note 2

Note 1: The Company established a subsidiary, Globe Union Ann Bo Manufacturing Co., Ltd. in June 2022.

Note 2: The Company established a sub-subsidiary, He Shun Investment Co., Ltd., in September 2022.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, 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's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated 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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ 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. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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.
- (b) The Group holds the asset primarily for the purpose of trading.
- (c) The Group expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or 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 current when:

- (a) The Group expects to settle the liability in its normal operating cycle.
- (b) The Group holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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 purchase 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 accounts receivable, financial assets measured at amortized cost and other receivables etc., on 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as 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.

In addition, 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 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 represents a recovery of part of the cost of investment.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### Financial assets 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 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, the gains or losses resulting from remeasurement is 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 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 not reduce the carrying amount in the statement of financial position.

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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- B. At an amount equal to the lifetime expected credit losses: The credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For accounts receivable 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.

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.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### 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.

#### 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 upon initial recognition 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:

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial assets, financial liabilities or both 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 cancelled 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (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 instrument

The Group uses derivative instruments to hedge its foreign currency risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) 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. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow 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.

#### (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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The principal or the most advantageous market must be accessible to by 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 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 of 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 – Purchase cost on a weighted average method.

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 on weighted average method.

Merchandise – Purchase cost on weighted average method.

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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (12) Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

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 Group's percentage of ownership interests in the associate, the Group 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 or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture 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 Group disposes the associate or joint venture.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group 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 IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group 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 Group estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, 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 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, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (13) 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. 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	5~55 years
Machinery and equipment	3~11 years
Transportation equipment	5~6 years
Office equipment	2~10 years
Other equipment	2~6 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 non-operating 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (14) 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 excludes 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	9~20 years
Right-of-use assets	46 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.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (15) Leases

On the date that contracts are established, 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 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, maximising 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:

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (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.
- (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 amortised 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 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 short-term leases or leases of low-value assets, the Group 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.

#### Group as a lessor

At 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 present them as a 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.

#### (16) 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, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is 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 profit or loss.

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

	<u>Trademarks</u>	<u>Computer software</u>
Useful lives	10~15 years	3~5 years
Amortization method used	Amortized on a straight-line basis	Amortized on a straight-line basis
Internally generated or acquired	Acquired	Acquired

#### (17) 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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.

#### (18) Post-employment benefits

All regular employees of the Company 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, not associated with the Company. 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 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 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.

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

#### (19) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (20) Revenue recognition

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

##### Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are faucets and plumbing products 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. So 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 in accordance with IAS 37.

The credit period of the Group's sale of goods is from 60 to 90 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 accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (21) 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.

#### (22) 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.

#### (23) 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 as at the beginning and end of that period.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 cancelled, 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 cancelled award, and designated as a replacement award on the date that it is granted, the cancelled 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.

#### (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 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at 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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

#### (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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 acquiree.

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 purpose 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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) 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, including the discount rate and expected salary raise/cut or changes. Please refer to Note 6 for more details.

#### (d) Share-based payment transactions

The Group 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.

#### (e) Revenue recognition – estimation of sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (f) 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 Group 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 Group company's 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.

#### (g) Accounts receivable—estimation of impairment loss

The Group estimates the impairment loss of accounts receivable 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 expects to receive (evaluate 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.

#### (h) Evaluation of 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. Please refer to Note 6 for more details.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Cash on hand	\$623	\$639	\$725
Demand deposits	2,209,680	2,171,868	2,022,233
Time deposits	378,191	98,930	128,747
Total	<u>\$2,588,494</u>	<u>\$2,271,437</u>	<u>\$2,151,705</u>

Cash and cash equivalents were not pledged.

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

	As at		
	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Mandatorily measured at fair value through profit or loss:			
Derivatives not designated as hedging instruments			
Forward foreign exchange contracts	<u>\$3,887</u>	<u>\$19,862</u>	<u>\$8,317</u>

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

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

(3) Financial assets measured at amortized cost- current

	As at		
	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Bank deposits-time deposit-pledged	\$65,326	\$62,167	\$64,273
Bank deposits-reserve account	53,221	55,945	57,637
Bank deposits-time deposit (longer than three months)	-	52,958	-
Subtotal (total carrying amount)	<u>118,547</u>	<u>171,070</u>	<u>121,910</u>
Less: loss allowance	-	-	-
Total	<u>\$118,547</u>	<u>\$171,070</u>	<u>\$121,910</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Accounts receivable, net

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Accounts receivable	\$2,879,315	\$2,692,426	\$2,909,912
Less: allowance for sales discounts	(128,736)	(125,289)	(124,734)
Less: loss allowance	(946)	(1,294)	(1,628)
Total	<u>\$2,749,633</u>	<u>\$2,565,843</u>	<u>\$2,783,550</u>

Accounts receivables are generally on 60-90 day terms. The total carrying amount as at 30 September 2023, 31 December 2022 and 30 September 2022 were \$2,879,315, \$2,692,426 and \$2,909,912, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the nine-month periods ended 30 September 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

Please refer to Note 8 for more details on accounts receivable under pledge.

(5) Inventories

(a) Details as follows:

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Raw materials	\$251,842	\$343,552	\$321,814
Supplies & parts	111,906	128,070	145,881
Work in progress	149,727	272,526	242,921
Finished goods	2,258,549	2,999,039	3,314,701
Merchandise	1,018,733	1,045,270	1,151,339
Total	<u>\$3,790,757</u>	<u>\$4,788,457</u>	<u>\$4,996,656</u>

(b) The cost of inventories recognized in cost of goods sold for the three-month periods ended 30 September 2023 and 2022 amounted to \$3,259,818 and \$3,560,991, respectively, including the reversal gain amounted to \$14,477 from the sales of obsolete products for the three-month period ended 30 September 2023, and the expense amounted to \$16,699 from reducing inventories to net realizable value for the three-month period ended 30 September 2022.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The inventory costs recognized in cost of goods sold for the nine-month periods ended 30 September 2023 and 2022 amounted to \$9,835,334 and \$11,562,359, respectively, including the expense amounted to \$9,716 and \$89,393 from reducing inventories to net realizable value.

Please refer to Note 8 for more details on inventories under pledge.

(6) Prepayments

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Prepayment for purchases	\$26,943	\$39,937	\$53,214
Offset against VAT	27,418	30,038	29,851
Prepaid insurance	29,862	2,096	4,921
Other prepayments	174,474	112,405	140,916
Total	<u>\$258,697</u>	<u>\$184,476</u>	<u>\$228,902</u>

Prepayments were not pledged.

(7) Financial assets at fair value through other comprehensive income, non-current

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Equity instrument investments measured at fair value through other comprehensive income, non-current			
Listed company stocks	<u>\$28,980</u>	<u>\$27,960</u>	<u>\$31,140</u>

Financial assets at fair value through other comprehensive income were not pledged.

Please refer to Note 12 for more details on the credit risk of the equity instrument investments measured at fair value through other comprehensive income.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

Investees	As at					
	30 Sep. 2023		31 Dec. 2022		30 Sep. 2022	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:						
Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	\$16,858	49.00%	\$19,047	49.00%	\$19,644	49.00%
Arte En Bronze, S.A. DE C.V.	-	48.89%	-	48.89%	-	48.89%
Total	<u>\$16,858</u>		<u>\$19,047</u>		<u>\$19,644</u>	

After the interest in the associate - Arte En Bronze, S.A. DE C.V. was reduced to zero, additional losses were provided for, and a liability was recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

The Group's investments in Chengxinzhao (Zhangzhou) Hardware Co., Ltd. and Arte En Bronze, S.A. DE C.V. are not individually material. The aggregate financial information based on Group's share of associates is as follows:

	3-month periods ended		9-month periods ended	
	30 September		30 September	
	2023	2022	2023	2022
Loss from continuing operations	\$(1,712)	\$(243)	\$(2,187)	\$(1,038)
Other comprehensive income (loss)	529	154	(2)	592
Total comprehensive loss	<u>\$(1,183)</u>	<u>\$(89)</u>	<u>\$(2,189)</u>	<u>\$(446)</u>

The associates had no contingent liabilities or capital commitments as at 30 September 2023, 31 December 2022 and 30 September 2022, and did not provide any guarantee.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Property, plant and equipment

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Owner occupied property, plant and equipment	\$2,442,618	\$2,311,704	\$2,404,369

(a) Owner occupied property, plant and equipment

	Construction in progress and equipment awaiting examination						Total
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	examination	
<b>Cost:</b>							
As at 1 Jan. 2023	\$861,092	\$3,158,630	\$47,865	\$330,049	\$707,999	\$105,894	\$5,211,529
Additions	23,143	87,027	3,377	12,984	6,343	203,991	336,865
Disposals	(61,882)	(135,866)	(178)	(21,205)	(63,174)	-	(282,305)
Transfers	1,857	101,647	-	-	33,814	(249,004)	(111,686)
Exchange differences	8,482	90,289	1,751	9,103	10,134	1,872	121,631
As at 30 Sep. 2023	\$832,692	\$3,301,727	\$52,815	\$330,931	\$695,116	\$62,753	\$5,276,034
As at 1 Jan. 2022	\$826,747	\$3,081,890	\$50,746	\$312,336	\$651,477	\$44,995	\$4,968,191
Additions	9,175	17,088	3,361	29,496	17,391	112,771	189,282
Disposals	-	(113,190)	(6,419)	(3,558)	(24,169)	-	(147,336)
Transfers	3,070	45,903	-	(39)	27,129	(76,098)	(35)
Exchange differences	22,507	275,206	(697)	14,934	17,492	4,718	334,160
As at 30 Sep. 2022	\$861,499	\$3,306,897	\$46,991	\$353,169	\$689,320	\$86,386	\$5,344,262
<b>Depreciation and impairment:</b>							
As at 1 Jan. 2023	\$626,310	\$1,415,426	\$40,995	\$276,240	\$540,854	\$-	\$2,899,825
Depreciation	29,409	170,615	2,391	17,476	43,061	-	262,952
Disposals	(55,344)	(129,553)	(179)	(20,208)	(59,658)	-	(264,942)
Transfers	(122,142)	2,268	(7)	(86)	(352)	-	(120,319)
Exchange differences	6,159	33,195	1,600	7,119	7,827	-	55,900
As at 30 Sep. 2023	\$484,392	\$1,491,951	\$44,800	\$280,541	\$531,732	\$-	\$2,833,416

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
As at 1 Jan. 2022	\$584,089	\$1,193,027	\$44,257	\$248,012	\$478,977	\$-	\$2,548,362
Depreciation	22,547	157,471	2,291	18,984	48,896	-	250,189
Impairment	-	119,050	-	-	-	-	119,050
Disposals	-	(87,970)	(6,365)	(3,392)	(22,324)	-	(120,051)
Transfers	-	(13,322)	-	(39)	13,361	-	-
Exchange differences	18,821	96,335	(893)	11,867	16,213	-	142,343
As at 30 Sep. 2022	<u>\$625,457</u>	<u>\$1,464,591</u>	<u>\$39,290</u>	<u>\$275,432</u>	<u>\$535,123</u>	<u>\$-</u>	<u>\$2,939,893</u>
Net carrying amount:							
30 Sep. 2023	<u>\$348,300</u>	<u>\$1,809,776</u>	<u>\$8,015</u>	<u>\$50,390</u>	<u>\$163,384</u>	<u>\$62,753</u>	<u>\$2,442,618</u>
31 Dec. 2022	<u>\$234,782</u>	<u>\$1,743,204</u>	<u>\$6,870</u>	<u>\$53,809</u>	<u>\$167,145</u>	<u>\$105,894</u>	<u>\$2,311,704</u>
30 Sep. 2022	<u>\$236,042</u>	<u>\$1,842,306</u>	<u>\$7,701</u>	<u>\$77,737</u>	<u>\$154,197</u>	<u>\$86,386</u>	<u>\$2,404,369</u>

(b) GU PLUMBING de MEXICO S.A. de C.V., a subsidiary of the Company, plans to clear out some equipment that was no longer usable according to current conditions, in order to improve the utilization rate of plant space allocation. For the nine-month period ended 30 September 2022, parts of the property, plant and equipment were written down to the recoverable amount. The Group recognized the impairment loss in the amount of \$52,460, which has been included in other gains and losses in the statement of comprehensive income.

(c) Shenzhen Globe Union Enterprise Co. Ltd., a subsidiary of the Company, plans to clear out some property, plant and equipment as a result of factory relocation. For the six-month period ended 30 June 2022, the impairment loss in the amount of \$66,590 was booked according to the recoverable amount of the assets. Such loss has been included in other gains and losses in the statement of comprehensive income. Please refer to Note 12 for more details.

(d) The major components of the Group's buildings are main buildings, freight elevator, water and power supply, and are depreciated according to their useful life of 55, 16 and 11 years, respectively.

(e) Please refer to Note 8 for more details on property, plant and equipment under pledge.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(f) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the nine-month periods ended 30 September 2023 and 2022.

(10) Investment property

The Group's investment properties include both owned investment properties and investment properties held by the Group as right-of-use assets. The investment properties held by the Group as right-of-use assets with non-cancellable period of 46 years.

	Buildings	Right-of-use assets	Total
Cost:			
As at 1 Jan. 2023	\$-	\$-	\$-
Held as right-of-use assets	-	26,752	26,752
Transfer from owner-occupied property	133,808	-	133,808
Exchange differences	487	97	584
As at 30 Sep. 2023	<u>\$134,295</u>	<u>\$26,849</u>	<u>\$161,144</u>
Depreciation and impairment:			
As at 1 Jan. 2023	\$-	\$-	\$-
Transfer	120,319	3,707	124,026
Exchange differences	438	13	451
As at 30 Sep. 2023	<u>\$120,757</u>	<u>\$3,720</u>	<u>\$124,477</u>
Net carrying amount:			
30 Sep. 2023	<u>\$13,538</u>	<u>\$23,129</u>	<u>\$36,667</u>
31 Dec. 2022	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

No investment property was pledged.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value of the investment properties held by the Group amounted to \$219,317 as of September 30, 2023. The fair value has been determined based on valuations performed by the Group's management referring to the price of real estate in the active neighborhood market.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Intangible assets and goodwill

	Computer software	Trademarks	Goodwill	Total
Cost:				
As at 1 Jan. 2023	\$255,156	\$74,090	\$1,285,199	\$1,614,445
Addition-acquired separately	17,293	-	-	17,293
Exchange differences	6,921	3,357	69,093	79,371
As at 30 Sep. 2023	<u>\$279,370</u>	<u>\$77,447</u>	<u>\$1,354,292</u>	<u>\$1,711,109</u>
As at 1 Jan. 2022	\$235,650	\$74,147	\$1,291,564	\$1,601,361
Addition-acquired separately	13,627	-	-	13,627
Reclassification	420	-	-	420
Exchange differences	(681)	(57)	(57,162)	(57,900)
As at 30 Sep. 2022	<u>\$249,016</u>	<u>\$74,090</u>	<u>\$1,234,402</u>	<u>\$1,557,508</u>
Amortization and impairment:				
As at 1 Jan. 2023	\$202,525	\$74,090	\$604,730	\$881,345
Amortization	15,390	-	-	15,390
Exchange differences	4,606	3,357	34,719	42,682
As at 30 Sep. 2023	<u>\$222,521</u>	<u>\$77,447</u>	<u>\$639,449</u>	<u>\$939,417</u>
As at 1 Jan. 2022	\$206,427	\$73,028	\$607,990	\$887,445
Amortization	11,425	1,118	-	12,543
Reclassification	420	-	-	420
Exchange differences	(26)	(56)	(28,851)	(28,933)
As at 30 Sep. 2022	<u>\$218,246</u>	<u>\$74,090</u>	<u>\$579,139</u>	<u>\$871,475</u>
Net carrying amount:				
30 Sep. 2023	<u>\$56,849</u>	<u>\$-</u>	<u>\$714,843</u>	<u>\$771,692</u>
31 Dec. 2022	<u>\$52,631</u>	<u>\$-</u>	<u>\$680,469</u>	<u>\$733,100</u>
30 Sep. 2022	<u>\$30,770</u>	<u>\$-</u>	<u>\$655,263</u>	<u>\$686,033</u>

Amortization expense of intangible assets:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	3-month periods ended		9-month periods ended	
	30 September		30 September	
	2023	2022	2023	2022
Operating costs	\$150	\$166	\$361	\$388
Operating expenses	\$4,823	\$3,586	\$15,029	\$12,155

(12) Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combinations have been allocated to two cash-generating units which are also reportable operating segments. Carrying amount of goodwill allocated to each cash-generating units are as follows:

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Goodwill			
- Channel unit	\$632,897	\$598,535	\$573,206
- Manufacturing unit	81,946	81,934	82,057
Total	\$714,843	\$680,469	\$655,263

Channel cash-generating unit

The recoverable amount of the channel unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were 14.9% and 11.1%, respectively, as at 31 December 2022 and 2021, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2022 and 2021, that was the same as the long-term average growth rate for the industry.

There have been no significant changes in the abovementioned discount rate projections made by the Company's management. As a result of this analysis, management did not identify any impairment for goodwill as at 30 September 2023 and 2022 amounted to \$632,897 and \$573,206, respectively, which is allocated to this cash-generating unit.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### Manufacturing cash-generating unit

The recoverable amount of the manufacturing unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were 14.7% and 15.4%, respectively, as at 31 December 2022 and 2021, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2022 and 2021, that was the same as the long-term average growth rate for the industry.

There have been no significant changes in the abovementioned discount rate projections made by the Company's management. As a result of this analysis, management did not identify any impairment for goodwill as at 30 September 2023 and 2022 amounted to \$81,946 and \$82,057, respectively, which is allocated to this cash-generating unit.

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

The calculation of value-in-use for both channel and manufacturing units are most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates; and
- (c) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins – Gross margins are based on average values achieved in the one year preceding the start of the budget period. These exclude the possibility of margin increase over the budget period for anticipated efficiency improvements. The gross margins applied for the channel unit and the manufacturing unit remained the same.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimates – Rates are based on industry average growth rates or local industry research. For the reasons explained above, the long-term average growth rates used to extrapolate the budget for the channel unit and the manufacturing unit have been adjusted based on industry average growth rates.

#### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the channel unit and the manufacturing unit, management 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.

The implications of the key assumptions for the recoverable amount are discussed below:

Raw materials price inflation – Management has considered the possibility of raw material price inflation. The Group used past actual raw material price movements as an indicator of future price movements. Management believes there is no raw materials price deviating from the budget for the three-month periods ended 30 September 2023 and 2022, and therefore no further impairment may arise.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Growth rate assumptions – Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts included in the budget. The estimated long-term growth rate of channel unit, and manufacturing unit were 0%, 0%, and 0%, 0% for the years ended 31 December 2022 and 2021, respectively. Management deemed these growth rates reasonable after considering the long-term growth rate and the economic environment for the three-month periods ended 30 September 2023 and 2022. Therefore, no further impairment may result.

(13) Other non-current assets

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Prepayment for equipment	\$79,802	\$219,847	\$237,708
Others	2,380	3,223	3,593
Total	<u>\$82,182</u>	<u>\$223,070</u>	<u>\$241,301</u>

(14) Short-term loans

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Unsecured bank loans	\$1,958,000	\$1,442,290	\$1,958,000
Secured bank loans	164,207	334,877	289,121
Total	<u>\$2,122,207</u>	<u>\$1,777,167</u>	<u>\$2,247,121</u>
Interest Rates (%)	1.75%-7.45%	1.47%-5.70%	1.20%-4.45%

The Group's unused short-term lines of credits amounted to \$2,478,323, \$2,687,113 and \$2,275,684 as at 30 September 2023, 31 December 2022 and 30 September 2022, respectively.

Please refer to Note 8 for further details on secured loans.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Other payables

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Accrued payroll and bonus	\$379,478	\$792,824	\$1,112,816
Accrued sales discounts	272,967	336,298	354,388
Accrued freight	179,834	257,211	264,752
Compensation payable	174,949	24,984	21,291
Output tax	125,501	140,661	124,321
Accrued VAT payables	29,518	20,662	23,894
Others	701,619	496,985	585,459
Total	<u>\$1,863,866</u>	<u>\$2,069,625</u>	<u>\$2,486,921</u>

For the year ended 31 December 2022, Shenzhen Globe Union Enterprise Co. Ltd., the sub-subsidiary of the Company, has started the process of terminating employment contracts with its employees because of the factory relocation and has booked severance packages in the amount of \$730,484. As of 30 September 2023, the unpaid amount totaled \$83,904.

(16) Long-term loans

(a) As at 30 Sep. 2023

Lenders	Type	As at 30 Sep. 2023	Maturity date and terms of repayment	Guarantee
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$1,000,000	2022/05-2027/05 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
Bank SinoPac	Credit	200,000	2021/09-2024/07 Interest is paid monthly.	None
Cathay United Bank	Credit	200,000	2023/07-2025/06 Interest is paid monthly.	None
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	100,000	2022/05-2027/05 Interest is paid monthly.	None
Subtotal		<u>1,500,000</u>		
Less: current portion		<u>(300,000)</u>		
Total		<u>\$1,200,000</u>		
Interest rate		1.820%-2.160%		

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) As at 31 Dec. 2022

Lenders	Type	As at 31 Dec. 2022	Maturity date and terms of repayment	Guarantee
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$1,000,000	2022/05-2027/05 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	990,000	2022/10-2024/03 Interest is paid monthly.	None
KGI Bank	Credit	350,000	2022/05-2024/05 Interest is paid monthly.	None
Bank SinoPac	Credit	200,000	2021/09-2024/07 Interest is paid monthly.	None
China Trust Commercial Bank	Credit	170,000	2022/12-2024/12 Interest is paid monthly.	None
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.	None
Taishin International Bank	Credit	100,000	2022/09-2024/09 Interest is paid monthly.	None
O-Bank	Credit	100,000	2021/09-2023/11 Interest is paid monthly.	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.	None
Subtotal		3,140,000		
Less: current portion		(330,000)		
Total		\$2,810,000		
Interest rate		1.570%-2.060%		

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) As at 30 Sep. 2022

Lenders	Type	As at 30 Sep. 2022	Maturity date and terms of repayment	Guarantee
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$1,000,000	2022/05-2027/05 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
KGI Bank	Credit	350,000	2022/05-2024/05 Interest is paid monthly.	None
China Trust Commercial Bank	Credit	170,000	2021/12-2023/12 Interest is paid monthly.	None
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.	None
Taishin International Bank	Credit	100,000	2022/09-2024/09 Interest is paid monthly.	None
Bank SinoPac	Credit	100,000	2021/09-2024/07 Interest is paid monthly.	None
O-Bank	Credit	100,000	2021/09-2023/11 Interest is paid monthly.	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.	None
Shin Kong Bank	Credit	100,000	2021/07-2023/03 Interest is paid monthly.	None
Subtotal		2,150,000		
Less: current portion		(330,000)		
Total		\$1,820,000		
Interest rate		1.440%-1.797%		

Please refer to Note 9(3) for further details on syndicated bank loans.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (17) Post-employment benefits

##### Defined contribution plan

The Company adopts 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 the local regulations.

Expenses under the defined contribution plan for the three-month and nine-month periods ended 30 September 2023 and 2022 were \$43,102, \$51,071, \$128,646 and \$150,472, respectively.

##### Defined benefits plan

The Company adopts 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. The Company's 2019 pension fund deposited at the Bank of Taiwan has reached sufficient allocation and does not require further allocation based on the approval of the management department of processing zone. Before the end of each year, the Company 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 will make up the difference in one appropriation before the end of March the following year.

Expenses under the defined benefits plan for the three-month and nine-month periods ended 30 September 2023 and 2022 were \$2,946, \$2,696, \$8,837 and \$8,088, respectively.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (18) Equities

##### (a) Common stock

The Company's authorized capital was \$6,000,000 as at 1 January 2022, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$3,581,640 with 358,163,962 shares issued. Each share has one voting right and a right to receive dividends.

For the year ended 31 December 2022, the employees converted their options into 250,000 shares at NT\$12.4 per share. The above shares have not completed the registration process and were recorded as capital collected in advance.

As at 31 December 2022, the Company's authorized capital amounted to \$6,000,000, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$3,584,140, divided into 358,413,962 shares. Among the issued shares, 250,000 shares have not completed the registration process and were recorded as capital collected in advance in the amount of \$3,100. For the three-month period ended 31 March 2023, the aforementioned 250,000 employee stock options have completed the registration process and have been converted to common stock.

On 5 August 2022, the Company's board of directors resolved to issue 50,000,000 new shares of NT\$10 each in cash and at a premium of NT\$11.75 per share. In accordance with Article 267 of the Company Act, 10% of the total number of new shares issued, amounting to 5,000,000 shares, are reserved for subscription by the Company's employees on a preferential basis. Due to market changes and fluctuations in stock prices, the actual price of the cash capital increase and the employee stock option price of NT\$11.75 per share were measured based on the fair value of the stock options on the grant date, and \$6,750 was recognized as the compensation cost. The above cash capital increase was approved by the Financial Supervisory Commission of the Republic of China on 9 November 2022, and the board of directors authorized the chairman to set 20 March 2023 as the capital increase base date. The capital increase has completed the registration of the change on 24 March 2023.

The Company's authorized capital was \$6,000,000 as at 30 September 2023, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$4,084,140 with 408,413,962 shares issued. Each share has one voting right and a right to receive dividends.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Capital surplus

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Additional paid-in capital	\$912,530	\$824,430	\$824,430
Share-based payment transactions	66,236	55,514	52,646
Share of changes in net assets of associates and joint ventures accounted for using the equity method	6,005	6,005	6,005
Premium from merger	1,895	1,895	1,895
Total	<u>\$986,666</u>	<u>\$887,844</u>	<u>\$884,976</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) Retained earnings and dividend policies

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

- A. Payment of all taxes and dues.
- B. Offset prior years' operation losses.
- C. Set aside 10% of the remaining amount after deducting items A and B as legal reserve.
- D. Set aside or reverse special reserve in accordance with law and regulations.
- E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized 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.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The FSC on 31 March 2021 issued Order No. Financial –Supervisory –Securities –Corporate –1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the TIFRS, 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 supplemental special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

The Company did not have any special reserve due from first-time adoption of the TIFRS.

Details of the 2022 deficit compensation and 2021 appropriation of earnings as resolved by the shareholders' meeting on 26 May 2023 and 27 May 2022, are as follows:

	Deficit compensation and appropriation of earnings	
	2022	2021
Legal reserve (used to cover deficits)	\$(691,191)	\$5,490
Special reserve (reversal)	(223,680)	49,510

Please refer to Note 6(23) for further details on employees' compensation and remuneration to directors.

#### (19) Share-based payment plans

- (a) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 10,200 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

As at 30 September 2023, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT\$)
10 Aug. 2020	10,200	7,150	3,450	\$12.30

- a. The following table contains further details on the aforementioned share-based payment plan for the nine-month periods ended 30 September 2023 and 2022:

	9-month period ended 30 Sep. 2023		9-month period ended 30 Sep. 2022	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	7,150	\$12.40	8,250	\$12.40
Converted	-	-	-	-
Forfeited	-	-	(850)	12.40
Outstanding at end of period	<u>7,150</u>	<u>\$12.30</u>	<u>7,400</u>	<u>\$12.40</u>
Weighted average fair value of share options (NT\$)	<u>\$3.1</u>		<u>\$3.1</u>	

- b. The following table contains further details on the aforementioned share-based payment plan as at 30 September 2023:

Share options	Range of exercise price (NT\$)	Share options outstanding			Share options exercisable		
		Number (unit)	Maturity date	Weighted average contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
10 Aug. 2020 Share options plan - 10,200 units issued	\$12.40	7,150	2025/8/9	1.86	\$12.30	3,450	\$12.30

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense were \$373, \$2,103, \$2,613 and \$4,939 for the three-month periods and nine-month periods ended 30 September 2023 and 2022, respectively. The following table lists the inputs to the model used for the plan:

For the 10,200 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	28.51%
Risk-free interest rate (%)	0.31%
Expected option life (Years)	5 years

(b) On 14 February 2022, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 2,100 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 30 September 2023, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT\$)
14 Feb. 2022	2,100	1,600	-	\$14.60

A. The following table contains further details on the aforementioned share-based payment plan for the nine-month periods ended 30 September 2023 and 2022:

	9-month periods ended 30 September			
	2023		2022	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	2,100	\$14.70	-	\$-
Additions	-	-	2,100	14.70
Converted	-	-	-	-
Forfeited	(500)	14.70	-	-
Outstanding at end of period	<u>1,600</u>	<u>\$14.60</u>	<u>2,100</u>	<u>\$14.70</u>
Weighted average fair value of share options (NT\$)	<u>\$3.5</u>		<u>\$3.5</u>	

B. The following table contains further details on the aforementioned share-based payment plan as at 30 September 2023:

Share options	Range of exercise price (NT\$)	Share options outstanding			Share options exercisable		
		Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
14 Feb. 2022 Share options plan - 2,100 units issued	\$14.70	1,600	2027/2/13	3.33	\$14.60	-	\$14.60

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense for the three-month periods and the nine-month periods ended 30 September 2023 and 2022 were \$584, \$766, \$1,082 and \$2,042, respectively. The following table lists the inputs to the model used for the plan:

For the 2,100 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	25.71%
Risk-free interest rate (%)	0.64%
Expected option life (Years)	5 years

#### (c) Stock appreciation right plan for employees

In July 2022, the Company implemented a compensation plan to grant 1,500 units of the cash-settled stock appreciation rights to qualified employees of the Company without consideration. One unit of stock appreciation right to employees represents a right to the intrinsic value of one common share of Globe Union Industrial Corp. The life of the plan is two years. Upon maturity of one and a half years following the date of grant, those employees who fulfill both service period and performance conditions set by the Company are gradually eligible for the vested stock appreciation right at certain percentage and time frame. For those employees who fail to meet the vesting conditions, the Company will withdraw their rights without consideration. During the vesting period, the holders of the stock appreciation right are not entitled to the same rights as those of common stockholders of Globe Union Industrial Corp.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The compensation cost for the cash-settled share-based payment was measured at fair value on the grant date by using Black-Scholes Option Pricing Model and will be remeasured at the end of each reporting period until settlement. As at 30 September 2023, the assumptions used are as follows:

	<u>Stock appreciation right plan for employees</u>
Share price of measurement date (NT\$/unit)	\$13.5
Dividend yield (%)	0%
Expected volatility (%)	18.67%
Risk-free interest rate (%)	1.01%
Expected option life (Years)	0.75 years

The Company recognized the compensation expense of \$493 and \$1,538 for the three-month period and nine-month period ended 30 September 2023, respectively. The liability of \$2,462 under the stock appreciation right plan was recognized in accrued expenses as at 30 September 2023. The intrinsic value for the liability of vested rights was \$0.

(d) Stock appreciation right plan for employees

In July 2023, the Company implemented a compensation plan to grant 1,000 units of the cash-settled stock appreciation rights to qualified employees of the Company without consideration. One unit of stock appreciation right to employees represents a right to the intrinsic value of one common share of Globe Union Industrial Corp. The life of the plan is three and a half years. Upon maturity of one year following the date of grant, those employees who fulfill both service period and performance conditions set by the Company are gradually eligible for the vested stock appreciation right at certain percentage and time frame. For those employees who fail to meet the vesting conditions, the Company will withdraw their rights without consideration. During the vesting period, the holders of the stock appreciation right are not entitled to the same rights as those of common stockholders of Globe Union Industrial Corp.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The compensation cost for the cash-settled share-based payment was measured at fair value on the grant date by using Black-Scholes Option Pricing Model and will be remeasured at the end of each reporting period until settlement. As at 30 September 2023, the assumptions used are as follows:

	<u>Stock appreciation right plan for employees</u>
Share price of measurement date (NT\$/unit)	\$13.35
Dividend yield (%)	0%
Expected volatility (%)	22.09%
Risk-free interest rate (%)	1.07%
Expected option life (Years)	3.25 years

The Company recognized the compensation expense of \$452 and \$452 for the three-month period and nine-month period ended 30 September 2023, respectively. The liability of \$452 under the stock appreciation right plan was recognized in accrued expenses as at 30 September 2023. The intrinsic value for the liability of vested rights was \$0.

- (e) On 9 August 2023, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 1,400 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 30 September 2023, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT\$)
9 Aug. 2023	1,400	1,400	-	\$14.10

A. The following table contains further details on the aforementioned share-based payment plan for the nine-month period ended 30 September 2023:

	9-month period ended 30 September, 2023	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	-	\$-
Additions	1,400	14.10
Converted	-	-
Forfeited	-	-
Outstanding at end of period	1,400	\$14.10
Weighted average fair value of share options (NT\$)	\$2.86	

B. The following table contains further details on the aforementioned share-based payment plan as at 30 September 2023:

Share options	Range of exercise price (NT\$)	Share options outstanding				Share options exercisable	
		Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
9 Aug. 2023 Share options plan - 1,400 units issued	\$14.10	1,400	2028/8/8	4.83	\$14.10	-	\$14.10

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense for the three-month period and the nine-month period ended 30 September 2023 were \$278 and \$278, respectively. The following table lists the inputs to the model used for the plan:

For the 1,400 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	20.35%
Risk-free interest rate (%)	1.09%
Expected option life (Years)	5 years

(20) Operating revenue

Analysis of revenue from contracts with customers during the three-month periods and nine-month periods ended 30 September 2023 and 2022 is as follows:

	<u>3-month periods ended 30 Sep.</u>		<u>9-month periods ended 30 Sep.</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers				
Sale of goods	\$5,198,097	\$5,234,346	\$15,260,054	\$16,575,512
Less: sales returns and allowance	(399,485)	(407,436)	(1,253,038)	(1,319,104)
Total	<u>\$4,798,612</u>	<u>\$4,826,910</u>	<u>\$14,007,016</u>	<u>\$15,256,408</u>

Analysis of revenue from contracts with customers during the three-month periods and nine-month periods ended 30 September 2023 and 2022 is as follows:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Disaggregation of revenue

2023.7.1-2023.9.30

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	<u>\$371,747</u>	<u>\$15,716</u>	<u>\$2,483,818</u>	<u>\$1,927,331</u>	<u>\$4,798,612</u>
Timing of revenue recognition					
At a point in time	<u>\$371,747</u>	<u>\$15,716</u>	<u>\$2,483,818</u>	<u>\$1,927,331</u>	<u>\$4,798,612</u>

2022.7.1-2022.9.30

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	<u>\$522,746</u>	<u>\$30,360</u>	<u>\$2,444,770</u>	<u>\$1,829,034</u>	<u>\$4,826,910</u>
Timing of revenue recognition					
At a point in time	<u>\$522,746</u>	<u>\$30,360</u>	<u>\$2,444,770</u>	<u>\$1,829,034</u>	<u>\$4,826,910</u>

2023.1.1-2023.9.30

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	<u>\$989,152</u>	<u>\$46,108</u>	<u>\$7,341,808</u>	<u>\$5,629,948</u>	<u>\$14,007,016</u>
Timing of revenue recognition					
At a point in time	<u>\$989,152</u>	<u>\$46,108</u>	<u>\$7,341,808</u>	<u>\$5,629,948</u>	<u>\$14,007,016</u>

2022.1.1-2022.9.30

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	<u>\$1,654,904</u>	<u>\$54,334</u>	<u>\$7,877,070</u>	<u>\$5,670,100</u>	<u>\$15,256,408</u>
Timing of revenue recognition					
At a point in time	<u>\$1,654,904</u>	<u>\$54,334</u>	<u>\$7,877,070</u>	<u>\$5,670,100</u>	<u>\$15,256,408</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Contract balances

Contract liabilities - current

	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>	<u>1 Jan. 2022</u>
Sales of goods	<u>\$350</u>	<u>\$665</u>	<u>\$279</u>	<u>\$2,806</u>

There were no significant changes in the Group's balances of contract liabilities for the nine-month periods ended 30 September 2023 and 2022.

(21) Expected credit losses

	<u>3-month periods ended 30 Sep.</u>		<u>9-month periods ended 30 Sep.</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating expenses – Expected credit losses				
Accounts receivable	<u>\$4,089</u>	<u>\$2,307</u>	<u>\$10,685</u>	<u>\$7,105</u>

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

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 30 September 2023, 31 December 2022 and 30 September 2022 is as follows:

- (1) The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

30 September 2023

	Overdue					Total
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$2,551,759	\$185,614	\$8,310	\$4,896	\$-	\$2,750,579
Loss ratio	-%	-%	-%	19.32%	-%	
Lifetime expected credit losses	-	-	-	(946)	-	(946)
Carrying amount	<u>\$2,551,759</u>	<u>\$185,614</u>	<u>\$8,310</u>	<u>\$3,950</u>	<u>\$-</u>	<u>\$2,749,633</u>

31 December 2022

	Overdue					Total
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$2,320,501	\$203,531	\$27,971	\$8,798	\$6,336	\$2,567,137
Loss ratio	-%	-%	-%	0.94%	19.11%	
Lifetime expected credit losses	-	-	-	(83)	(1,211)	(1,294)
Carrying amount	<u>\$2,320,501</u>	<u>\$203,531</u>	<u>\$27,971</u>	<u>\$8,715</u>	<u>\$5,125</u>	<u>\$2,565,843</u>

30 September 2022

	Overdue					Total
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$2,561,581	\$185,395	\$14,008	\$11,367	\$12,827	\$2,785,178
Loss ratio	-%	-%	-%	14.31%	0.01%	
Lifetime expected credit losses	-	-	-	(1,627)	(1)	(1,628)
Carrying amount	<u>\$2,561,581</u>	<u>\$185,395</u>	<u>\$14,008</u>	<u>\$9,740</u>	<u>\$12,826</u>	<u>\$2,783,550</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (2) The movement in the provision for impairment of accounts receivable during the nine-month periods ended 30 September 2023 and 2022 is as follows:

	<u>Accounts receivable</u>
Beginning balance at 1 January 2023	\$1,294
Addition for the current period	10,685
Write off	(11,414)
Exchange differences	381
Ending balance at 30 September 2023	<u><u>\$946</u></u>

  

	<u>Account receivables</u>
Beginning balance at 1 January 2022	\$8,037
Addition for the current period	7,105
Write off	(13,004)
Exchange differences	(510)
Ending balance at 30 September 2022	<u><u>\$1,628</u></u>

(22) Leases

(1) Group as 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 2 to 47 years. There are no restrictions placed upon the Group by entering into these leases.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Land	\$136,829	\$58,178	\$59,698
Buildings	1,995,807	2,054,022	2,147,604
Machinery and equipment	19,800	31,981	36,351
Transportation equipment	131,922	177,402	137,059
Other equipment	17,767	6,513	3,868
Total	<u>\$2,302,125</u>	<u>\$2,328,096</u>	<u>\$2,384,580</u>

During the nine-month periods ended 30 September 2023 and 2022, the Group's additions to right-of-use assets were amounted to \$154,523 and \$421,447 respectively.

b. Lease liabilities

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Lease liabilities	<u>\$2,508,955</u>	<u>\$2,538,808</u>	<u>\$2,594,678</u>
Current	<u>\$409,382</u>	<u>\$354,880</u>	<u>\$342,261</u>
Non-current	<u>\$2,099,573</u>	<u>\$2,183,928</u>	<u>\$2,252,417</u>

Please refer to Note 6(24)(c) for the interest on lease liabilities recognized during the nine-month periods ended 30 September 2023 and 2022, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 30 September 2023.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	3-month periods ended 30 Sep.		9-month periods ended 30 Sep.	
	2023	2022	2023	2022
Land	\$1,457	\$668	\$3,604	\$2,003
Buildings	79,415	84,122	238,087	226,071
Machinery and equipment	3,888	5,316	13,495	17,212
Transportation equipment	23,064	17,587	67,386	46,688
Other equipment	2,387	1,014	5,313	7,009
Total	<u>\$110,211</u>	<u>\$108,707</u>	<u>\$327,885</u>	<u>\$298,983</u>



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

	3-month periods ended 30		9-month periods ended 30	
	September		September	
	2023	2022	2023	2022
The expenses relating to short-term leases	\$16,773	\$5,818	\$73,391	\$14,151
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,912	1,415	5,565	2,962
The expenses relating to variable lease payments not included in the measurement of lease liabilities	118	1,776	333	5,350
Total	\$18,803	\$9,009	\$79,289	\$22,463

D. Cash outflow relating to leasing activities

During the nine-month periods ended 30 September 2023 and 2022, the Group's total cash outflows for leases were amounted to \$495,624 and \$363,183, respectively.

E. Other information relating to leasing activities

(i) Variable lease payments

Some of the Group's warehouse rental agreements contain variable payment terms that are linked to daily usage of pallets in warehouses, which is common in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(ii) Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(23) Summary statement of employee benefits, depreciation and amortization expenses by function for the three-month and nine-month periods ended 30 September 2023 and 2022:

Nature \ Function	3-month periods ended 30 September					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$291,742	\$465,735	\$757,477	\$380,037	\$428,448	\$808,485
Labor and health insurance	2,214	39,043	41,257	7,530	33,641	41,171
Pension	27,175	18,873	46,048	36,093	17,674	53,767
Other employee benefits expense	15,238	9,843	25,081	19,130	9,406	28,536
Depreciation	90,549	114,996	205,545	87,687	107,191	194,878
Amortization	150	4,823	4,973	166	3,586	3,752

Nature \ Function	9-month periods ended 30 September					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$888,081	\$1,369,468	\$2,257,549	\$1,106,243	\$2,145,504	\$3,251,747
Labor and health insurance	7,878	117,158	125,036	18,871	102,386	121,257
Pension	80,875	56,608	137,483	101,452	57,108	158,560
Other employee benefits expense	55,230	25,560	80,790	52,801	29,099	81,900
Depreciation	262,341	328,496	590,837	252,261	296,911	549,172
Amortization	361	15,029	15,390	388	12,155	12,543

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set no less than 2% as employees' compensation and no higher than 2% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of 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 cash. Such distribution shall be reported at the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the nine-month period ended 30 September 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the nine-month period ended 30 September 2023 to be 3.70% and 0% of profit, respectively. The employees' compensation and remuneration to directors for the three-month period and nine-month period ended 30 September 2023 amount to \$6,920, \$0, \$15,220, and \$0, respectively, recognized as salary expense.

The Company experienced a loss for the year ended 31 December 2022, hence no employees' compensation and remuneration to directors have been estimated.

(24) Non-operating income and expenses

(a) Other income

	3-month periods ended 30		9-month periods ended 30	
	September		September	
	2023	2022	2023	2022
Interest income				
Financial assets measured				
at amortized cost	\$10,876	\$6,091	\$32,871	\$20,260
Dividend revenue	762	600	1,362	1,920
Others	18,375	32,139	184,870	76,184
Total	<u>\$30,013</u>	<u>\$38,830</u>	<u>\$219,103</u>	<u>\$98,364</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Other gains and losses

	3-month periods ended 30		9-month periods ended 30	
	September		September	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$104,594	\$(2,400)	\$104,258	\$(12,734)
Gain on disposal of right-of-use assets	50,404	-	50,404	-
Foreign exchange gains, net	25,419	85,164	127,755	154,195
Impairment losses	-	(1,417)	-	(119,050)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	8,259	(61,617)	19,353	(97,354)
(Losses) gains on change in leases	(691)	(5)	(758)	184
Others	(13,911)	(1,179)	(25,253)	(9,833)
Total	<u>\$174,074</u>	<u>\$18,546</u>	<u>\$275,759</u>	<u>\$(84,592)</u>

For the year ended 31 December 2022, Shenzhen Globe Union Enterprise Co. Ltd., a subsidiary of the Company, plans to clear out some property, plant and equipment as result of the factory relocation, and booked losses on disposal of property, plant and equipment and impairment loss according to the recoverable amount of such assets. Please refer to Note 12 for more details.

(c) Finance costs

	3-month periods ended 30		9-month periods ended 30	
	September		September	
	2023	2022	2023	2022
Interest on loans from bank	\$21,126	\$20,617	\$68,651	\$52,629
Interest on lease liabilities	35,646	35,197	103,969	99,629
Total	<u>\$56,772</u>	<u>\$55,814</u>	<u>\$172,620</u>	<u>\$152,258</u>

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(25) Components of other comprehensive income

For the three-month period ended 30 September 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses on financial assets at fair value through other comprehensive income	\$300	\$-	\$300	\$-	\$300
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	234,954	-	234,954	-	234,954
Share of other comprehensive income (loss) of associates and joint ventures	529	-	529	-	529
<b>Total of other comprehensive income</b>	<b>\$235,783</b>	<b>\$-</b>	<b>\$235,783</b>	<b>\$-</b>	<b>\$235,783</b>

For the three-month period ended 30 September 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses on financial assets at fair value through other comprehensive income	\$(2,040)	\$-	\$(2,040)	\$-	\$(2,040)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	231,749	-	231,749	-	231,749
Share of other comprehensive income (loss) of associates and joint ventures	154	-	154	-	154
<b>Total of other comprehensive income</b>	<b>\$229,863</b>	<b>\$-</b>	<b>\$229,863</b>	<b>\$-</b>	<b>\$229,863</b>

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the nine-month period ended 30 September 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses on financial assets at fair value through other comprehensive income	\$1,020	\$-	\$1,020	\$-	\$1,020
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	262,477	-	262,477	-	262,477
Share of other comprehensive income (loss) of associates and joint ventures	(2)	-	(2)	-	(2)
<b>Total of other comprehensive income</b>	<b>\$263,495</b>	<b>\$-</b>	<b>\$263,495</b>	<b>\$-</b>	<b>\$263,495</b>

For the nine-month period ended 30 September 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses on financial assets at fair value through other comprehensive income	\$(5,340)	\$-	\$(5,340)	\$-	\$(5,340)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	512,631	-	512,631	-	512,631
Share of other comprehensive income (loss) of associates and joint ventures	592	-	592	-	592
<b>Total of other comprehensive income</b>	<b>\$507,883</b>	<b>\$-</b>	<b>\$507,883</b>	<b>\$-</b>	<b>\$507,883</b>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(26) Income tax

The major components of income tax expense are as follows:

(a) Income tax expense recognized in profit or loss

	<u>3-month periods ended 30 Sep.</u>		<u>9-month periods ended 30 Sep.</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax expense (income):				
Current income tax charge	\$69,589	\$(6,616)	\$160,231	\$20,590
Deferred tax expense:				
Deferred tax expense relating to origination and reversal of temporary differences	3,785	15,615	30,349	16,370
Total income tax expense	<u>\$73,374</u>	<u>\$8,999</u>	<u>\$190,580</u>	<u>\$36,960</u>

(b) Income tax relating to components of other comprehensive income

	<u>3-month periods ended</u>		<u>9-month periods ended</u>	
	<u>30 September</u>		<u>30 September</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):				
Remeasurements of defined benefit plans	\$-	\$-	\$-	\$-
Income tax relating to components of other comprehensive income	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

(c) The assessment of income tax returns

As at 30 September 2023, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
Globe Union Industrial Corp.	Assessed and approved up to 2019

As at 30 September 2023, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(27) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year 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 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.

	3-month periods ended 30		9-month periods ended 30	
	September		September	
	2023	2022	2023	2022
(a) Basic earnings (losses) per share				
Profit (loss) attributable to ordinary equity holders of the Company	\$186,844	\$93,909	\$395,959	\$(991,801)
Weighted average number of ordinary shares outstanding for basic earnings (losses) per share (in thousands)	408,414	358,164	393,914	358,164
Basic earnings (losses) per share (NT\$)	\$0.46	\$0.26	\$1.01	\$(2.77)
(b) Diluted earnings (losses) per share				
Profit (loss) attributable to ordinary equity holders of the Company	\$186,844	\$93,909	\$395,959	\$(991,801)
Profit (loss) attributable to ordinary equity holders of the Company after dilution	\$186,844	\$93,909	\$395,959	\$(991,801)
Weighted average number of ordinary shares outstanding for basic earnings (losses) per share (in thousands)	408,414	358,164	393,914	358,164
Effect of dilution:				
Employee compensation — stock (in thousands)	463	Note	1,018	Note
Employee stock options (in thousands)	540	Note	540	Note
Weighted average number of ordinary shares outstanding after dilution (in thousands)	409,417	358,164	395,472	358,164
Diluted earnings (losses) per share (NT\$)	\$0.46	\$0.26	\$1.00	\$(2.77)

(Note) It was not included in the calculation because of the antidilutive effect.

There have been no other transactions that might impact the ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were completed.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

(a) Key management personnel compensation

	<u>3-month periods ended 30 Sep.</u>		<u>9-month periods ended 30 Sep.</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$33,803	\$33,580	\$123,709	\$121,279
Post-employment and termination benefits	5,800	6,416	25,593	29,992
Share-based payment	2,144	2,968	6,734	6,730
Total	<u>\$41,747</u>	<u>\$42,964</u>	<u>\$156,036</u>	<u>\$158,001</u>

8. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Group pledged as security:

<u>Assets pledged for security</u>	<u>Carrying amount as at</u>			<u>Secured liabilities</u>
	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>	
Financial assets measured at amortized cost, current	\$118,547	\$118,112	\$121,910	Secured for loans
Accounts receivable	846,941	858,772	804,347	Secured for loans
Inventory	1,166,698	1,193,909	1,260,847	Secured for other non-current liabilities and loans
Buildings	188,205	39,085	33,852	Secured for loans
Machinery and Equipment	1,096,242	1,065,574	1,136,738	Secured for other non-current liabilities
Transportation Equipment	2,331	598	681	Secured for loans
Office equipment	27,544	25,746	23,659	Secured for other non-current liabilities and loans
Other equipment	38,064	41,348	40,508	Secured for loans
Right-of-use asset — land	48,834	-	-	Secured for loans
Total	<u>\$3,533,406</u>	<u>\$3,343,144</u>	<u>\$3,422,542</u>	

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### 9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) On 1 October 2023, the Company has entered into a land lease agreement with the Taichung Branch of the Export Processing Zone Administration. The lease term is ten years, starting from 1 October 2023 to 30 September 2033. The rent is adjusted based on the land price, and current monthly rent is \$64.
- (2) The Company and its subsidiaries provided endorsement/guarantee to related parties. Please refer to Note 13(1) (b) for more details.
- (3) In April 2022, the Company has entered into a syndicated loan agreement with E.SUN Commercial Bank and ten other lending institutions of syndicated credits, such as China Trust Commercial Bank, Taipei Fubon Commercial Bank, and Bank of Taiwan. The agreement contains the following restrictive covenants:
  - (a) The current ratio shall not be lower than 100%.
  - (b) The liability ratio shall not be higher than 200%.
  - (c) The interest coverage ratio shall not be lower than 2.

According to the syndicated loan agreement, if the financial ratio of the Company does not meet the previous requirements, the Company should make improvement within six months after the end of the accounting period (the improvement period will not be regarded as default) and review the results in the next financial statement (the consolidated financial statements for the six-month period ended or for the year ended) to verify whether the improvement has been completed. If the Company completes the improvement in line with the previous financial ratio agreed, it is not regarded as default; otherwise, it is regarded as default. The Company did not violate the above covenants for the six-month period ended 30 June 2023.

#### 10. SIGNIFICANT DISASTER LOSS

None.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$3,887	\$19,862	\$8,317
Financial assets measured at amortized cost (Note)	5,456,051	5,007,711	5,056,440
Financial assets at fair value through other comprehensive income	28,980	27,960	31,140

Financial liabilities

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Financial liabilities at amortized cost:			
Short-term borrowings	\$2,122,207	\$1,777,167	\$2,247,121
Notes and accounts payable	1,694,255	1,958,044	2,168,565
Long-term loans (including current portion with maturity less than 1 year)	1,500,000	3,140,000	2,150,000
Other payables	1,863,866	2,069,625	2,486,921
Leases liabilities (including current portion with maturity less than 1 year)	2,508,955	2,538,808	2,594,678
Financial liabilities at fair value through profit or loss:			
Held for trading	-	6,102	54,821

Note: Including cash and cash equivalents (excluding cash on hand), accounts receivable and financial assets measured at amortized cost.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (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 the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity 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.

##### (a) 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 expense is 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 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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 as 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 and CNY. The information of the sensitivity analyses as follows:

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
Nine-month period ended 30 Sep. 2023	\$-	\$11,613
Nine-month period ended 30 Sep. 2022	\$-	\$5,887

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
Nine-month period ended 30 Sep. 2023	\$-	\$9,675
Nine-month period ended 30 Sep. 2022	\$-	\$8,960

For depreciation NTD against the relevant currencies when all the other factors remain the same, there would be a comparable impact on the pre-tax profit or equity, and the balances above would be negative.

(b) 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 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, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended 30 September 2023 and 2022 to decrease/increase by \$3,622 and \$4,397, respectively.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

#### (c) Equity price risk

The fair value of the Group's listed equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% in the price of the listed companies stocks classified as equity instrument investments measured at fair value through other comprehensive income could have an impact of \$1,449 and \$1,557 on the equity attributable to the Group for the nine-month periods ended 30 September 2023 and 2022, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

#### (4) Credit risk management

Credit risk is the risk that 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 accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition 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 for prepayment and insurance.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 30 September 2023, 31 December 2022 and 30 September 2022, accounts receivable from top ten customers represented 43.22%, 44.60%, and 45.80% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable 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. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Group used simplified approach (Note) to assess the expected credit losses of accounts receivable. As at 30 September 2023, 31 December 2022 and 30 September 2022, the Group's accounts receivable overdue amounted to \$198,820, \$246,636 and \$223,597, respectively. As at 30 September 2023, 31 December 2022 and 30 September 2022, the expected credit loss was estimated at 0.48%, 0.52% and 0.73%, respectively, while the loss allowances were measured at \$946, \$1,294 and \$1,628, respectively.

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses).

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

#### (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, highly liquid equity investments and bank loans. 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 as at the end of the reporting period.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

**Non-derivative financial liabilities**

	<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>
As at 30 Sep. 2023					
Short-term borrowings	\$2,127,139	\$-	\$-	\$-	\$2,127,139
Notes and accounts payable	1,694,255	-	-	-	1,694,255
Long-term borrowings (including current portion with maturity less than 1 year)	330,119	737,143	507,201	-	1,574,463
Other payables	1,863,866	-	-	-	1,863,866
Leases liabilities	565,854	887,914	652,852	1,545,599	3,652,219
As at 31 Dec. 2022					
Short-term borrowings	\$1,785,049	\$-	\$-	\$-	\$1,785,049
Notes and accounts payable	1,958,044	-	-	-	1,958,044
Long-term borrowings (including current portion with maturity less than 1 year)	386,474	1,199,917	1,729,726	-	3,316,117
Other payables	2,069,625	-	-	-	2,069,625
Leases liabilities	547,908	937,164	671,413	1,621,901	3,778,386
As at 30 Sep. 2022					
Short-term borrowings	\$2,252,166	\$-	\$-	\$-	\$2,252,166
Notes and accounts payable	2,168,565	-	-	-	2,168,565
Long-term borrowings (including current portion with maturity less than 1 year)	365,080	1,160,993	716,173	-	2,242,246
Other payables	2,486,921	-	-	-	2,486,921
Lease liabilities	534,382	930,926	703,871	1,729,841	3,899,020

**Derivative financial liabilities**

	<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>
As at 30 Sep. 2023					
Inflows	\$464	\$-	\$-	\$-	\$464
Outflows	(464)	-	-	-	(464)
Net	\$-	\$-	\$-	\$-	\$-



**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2022					
Inflows	\$196,018	\$-	\$-	\$-	\$196,018
Outflows	(202,120)	-	-	-	(202,120)
Net	\$(6,102)	\$-	\$-	\$-	\$(6,102)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 30 Sep. 2022					
Inflows	\$1,406,559	\$-	-	\$-	\$1,406,559
Outflows	(1,461,380)	-	-	-	(1,461,380)
Net	\$(54,821)	\$-	-	\$-	\$(54,821)

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended 30 September 2023:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2023	\$1,777,167	\$3,140,000	\$2,538,808	\$7,455,975
Cash flows	330,995	(1,640,000)	(312,366)	(1,621,371)
Non-cash changes (Note)	-	-	164,660	164,660
Foreign exchange movement	14,045	-	117,853	131,898
As at 30 Sep. 2023	\$ 2,122,207	\$1,500,000	\$2,508,955	\$6,131,162

Note: During the nine-month period ended 30 September 2023, the Group's lease liabilities increased by \$176,276, while right-of-use assets and lease liabilities decreased by \$12,374 and \$11,616, respectively, due to lease termination.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the nine-month period ended 30 September 2022:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2022	\$2,159,121	\$2,229,947	\$2,237,354	\$6,626,422
Cash flows	88,000	(79,947)	(241,091)	(233,038)
Non-cash changes (Note)	-	-	389,989	389,989
Foreign exchange movement	-	-	208,426	208,426
As at 30 Sep. 2022	<u>\$2,247,121</u>	<u>\$2,150,000</u>	<u>\$2,594,678</u>	<u>\$6,991,799</u>

Note: During the nine-month period ended 30 September 2022, the Group's lease liabilities increased by \$421,447, while right-of-use assets and lease liabilities decreased by \$31,274 and \$31,458, respectively, due to lease termination.

(7) Fair values 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:

- i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- ii. 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 etc.) at the reporting date.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are 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).
  - iv. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses 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.)
  - v. 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 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 amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

- c. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

#### (8) Derivative financial instruments

The Group'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 30 September 2023, 31 December 2022 and 30 September 2022 is as follows:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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:

Items (by contract)	Notional Amount (in thousands)	Expiry Date
As at 30 Sep. 2023		
Forward currency contract	Sell GBP 3,397	From Oct. 2023 to Dec. 2023
As at 31 Dec. 2022		
Forward currency contract	Sell USD 25,500	From Jan. 2023 to Mar. 2023
Forward currency contract	Buy USD 3,000	Jan. 2023
Forward currency contract	Sell GBP 3,796	From Jan. 2023 to Mar. 2023
As at 30 Sep. 2022		
Forward currency contract	Sell USD 46,500	From Oct. 2022 to Jan. 2023
Forward currency contract	Buy USD 4,000	From Oct. 2022 to Nov. 2022
Forward currency contract	Sell EUR 1,400	From Oct. 2022
Forward currency contract	Sell GBP 3,314	From Oct. 2022 to Dec. 2022

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset 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:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 30 September 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 foreign exchange contracts	\$-	\$3,887	\$-	\$3,887
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	28,980	-	-	28,980

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 foreign exchange contracts	\$-	\$19,862	\$-	\$19,862
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	27,960	-	-	27,960
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	6,102	-	6,102

As at 30 September 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 foreign exchange contracts	\$-	\$8,317	\$-	\$8,317
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	31,140	-	-	31,140
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	54,821	-	54,821

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended 30 September 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at 30 September 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note 6(10))	\$-	\$-	\$219,317	\$219,317

As at 31 December 2022

None.

As at 30 September 2022

None.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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 30 Sep. 2023			As at 31 Dec. 2022			As at 30 Sep. 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>									
Monetary items:									
CNY	\$417,135	4.415	\$1,841,651	\$443,165	4.409	\$1,953,914	\$442,365	4.474	\$1,979,141
USD	51,998	32.26	1,677,455	45,420	30.70	1,394,394	45,646	31.74	1,448,804
GBP	24,215	39.23	949,954	24,337	37.10	902,903	24,421	35.53	867,678
EUR	7,080	33.92	240,154	6,190	32.74	202,661	4,709	31.25	147,156
CAD	8,157	23.9	194,952	6,628	22.68	150,323	4,680	23.24	108,763
<u>Financial liabilities</u>									
Monetary items:									
GBP	\$26,579	39.23	\$1,042,694	\$24,507	37.10	\$909,210	\$30,458	35.53	\$1,082,173
CNY	197,990	4.415	874,126	225,890	4.409	995,949	242,086	4.474	1,083,093
USD	16,001	32.26	516,192	22,798	30.70	699,899	27,098	31.74	860,091
EUR	1,655	33.92	56,138	1,369	32.74	44,821	2,187	31.25	68,344
CAD	2,279	23.9	54,468	3,791	22.68	85,980	4,348	23.24	101,048

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities have too many functional currencies. The exchange losses for the nine-month periods ended 30 September 2023 and 2022 were \$127,755 and \$154,195, respectively.

(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 the 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 payment to shareholders, return capital to shareholders or issue new shares.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Financial asset transfer information

The Group entered into assignment agreements with recourse with financial institutions regarding some of its accounts receivable. Although the Group transfers the contract rights of the cash flow from such accounts receivable, the Group still has to bear the credit risk in accordance with the agreement in the event the accounts receivable are not recoverable. The transaction information is as follows:

30 September 2023		
Lenders	Amount assigned	Prepaid amount (note)
HSBC UK BANK PLC	\$846,941	\$164,207
31 December 2022		
Lenders	Amount assigned	Prepaid amount (note)
HSBC UK BANK PLC	\$858,772	\$334,877
30 September 2022		
Lenders	Amount assigned	Prepaid amount (note)
HSBC UK BANK PLC	\$804,347	\$289,121

Note: Reported on short-term loans.

- (13) The Company incorporated the Mexican subsidiary, GU PLUMBING de Mexico S.A. de C.V. in August 2019 and planned to lease NAMCE, S. DE R. L. DE C. V.'s ceramic factory and land in Mexico through the subsidiary. The Company purchased equipment and inventory from the ceramic factory amounted to \$1,878,900 (USD 60,000 thousand). As of 30 September 2023, the unpaid amount totaled \$279,831 (USD 8,674 thousand), secured by equipment and inventory. Please refer to Note 8 for more details.
- (14) The board of directors of Shenzhen Globe Union Enterprise Co., Ltd., a sub-subsidiary of the Company, in order to comply with the local government's future urbanization plan and schedule of the area around the subsidiary's manufacturing facility, has approved the plan to move the faucet assembly facility to a factory located in Machong Town, Dongguan City. The factory relocation is expected to complete by the end of 2023. The subsidiary has started the process of terminating employment contracts with its employees in July 2022 and offered severance packages. Except for the property, plant and equipment that will be relocated to the new factory, the remaining assets will be evaluated based on their recoverable amount and recognize impairment loss for the year ended 2022. Please refer to Note 12(15) to the Group's 2022 consolidated financial statements for more details on the related expense on the project.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

**13. OTHER DISCLOSURE**

**(1) Information on significant transactions**

(a) Financing provided to others for the nine-month period ended 30 September 2023: All transactions below were between consolidated entities and have been eliminated in consolidation.

No (Note 1)	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 8)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Other receivables	Yes	\$441,962 (USD 13,700,000)	\$441,962 (USD 13,700,000)	\$240,821 (USD 7,465,000)	5.70%~6.17%	1	\$1,660,328	For Business	\$-	-	\$-	\$1,660,328 (Note 3)	\$2,372,592 (Note 2)
1	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Other receivables	Yes	\$741,980 (USD 23,000,000)	\$741,980 (USD 23,000,000)	\$496,488 (USD 15,390,196)	5.50%~10.50%	2	\$-	For operating	\$-	-	\$-	\$937,838 (Note 5)	\$1,406,757 (Note 4)
2	Globe Union Germany GmbH & Co.KG	Globe Union Industrial Corp.	Other receivables	Yes	\$104,130 (EUR 3,000,000)	\$101,760 (EUR 3,000,000)	\$101,760 (EUR 3,000,000)	1.50%	2	\$-	For operating	\$-	-	\$-	\$431,663 (Note 7)	\$431,663 (Note 6)
3	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	Other receivables	Yes	\$360,126 (RMB 81,000,000)	\$357,615 (RMB 81,000,000)	\$357,615 (RMB 81,000,000)	3.00%	2	\$-	For operating	\$-	-	\$-	\$929,729 (Note 5)	\$929,729 (Note 2)

Note 1: The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

- (1) The parent company fills in 0.
- (2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: Total financing was limited to 40% of net equity of the lender as at 30 September 2023, and was limited to the financing amount for individual counter-party.

Note 3: Financing to individual counterparty was limited to the total transaction amounts with the lender.

Note 4: Total financing was limited to 60% of net equity of the lender as at 30 September 2023.

Note 5: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 30 September 2023.

Note 6: Total financing was limited to 100% of net equity of the lender as at 30 September 2023.

Note 7: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 30 September 2023.

Note 8: Code 1 represents an intercompany transaction call for a business contract; code 2 represents short-term financing.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

**(b)Endorsement/Guarantee provided to others for the nine-month period ended  
30 September 2023:**

No (Note 1)	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the year ended 30 September 2023	Amount drawn	Value of Collaterals Properties	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guarantee Limited Amount	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee from Mainland China
		Company Name	Relationship (Note 4)										
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	2	\$1,779,444 (Note 2)	\$799,240	\$741,980	\$496,488	\$-	12.51%	\$2,965,740 (Note 3)	Y	-	-

Note 1: The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

- (1) The parent company fills in 0.
- (2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 30 September 2023.

Note 3: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 30 September 2023.

Note 4: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

- (1) A company that has a business relationship with the provider.
- (2) A subsidiary in which the provider holds directly over 50% of equity interest.
- (3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.
- (4) An investee in which the provider holds directly and indirectly over 90% of equity interest.
- (5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.
- (6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (c) Securities held as at 30 September 2023 (excluding subsidiaries, associates and joint venture):

Company Name	Securities Held	Relationship between Issuer and the Company (Note 1)	Account Stated	As at 30 September 2023			
				Number of shares	Book Value	Ratio%	Fair Value
Globe Union Industrial Corp.	Stocks Thai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	600,000	\$28,980	1.68%	\$28,980

Note 1: If the securities issuer is not related to the Company, no information is required to be provided.

- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended 30 September 2023: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended 30 September 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended 30 September 2023: None.
- (g) Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine-month period ended 30 September 2023:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd.	Sub-subsidiary	Purchase	\$1,249,736	12.71%	180 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(641,471)	(37.86%)	-
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	\$1,299,179	13.21%	30 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(138,698)	(8.19%)	-

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	Purchase	\$1,149,150	11.68%	14 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(62,763)	(3.70%)	-
Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	Subsidiary	Purchase	\$715,549	7.28%	120 days after EOAP and 60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(449,663)	(26.54%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	\$(3,944,098)	(28.16%)	7 days after invoice date and 45 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$570,898	20.76%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	\$(217,980)	(1.56%)	90 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$3,792	0.14%	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(1,249,736)	(8.92%)	180 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$641,471	23.33%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(1,299,179)	(9.28%)	30 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$138,698	5.04%	-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(1,149,150)	(8.20%)	14 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$62,763	2.28%	-

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(715,549)	(5.11%)	120 days after EOAP and 60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$449,663	16.35%	
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	\$3,944,098	40.10%	7 days after invoice date and 45 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(570,898)	(33.70%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	\$217,980	2.22%	90 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(3,792)	(0.22%)	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	\$(159,568)	(1.14%)	60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$3,492	0.13%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	\$159,568	1.62%	60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(3,492)	(0.21%)	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	Associate	Sales	\$(128,496)	(0.92%)	120 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	\$105,992	3.85%	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	\$128,496	1.31%	120 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	\$(105,992)	(6.26%)	-

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as at 30 September 2023:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	\$641,471 RMB 146,122,891	1.69 times	\$-	-	\$196,857 RMB 44,588,248	\$-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	\$570,898	5.53 times	\$-	-	\$263,127	\$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	Group direct parent company	\$449,663 RMB 101,951,588	4.26 times	\$-	-	\$154,525 RMB 35,000,000	\$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	\$138,698 RMB 31,415,222	11.64 times	\$-	-	\$44,150 RMB 10,000,000	\$-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	Associate	\$105,992 RMB 24,007,182	3.23 times	\$-	-	\$20,389 RMB 4,618,199	\$-

(i) Financial instruments and derivative transactions:

Company Name	Item	Transaction	Nominal Amount	Expiry Date	Fair Value
PJH Group LTD	Forward currency contract	Sell	GBP thousand	2023/10-2023/12	\$3,886

(j) Significant intercompany transactions between consolidated entities are as follows: (amount exceeding the lower of NT\$100 million or 20 percent of the capital stock)

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Purchases	\$1,249,736	Note 4 (1)	8.92%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(641,471)	Note 4 (3)	(3.97%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	1,299,179	Note 4 (1)	9.28%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(138,698)	Note 4 (3)	(0.86%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	1,149,150	Note 4 (1)	8.20%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	1	Purchases	715,549	Note 4 (1)	5.11%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	1	Accounts payable	(449,663)	Note 4 (3)	(2.79%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	241,843	Note 4 (4)	1.50%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(3,944,098)	Note 4 (2)	(28.16%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	570,898	Note 4 (3)	3.54%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(217,980)	Note 4 (2)	(1.56%)
0	Globe Union Industrial Corp.	Globe Union Germany GmbH & Co.KG	1	Other payables	(101,760)	Note 4 (7)	(0.63%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(1,249,736) RMB (282,713,218)	Note 4 (2)	(8.92%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	641,471 RMB 146,122,891	Note 4 (3)	3.97%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(159,568) RMB (36,111,120)	Note 4 (2)	(1.14%)



**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Sales	\$(128,496) RMB (29,079,383)	Note 4 (2)	(0.92%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Accounts receivable	105,992 RMB 24,007,182	Note 4 (3)	0.66%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Other receivables	357,615 RMB 81,000,000	Note 4 (5)	2.22%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	2	Sales	(715,549) RMB (163,050,434)	Note 4 (2)	(5.11%)
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	449,663 RMB 101,951,588	Note 4 (3)	2.79%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Purchases	128,496 RMB 29,079,383	Note 4 (1)	0.92%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Accounts payable	(105,992) RMB (24,007,182)	Note 4 (3)	(0.66%)
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Other payables	(357,615) RMB (81,000,000)	Note 4 (5)	(2.22%)
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	3,944,098 USD 128,019,408	Note 4 (1)	28.16%

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	\$(570,898) USD (17,696,770)	Note 4 (3)	(3.54%)
3	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	498,265 USD 15,445,281	Note 4 (6)	3.09%
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(1,299,179) RMB (294,404,951)	Note 4 (2)	(9.28%)
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	138,698 RMB 31,415,222	Note 4 (3)	0.86%
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(1,149,150) USD (37,471,477)	Note 4 (2)	(8.20%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Other payables	(241,843) USD (7,496,688)	Note 4 (4)	(1.50%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Other payables	(498,265) USD (15,445,281)	Note 4 (6)	(3.09%)
6	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	217,980 CAD 9,542,667	Note 4 (1)	1.56%
7	Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	3	Purchases	159,568 EUR 4,859,927	Note 4 (1)	1.14%
7	Globe Union Germany GmbH & Co. KG	Globe Union Industrial Corp.	2	Other receivables	101,760 EUR 3,000,000	Note 4 (7)	0.63%

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

- (2) represents the transactions from a subsidiary to the parent company.
- (3) represents the transaction between subsidiaries.

Note 3: 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.

Note 4:(1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can't be compared with other goods purchased from the third parties.

- (2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.
- (3) The transaction terms to the above-related parties were determined through a mutual agreement based on the market conditions.
- (4) Financing, ratio 5.70%~6.17%.
- (5) Financing, ratio 3%.
- (6) Financing, ratio 5.5%~10.5%.
- (7) Financing, ratio 1.5%.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees:

(a) Names, locations, main businesses and products, original investment amount, investment as at 30 September 2023, net income (loss) of investee company and investment income (loss) recognized as at 30 September 2023 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 30 September 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				30 September 2023	31 December 2022	Number of shares	Percentage of ownership (%)	Book value			
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.) Corp.	P.O. Box 3340, Road Town, Tortola, British Virgin Islands	Holding company	\$1,434,538	\$1,434,538	44,427,680	100%	\$2,473,751	\$46,389	\$39,435	Note
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd.	21 Laffan Street, Hamilton HM09, Bermuda	Holding company	\$3,098,447	\$3,098,447	93,449,027	100%	\$4,068,434	\$290,795	\$247,366	Note
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Holding company	\$2,590,324	\$2,590,324	81,555,901	100%	\$1,893,622	\$142,874	\$142,874	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Blvd. Isidro López Zertuche No. 3745 La Salle, Saltillo, Coahuila, 25240 Mexico	Manufacturing and selling porcelain bathroom fittings	\$1,097,365	\$1,097,365	681,612,220	100%	\$529,538	\$(182,511)	\$(182,511)	

Note: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

**(3) Information on investments in mainland China**

(a) Information on investments in mainland China from the Company directly and through Globe Union Industrial (B.V.I) Corp. and Globe Union (Bermuda) Ltd. as at 30 September 2023:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 30 September 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 30 September 2023	Accumulated Inward Remittance of Earnings as at 30 September 2023
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling faucets and related parts	\$1,679,730 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	\$-	\$-	\$-	\$-	\$47,662	100%	\$47,662 (Note 1)	\$2,324,324	\$188,508
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	\$1,164,713 (RMB 263,808,100)	Investment in Mainland China companies through a company invested and established in a third region	\$541,460 (USD 16,784,252)	\$-	\$-	\$541,460 (USD 16,784,252)	\$5,327	100%	\$5,327 (Note 1)	\$1,436,690	\$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	\$2,294 (RMB 519,514)	Directly invested Mainland China company	\$3,310 (RMB 749,658)	\$-	\$-	\$3,310 (RMB 749,658)	\$240	100%	\$240 (Note 1)	\$4,279	\$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Manufacturing and selling bathroom products	\$264,900 (RMB 60,000,000)	Directly invested Mainland China company	\$229,580 (RMB 52,000,000)	\$35,320 (RMB 8,000,000)	\$-	\$264,900 (RMB 60,000,000)	\$(45,389)	100%	\$(45,389) (Note 1)	\$187,227	\$-
He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	\$2,649 (RMB 600,000)	Invested by Shenzhen Globe Union Enterprise Co., Ltd.	\$-	\$-	\$-	\$-	\$(43)	100% (Note 5)	\$(43) (Note 1)	\$2,606	\$-

Accumulated Investment in Mainland China as at 30 September 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on Investment
\$809,670(USD 16,784,252 & RMB 60,749,658)	\$663,806(USD 12,305,503, GBP 49,191 & RMB 60,000,000)	Not applicable (Note 2)

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- Note 1: Based on the financial statements reviewed by the certified accountants of the parent company in Taiwan.
- Note 2: According to Letter No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.
- Note 3: The accumulated investment amount in Mainland China as at 30 September 2023 was USD 16,784,252 and RMB 60,749,658. The information of the existing investee companies is as follows:
- i. The accumulated investment in Mainland China subsidiaries that were disposed of by the Company (Shenzhen Globe Union Industrial Corp., Qingdao Lin Hong Precision Industrial Corp., and Qingdao Globe Union Technology Industrial Corp.) in the amount of USD 22,441,000 has not been included.
  - ii. The accumulated amount of dividends distributed by mainland subsidiaries that were not included in the above amount is as the following: Shenzhen Globe Union Industrial Corp.: USD 45,845,636; Shenzhen Globe Union Enterprise Co., Ltd.: USD 5,374,001.
- Note 4: According to Letter No. Shen-Er-Zi-11100058240 issued by the Ministry of Economic Affairs, R.O.C. approving investment, the Company newly invested RMB 60,000,000 in Globe Union Ann Bo Manufacturing Co., Ltd.
- Note 5: The Company established a sub-subsidiary, He Shun Investment Co., Ltd., in September 2022, and Shenzhen Globe Union Enterprise Co., Ltd. invested in He Shun Investment Co., Ltd. in the amount of RMB 100,000 on 9 January 2023 and RMB 500,000 in August 2023.

(b) Please refer to Note 13(1) and (2) for more details on the significant transactions between the Company and investees in Mainland China.

#### (4) Information on major shareholders:

As at 30 September 2023

Name \ Shares	Shareholding	Shareholding ratio
Ming-Ling Co., Ltd.	37,974,032	9.29%
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	6.40%
Hsien Ou Yang	23,649,496	5.79%
Su-Hsiang Ou Young Chang	21,486,175	5.26%
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.03%

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. SEGMENT INFORMATION

For the purpose of operation, the Company operates in a single industry segment by different strategic segments, and they are classified into two segments as follows:

(1) Segment A: In charge of selling faucets and other plumbing products and providing related services.

(2) Segment B: In charge of manufacturing faucets and other plumbing products.

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 based on significant accounting policies information consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) Information on profit or loss of the reportable segment:

(a) For the three-month period ended 30 September 2023:

	Segment A	Segment B	Adjustment and elimination	Consolidated
Revenue				
External customer	\$4,755,142	\$43,470	\$-	\$4,798,612
Inter-segment	1,422,819	1,698,937	(3,121,756)	-
Total revenue	<u>\$6,177,961</u>	<u>\$1,742,407</u>	<u>\$(3,121,756)</u>	<u>\$4,798,612</u>
Segment profit (loss)	<u>\$444,108</u>	<u>\$(9,348)</u>	<u>\$(174,542)</u>	<u>\$260,218</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) For the three-month period ended 30 September 2022:

	Segment A	Segment B	Adjustment and elimination	Consolidated
Revenue				
External customer	\$4,753,445	\$73,465	\$-	\$4,826,910
Inter-segment	2,054,489	1,956,220	(4,010,709)	-
Total revenue	<u>\$6,807,934</u>	<u>\$2,029,685</u>	<u>\$(4,010,709)</u>	<u>\$4,826,910</u>
Segment profit (loss)	<u>\$162,888</u>	<u>\$5,989</u>	<u>\$(65,969)</u>	<u>\$102,908</u>

(c) For the nine-month period ended 30 September 2023:

	Segment A	Segment B	Adjustment and elimination	Consolidated
Revenue				
External customer	\$13,854,048	\$152,968	\$-	\$14,007,016
Inter-segment	4,166,010	4,769,253	(8,935,263)	-
Total revenue	<u>\$18,020,058</u>	<u>\$4,922,221</u>	<u>\$(8,935,263)</u>	<u>\$14,007,016</u>
Segment profit (loss)	<u>\$1,025,866</u>	<u>\$(175,085)</u>	<u>\$(264,242)</u>	<u>\$586,539</u>

(d) For the nine-month period ended 30 September 2022

	Segment A	Segment B	Adjustment and elimination	Consolidated
Revenue				
External customer	\$15,077,938	\$178,470	\$-	\$15,256,408
Inter-segment	6,125,073	5,766,576	(11,891,649)	-
Total revenue	<u>\$21,203,011</u>	<u>\$5,945,046</u>	<u>\$(11,891,649)</u>	<u>\$15,256,408</u>
Segment profit (loss)	<u>\$(747,206)</u>	<u>\$(1,160,985)</u>	<u>\$953,350</u>	<u>\$(954,841)</u>



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on assets and liabilities of the reportable segment:

(a) Segment assets:

	Segment A	Segment B	Adjustment and elimination	Consolidated
30 Sep. 2023	<u>\$20,480,023</u>	<u>\$8,636,021</u>	<u>\$(12,975,657)</u>	<u>\$16,140,387</u>
31 Dec. 2022	<u>\$21,006,042</u>	<u>\$8,837,578</u>	<u>\$(13,241,795)</u>	<u>\$16,601,825</u>
30 Sep. 2022	<u>\$21,074,689</u>	<u>\$9,079,576</u>	<u>\$(13,175,603)</u>	<u>\$16,978,662</u>

(b) Segment liabilities:

	Segment A	Segment B	Adjustment and elimination	Consolidated
30 Sep. 2023	<u>\$9,456,173</u>	<u>\$4,069,944</u>	<u>\$(3,317,210)</u>	<u>\$10,208,907</u>
31 Dec. 2022	<u>\$11,905,667</u>	<u>\$3,470,080</u>	<u>\$(3,447,726)</u>	<u>\$11,928,021</u>
30 Sep. 2022	<u>\$11,940,878</u>	<u>\$3,611,277</u>	<u>\$(3,269,241)</u>	<u>\$12,282,914</u>