

**Gloria Material Technology Corp. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2024 and 2023 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Gloria Material Technology Corp.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Gloria Material Technology Corp. and its subsidiaries (collectively, the “Group”) as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$3,820,901 thousand and NT\$3,915,299 thousand, respectively, representing 11% and 13%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$824,362 thousand and NT\$1,069,872 thousand, respectively, representing 5% and 7%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$71,895 thousand, NT\$30,026 thousand, NT\$206,378 thousand and NT\$191,748 thousand, respectively, representing 7%, 5%, 9% and 11%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 12, the investments accounted for using the equity method, as of September 30, 2024 and 2023, included NT\$536,719 thousand and NT\$334,231 thousand, respectively, and the share of comprehensive income of those

investments for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 amounted to NT\$6,721 thousand, NT\$10,533 thousand, NT\$29,442 thousand and NT\$26,864 thousand, respectively, and the related investment amounts as well as additional disclosures were based on these investees' unreviewed financial statements for the same reporting periods as those of the Group.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees accounted for using the equity method as described in the preceding paragraph been reviewed, 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 Group as of September 30, 2024 and 2023 and of its consolidated financial performance for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yung-Hsiang Chao and Min-Hsien Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

October 31, 2024

### *Notice to Readers*

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

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 7,808,088	22	\$ 6,478,921	21	\$ 6,262,950	21
Financial assets at fair value through profit or loss - current (Note 7)	46,941	-	39,046	-	57,393	-
Notes receivable (Note 9)	174,988	1	166,113	1	215,824	1
Trade receivables (Notes 9 and 30)	2,394,090	7	2,411,128	8	2,754,846	9
Other receivables (Note 30)	167,358	-	93,505	-	121,094	-
Inventories (Notes 10 and 31)	6,923,617	20	6,514,612	22	6,722,955	23
Other current assets (Notes 16, 30 and 31)	<u>391,027</u>	<u>1</u>	<u>522,524</u>	<u>2</u>	<u>515,931</u>	<u>2</u>
Total current assets	<u>17,906,109</u>	<u>51</u>	<u>16,225,849</u>	<u>54</u>	<u>16,650,993</u>	<u>56</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	238,500	1	399,587	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	195,575	-	269,873	1	245,459	1
Investments accounted for using the equity method (Note 12)	3,493,715	10	361,966	1	334,231	1
Property, plant and equipment (Notes 13, 30 and 31)	8,370,623	24	8,420,471	28	8,373,584	28
Right-of-use assets (Notes 14 and 30)	88,217	-	141,024	1	151,202	1
Investment properties (Notes 15, 30 and 31)	144,273	-	400,195	1	402,638	1
Deferred tax assets	178,998	-	131,518	1	133,607	-
Prepayments for equipment (Note 30)	4,518,388	13	3,700,552	12	3,347,561	11
Other non-current assets (Notes 16, 26 and 31)	<u>210,128</u>	<u>1</u>	<u>125,470</u>	<u>-</u>	<u>163,858</u>	<u>1</u>
Total non-current assets	<u>17,438,417</u>	<u>49</u>	<u>13,950,656</u>	<u>46</u>	<u>13,152,140</u>	<u>44</u>
TOTAL	<u>\$ 35,344,526</u>	<u>100</u>	<u>\$ 30,176,505</u>	<u>100</u>	<u>\$ 29,803,133</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 31)	\$ 1,559,611	5	\$ 1,163,941	4	\$ 1,225,813	4
Short-term bills payable (Note 17)	-	-	5,000	-	10,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	6,812	-	-	-	-	-
Notes payable	133	-	283	-	371	-
Trade payables (Note 30)	611,624	2	487,728	2	708,715	2
Other payables (Notes 19 and 30)	966,663	3	738,652	2	717,750	3
Current tax liabilities	415,202	1	496,141	2	388,054	1
Lease liabilities - current (Notes 14 and 30)	22,089	-	16,855	-	16,382	-
Current portion of long-term borrowings (Notes 17 and 31)	376,550	1	13,350	-	30,800	-
Other current liabilities	<u>136,994</u>	<u>-</u>	<u>182,675</u>	<u>-</u>	<u>227,759</u>	<u>1</u>
Total current liabilities	<u>4,095,678</u>	<u>12</u>	<u>3,104,625</u>	<u>10</u>	<u>3,325,644</u>	<u>11</u>
NON-CURRENT LIABILITIES						
Bonds payable (Notes 18 and 31)	6,335,163	18	6,251,817	21	6,537,445	22
Long-term borrowings (Notes 17 and 31)	5,511,263	15	4,822,405	16	4,804,093	16
Deferred tax liabilities	218,363	1	145,884	-	189,280	1
Lease liabilities - non-current (Notes 14 and 30)	65,224	-	54,334	-	57,632	-
Net defined benefit liabilities - non-current	21,769	-	34,021	-	41,308	-
Other non-current liabilities (Note 20)	<u>59,711</u>	<u>-</u>	<u>502,150</u>	<u>2</u>	<u>544,877</u>	<u>2</u>
Total non-current liabilities	<u>12,211,493</u>	<u>34</u>	<u>11,810,611</u>	<u>39</u>	<u>12,174,635</u>	<u>41</u>
Total liabilities	<u>16,307,171</u>	<u>46</u>	<u>14,915,236</u>	<u>49</u>	<u>15,500,279</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital						
Ordinary shares	<u>6,024,712</u>	<u>17</u>	<u>5,395,512</u>	<u>18</u>	<u>5,298,234</u>	<u>18</u>
Capital surplus	<u>6,838,747</u>	<u>19</u>	<u>4,438,857</u>	<u>15</u>	<u>4,222,112</u>	<u>14</u>
Retained earnings						
Legal reserve	1,350,333	4	1,116,835	4	1,116,835	4
Special reserve	67,793	-	43,415	-	43,415	-
Unappropriated earnings	<u>4,512,517</u>	<u>13</u>	<u>3,986,056</u>	<u>13</u>	<u>3,325,287</u>	<u>11</u>
Total retained earnings	<u>5,930,643</u>	<u>17</u>	<u>5,146,306</u>	<u>17</u>	<u>4,485,537</u>	<u>15</u>
Other equity	<u>(22,058)</u>	<u>-</u>	<u>(67,788)</u>	<u>-</u>	<u>(10,743)</u>	<u>-</u>
Treasury shares	<u>(359,533)</u>	<u>(1)</u>	<u>(270,930)</u>	<u>(1)</u>	<u>(227,678)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	18,412,511	52	14,641,957	49	13,767,462	46
NON-CONTROLLING INTERESTS	<u>624,844</u>	<u>2</u>	<u>619,312</u>	<u>2</u>	<u>535,392</u>	<u>2</u>
Total equity	<u>19,037,355</u>	<u>54</u>	<u>15,261,269</u>	<u>51</u>	<u>14,302,854</u>	<u>48</u>
TOTAL	<u>\$ 35,344,526</u>	<u>100</u>	<u>\$ 30,176,505</u>	<u>100</u>	<u>\$ 29,803,133</u>	<u>100</u>

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

(With Deloitte & Touche review report dated October 31, 2024)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 30)	\$ 3,039,122	100	\$ 3,294,891	100	\$ 9,816,096	100	\$ 10,234,048	100
OPERATING COSTS (Notes 10, 23 and 30)	<u>(2,224,066)</u>	<u>(73)</u>	<u>(2,359,286)</u>	<u>(71)</u>	<u>(7,226,955)</u>	<u>(74)</u>	<u>(7,379,443)</u>	<u>(72)</u>
GROSS PROFIT	<u>815,056</u>	<u>27</u>	<u>935,605</u>	<u>29</u>	<u>2,589,141</u>	<u>26</u>	<u>2,854,605</u>	<u>28</u>
OPERATING EXPENSES (Notes 23 and 30)								
Selling and marketing expenses	(205,410)	(7)	(178,861)	(6)	(590,113)	(6)	(530,011)	(5)
General and administrative expenses	(151,365)	(5)	(139,366)	(4)	(427,930)	(4)	(390,736)	(4)
Research and development expenses	(25,875)	(1)	(10,302)	-	(51,735)	(1)	(20,658)	-
Expected credit loss	<u>(1,752)</u>	<u>-</u>	<u>(1,337)</u>	<u>-</u>	<u>(729)</u>	<u>-</u>	<u>(620)</u>	<u>-</u>
Total operating expenses	<u>(384,402)</u>	<u>(13)</u>	<u>(329,866)</u>	<u>(10)</u>	<u>(1,070,507)</u>	<u>(11)</u>	<u>(942,025)</u>	<u>(9)</u>
PROFIT FROM OPERATIONS	<u>430,654</u>	<u>14</u>	<u>605,739</u>	<u>19</u>	<u>1,518,634</u>	<u>15</u>	<u>1,912,580</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 30)								
Interest income	17,903	1	8,660	-	57,617	1	19,637	-
Other income	23,286	1	32,695	1	72,437	1	101,748	1
Other gains and losses	777,127	25	46,815	2	1,205,594	12	213,823	2
Finance costs	(61,968)	(2)	(56,310)	(2)	(176,932)	(2)	(144,161)	(1)
Share of profit of associates and joint ventures	<u>57,924</u>	<u>2</u>	<u>10,533</u>	<u>-</u>	<u>188,961</u>	<u>2</u>	<u>26,864</u>	<u>-</u>
Total non-operating income and expenses	<u>814,272</u>	<u>27</u>	<u>42,393</u>	<u>1</u>	<u>1,347,677</u>	<u>14</u>	<u>217,911</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,244,926	41	648,132	20	2,866,311	29	2,130,491	21
INCOME TAX EXPENSE (Note 24)	<u>(246,504)</u>	<u>(8)</u>	<u>(117,373)</u>	<u>(4)</u>	<u>(563,822)</u>	<u>(6)</u>	<u>(405,347)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>998,422</u>	<u>33</u>	<u>530,759</u>	<u>16</u>	<u>2,302,489</u>	<u>23</u>	<u>1,725,144</u>	<u>17</u>

(Continued)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 33,563	1	\$ (21,586)	(1)	\$ 10,825	-	\$ 23,737	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(7,142)	-	-	-	3,654	-	-	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	(20,418)	(1)	53,294	2	51,341	1	26,425	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	<u>1,377</u>	-	<u>-</u>	-	<u>1,377</u>	-	<u>-</u>	-
Other comprehensive income for the period, net of income tax	<u>7,380</u>	-	<u>31,708</u>	1	<u>67,197</u>	1	<u>50,162</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,005,802</u>	<u>33</u>	<u>\$ 562,467</u>	<u>17</u>	<u>\$ 2,369,686</u>	<u>24</u>	<u>\$ 1,775,306</u>	<u>17</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 990,968	33	\$ 523,747	16	\$ 2,278,370	23	\$ 1,678,278	16
Non-controlling interests	<u>7,454</u>	-	<u>7,012</u>	-	<u>24,119</u>	-	<u>46,866</u>	1
	<u>\$ 998,422</u>	<u>33</u>	<u>\$ 530,759</u>	<u>16</u>	<u>\$ 2,302,489</u>	<u>23</u>	<u>\$ 1,725,144</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 980,652	32	\$ 564,350	17	\$ 2,336,737	24	\$ 1,714,648	17
Non-controlling interests	<u>25,150</u>	1	<u>(1,883)</u>	-	<u>32,949</u>	-	<u>60,658</u>	-
	<u>\$ 1,005,802</u>	<u>33</u>	<u>\$ 562,467</u>	<u>17</u>	<u>\$ 2,369,686</u>	<u>24</u>	<u>\$ 1,775,306</u>	<u>17</u>
EARNINGS PER SHARE								
(Note 25)								
Basic	<u>\$ 1.67</u>		<u>\$ 1.00</u>		<u>\$ 3.88</u>		<u>\$ 3.40</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 0.91</u>		<u>\$ 3.47</u>		<u>\$ 3.07</u>	

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

(With Deloitte & Touche review report dated October 31, 2024)

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								Other Equity		Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Capital Surplus					Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Ordinary Shares	Treasury Share Transactions	Employee Share Options	Changes in Ownership Interests in Subsidiaries	Others (Note 22)	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	\$ 4,571,224	\$ 324,559	\$ 119,163	\$ 28,693	\$ 1,705,821	\$ 914,627	\$ 103,107	\$ 3,032,679	\$ (7,557)	\$ (35,858)	\$ (221,911)	\$ 10,534,547	\$ 597,733	\$ 11,132,280
Appropriation of the 2022 earnings														
Legal reserve	-	-	-	-	-	202,208	-	(202,208)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(59,692)	59,692	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(1,239,092)	-	-	-	(1,239,092)	-	(1,239,092)
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	-	-	1,678,278	-	-	-	1,678,278	46,866	1,725,144
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	25,224	11,146	-	36,370	13,792	50,162
Convertible bonds converted to ordinary shares	790,300	-	(102,098)	-	1,925,752	-	-	-	-	-	-	2,613,954	-	2,613,954
Cancellation of treasury shares	(63,290)	(1,336)	-	-	(35,109)	-	-	-	-	-	99,735	-	-	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(77,537)	(77,537)	(53,899)	(131,436)
Disposal of the Company's shares held by subsidiaries	-	5,167	-	-	-	-	-	-	-	-	5,063	10,230	7,400	17,630
Issuance of convertible bonds recognized equity components	-	-	244,291	-	-	-	-	-	-	-	-	244,291	-	244,291
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	13,133	-	-	-	-	-	-	-	-	-	13,133	-	13,133
Disposal of investments accounted for using the method equity	-	-	-	-	(4,074)	-	-	727	-	(727)	-	(4,074)	-	(4,074)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	(7,760)	-	-	-	(7,760)	7,760	-
Differences in ownership interest in subsidiaries	-	-	-	(1,850)	-	-	-	-	-	-	(33,028)	(34,878)	30,868	(4,010)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	2,971	-	(2,971)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(115,128)	(115,128)
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 5,298,234</u>	<u>\$ 341,523</u>	<u>\$ 261,356</u>	<u>\$ 26,843</u>	<u>\$ 3,592,390</u>	<u>\$ 1,116,835</u>	<u>\$ 43,415</u>	<u>\$ 3,325,287</u>	<u>\$ 17,667</u>	<u>\$ (28,410)</u>	<u>\$ (227,678)</u>	<u>\$ 13,767,462</u>	<u>\$ 535,392</u>	<u>\$ 14,302,854</u>
BALANCE AT JANUARY 1, 2024	\$ 5,395,512	\$ 341,564	\$ 249,211	\$ 28,499	\$ 3,819,583	\$ 1,116,835	\$ 43,415	\$ 3,986,056	\$ (43,667)	\$ (24,121)	\$ (270,930)	\$ 14,641,957	\$ 619,312	\$ 15,261,269
Appropriation of 2023 earnings														
Legal reserve	-	-	-	-	-	233,498	-	(233,498)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	24,378	(24,378)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(1,506,178)	-	-	-	(1,506,178)	-	(1,506,178)
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	-	-	2,278,370	-	-	-	2,278,370	24,119	2,302,489
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	-	-	49,457	8,910	-	58,367	8,830	67,197
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(91,222)	(91,222)	(53,942)	(145,164)
Disposal of the Company's shares held by subsidiaries	-	(180)	-	-	-	-	-	-	-	-	2,619	2,439	3,737	6,176
Generated in a business combination	-	-	-	-	-	-	-	-	-	-	-	-	281,768	281,768
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	10,547	-	-	-	-	-	-	10,547	-	10,547
Issuance of new shares in exchange for the shares of another company	629,200	-	-	-	2,365,792	-	-	-	-	-	-	2,994,992	-	2,994,992
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	23,731	-	-	-	-	-	-	-	-	-	23,731	-	23,731
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	(492)	-	-	-	(492)	492	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(259,472)	(259,472)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	12,637	-	(12,637)	-	-	-	-
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 6,024,712</u>	<u>\$ 365,115</u>	<u>\$ 249,211</u>	<u>\$ 28,499</u>	<u>\$ 6,195,922</u>	<u>\$ 1,350,333</u>	<u>\$ 67,793</u>	<u>\$ 4,512,517</u>	<u>\$ 5,790</u>	<u>\$ (27,848)</u>	<u>\$ (359,533)</u>	<u>\$ 18,412,511</u>	<u>\$ 624,844</u>	<u>\$ 19,037,355</u>

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

(With Deloitte & Touche review report dated October 31, 2024)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,866,311	\$ 2,130,491
Adjustments for:		
Depreciation expense	371,856	358,959
Amortization expense	2,248	719
Expected credit loss recognized	729	620
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(109,181)	(31,626)
Finance costs	176,932	144,161
Interest income	(57,617)	(19,637)
Dividend income	(23,747)	(23,845)
Share of profit of associates	(188,961)	(26,864)
Loss (gain) on disposal of property, plant and equipment	(207,579)	3,618
Expenses arising from property, plant and equipment	93,875	92,173
Gain on disposal of right-of-use assets	(152,934)	-
Gain on disposal of non-current assets held for sale	(868,349)	-
Gain on disposal of investments accounted for using equity method	-	(173,781)
Write-down of inventories	58,462	73,143
Impairment loss recognized on non-financial assets	134,408	-
Net loss (gain) on foreign currency exchange	(12,262)	14,808
Loss on sale-leasebacks	938	-
Loss on lease modification	2,568	-
Changes in operating assets and liabilities		
Notes receivable	(8,514)	11,476
Trade receivables	53,976	(408,510)
Other receivables	(59,246)	(17,742)
Inventories	(453,594)	(377,900)
Other current assets	(157,814)	(86,342)
Notes payable	(150)	(24)
Trade payables	100,998	(41,843)
Other payables	33,283	(40,453)
Other current liabilities	(48,908)	119,717
Net defined benefit liabilities	(12,252)	(92,562)
Cash generated from operations	1,535,476	1,608,756
Interest received	57,617	19,637
Dividends received	308,079	37,976
Interest paid	(73,144)	(80,589)
Income tax paid	(609,836)	(457,228)
Net cash generated from operating activities	<u>1,218,192</u>	<u>1,128,552</u>

(Continued)



# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (187,939)	\$ (111,137)
Proceeds from sale of financial assets at fair value through other comprehensive income	287,743	117,318
Purchase of financial assets at amortized cost	-	(78,102)
Proceeds from sale of financial assets at amortized cost	298,332	-
Purchase of financial assets at fair value through profit or loss	(106,627)	(45,157)
Proceeds from sale of financial assets at fair value through profit or loss	102,107	72,269
Acquisition of associates	(42,476)	(97,898)
Proceeds from disposal of associates	-	326,480
Proceeds from disposal of non-current assets held for sale	1,454,104	-
Payments for property, plant and equipment	(1,724,775)	(868,530)
Proceeds from disposal of property, plant and equipment	105,925	354,104
Proceeds from disposal of right-of-use assets	14,645	-
Cash received through a merger (Note 26)	123,996	-
Payments for investment properties	-	(2,095)
Proceeds from disposal of investment properties	-	207,438
Increase in other non-current assets	-	(4,137)
Decrease in other non-current assets	<u>21,328</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>346,363</u>	<u>(129,447)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(403,235)
Proceeds from short-term borrowings	371,513	-
Repayments of short-term bills payable	(5,000)	(30,000)
Proceeds from issuance of convertible bonds	-	5,019,682
Proceeds from long-term borrowings	1,349,470	4,734,030
Repayments of long-term borrowings	(300,000)	(5,156,440)
Repayments of the principal portion of lease liabilities	(14,647)	(12,032)
Increase in other non-current liabilities	769	-
Decrease in other non-current liabilities	-	(18)
Cash dividends paid to owners of the Company	(1,466,988)	(1,217,079)
Acquisition of additional interests in subsidiaries	(37,045)	(57,954)
Proceeds from disposal of the Company's shares by subsidiaries	6,176	17,630
Payments for buy-back of the Company's shares as treasury shares by subsidiaries	(145,164)	(131,436)
Cash dividends paid by subsidiaries	<u>(52,865)</u>	<u>(66,540)</u>
Net cash generated from (used in) financing activities	<u>(293,781)</u>	<u>2,696,608</u>

(Continued)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ <u>58,393</u>	\$ <u>58,644</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,329,167	3,754,357
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,478,921</u>	<u>2,508,593</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 7,808,088</u>	<u>\$ 6,262,950</u>

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

(With Deloitte & Touche review report dated October 31, 2024)

(Concluded)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATIONS

Gloria Material Technology Corp. (the “Company”) was incorporated in the Republic of China (ROC) in March 1993 and its shares have been trading on the Taiwan Stock Exchange since October 1998. The Company mainly engaged in the production and sale of special steel, carbon steel, alloy steel, super alloy and smelting of the raw materials of these products.

Taiwan Steel Group United Co., Ltd. is the parent company of the Company, and the ultimate parent company of the Company is Kings Asset Management Corp.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. ADMIT OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on October 31, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION**

##### **a. Statement of compliance**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### **c. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 9 and 10 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

2) Retirement benefits

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

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Refer to the consolidated financial statements for the year ended December 31, 2023 for the material accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 1,175	\$ 1,266	\$ 1,143
Checking accounts and demand deposits	2,012,791	3,033,934	4,226,790
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	2,185,501	1,740,056	1,534,838
Repurchase agreements collateralized by bills	<u>3,608,621</u>	<u>1,703,665</u>	<u>500,179</u>
	<u>\$ 7,808,088</u>	<u>\$ 6,478,921</u>	<u>\$ 6,262,950</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 6,789	\$ 7,091	\$ 7,158
Mutual funds	39,146	31,955	44,044
Derivative financial assets (not under hedge accounting)			
Foreign exchange swap contracts	1,006	-	1,895
Foreign exchange forward contracts	<u>-</u>	<u>-</u>	<u>4,296</u>
	<u>\$ 46,941</u>	<u>\$ 39,046</u>	<u>\$ 57,393</u>

### Financial assets at FVTPL - non-current

Mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 233,500	\$ 394,587	\$ -
Film investment agreements	<u>5,000</u>	<u>5,000</u>	<u>-</u>
	<u>\$ 238,500</u>	<u>\$ 399,587</u>	<u>\$ -</u>

### Financial liabilities at FVTPL - current

Mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 6,812</u>	<u>\$ -</u>	<u>\$ -</u>

At the end of the reporting period, outstanding foreign exchange swap contracts and foreign exchange forward contracts not under hedge accounting were as follows:

September 30, 2024

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	EUR/USD	2024/11/14	EUR250/USD277
	USD/NTD	2024/10/4-2024/10/5	USD4,500/NTD143,453
Foreign exchange forward contracts			
Sell	EUR/USD	2024/10/15-2024/12/10	EUR 3,600/USD 3,974
Sell	GBP/USD	2024/10/11-2024/12/23	GBP4,950/USD6,465

December 31, 2023: None.

September 30, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	EUR/USD	2023/10/30	EUR570/USD622
	GBP/USD	2023/10/16-2023/12/12	GBP1,000/USD1,270
	USD/NTD	2023/10/6-2023/10/11	USD4,000/NTD128,484
Foreign exchange forward contracts			
Sell	EUR/USD	2023/10/23-2023/11/27	EUR1,600/USD1,742
Sell	GBP/USD	2023/10/5-2023/12/19	GBP2,200/USD2,750

The Group entered into foreign exchange swap contracts and foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Investments in equity instruments at FVTOCI			
Listed shares	\$ 194,120	\$ 268,418	\$ 244,004
Unlisted shares	<u>1,455</u>	<u>1,455</u>	<u>1,455</u>
	<u>\$ 195,575</u>	<u>\$ 269,873</u>	<u>\$ 245,459</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.



## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 176,516	\$ 167,995	\$ 218,105
Less: Allowance for impairment loss	<u>(1,528)</u>	<u>(1,882)</u>	<u>(2,281)</u>
	<u>\$ 174,988</u>	<u>\$ 166,113</u>	<u>\$ 215,824</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,644,786	\$ 1,482,412	\$ 1,568,695
Less: Allowance for impairment loss	<u>(42,186)</u>	<u>(26,041)</u>	<u>(22,207)</u>
	1,602,600	1,456,371	1,546,488
At FVTOCI	<u>791,490</u>	<u>954,757</u>	<u>1,208,358</u>
	<u>\$ 2,394,090</u>	<u>\$ 2,411,128</u>	<u>\$ 2,754,846</u>

### Trade Receivable

#### a. At amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, the GDP forecasts and industry outlook, as well as recent development of the COVID-19. The overdue trade receivables were provided with an allowance of 0.01% to 100%, 0.01% to 100% and 0.01% to 100% and not past due trade receivables were provided with an allowance of 0% to 1.01%, 0% to 1.91% and 0% to 1.04%, as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's aging analysis:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Not past due	\$ 1,275,418	\$ 1,078,222	\$ 1,152,080
Past due			
1-60 days	297,201	295,578	294,153
61-120 days	21,415	58,405	77,212
More than 120 days	<u>50,752</u>	<u>50,207</u>	<u>45,250</u>
	<u>\$ 1,644,786</u>	<u>\$ 1,482,412</u>	<u>\$ 1,568,695</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of trade receivables at amortized cost were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 26,041	\$ 21,286
Add: Recognition	-	601
Add: Acquisitions through business combinations	15,834	-
Less: Amounts written off	(114)	-
Less: Reversal	(263)	-
Foreign exchange gains and losses	<u>688</u>	<u>320</u>
Balance at September 30	<u>\$ 42,186</u>	<u>\$ 22,207</u>

b. At FVTOCI

The Group signed a contract with a bank to sell certain accounts receivable without recourse and transaction costs. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of trade receivables based on the Group's aging analysis:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Not past due	\$ 643,206	\$ 710,415	\$ 808,326
Past due			
1-60 days	141,780	196,213	374,202
61-120 days	-	45,178	25,830
More than 120 days	<u>6,504</u>	<u>2,951</u>	<u>-</u>
	<u>\$ 791,490</u>	<u>\$ 954,757</u>	<u>\$ 1,208,358</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of trade receivables at FVTOCI were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ -	\$ -
Less: Recognition	<u>1,377</u>	<u>-</u>
Balance at September 30	<u>\$ 1,377</u>	<u>\$ -</u>

### Notes Receivable

The following table details the loss allowance of notes receivable based on the Group's aging analysis:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Not past due	\$ 169,242	\$ 153,214	\$ 207,081
Past due	<u>7,274</u>	<u>14,781</u>	<u>11,024</u>
	<u>\$ 176,516</u>	<u>\$ 167,995</u>	<u>\$ 218,105</u>

The above aging schedule was based on the number of days past due from the expiration date.

The movements of the loss allowance of notes receivable were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,882	\$ 2,247
Add: Recognition	-	19
Less: Reversal	(385)	-
Foreign exchange gains and losses	<u>31</u>	<u>15</u>
Balance at September 30	<u>\$ 1,528</u>	<u>\$ 2,281</u>

## 10. INVENTORIES

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Raw materials	\$ 2,848,076	\$ 2,445,396	\$ 2,046,202
Supplies	548,552	461,039	341,583
Work in progress	2,187,845	2,086,140	2,706,113
Finished goods	709,178	985,152	1,162,426
Merchandise	139,591	170,783	199,378
Inventory in transit	<u>540,350</u>	<u>446,395</u>	<u>353,366</u>
	6,973,592	6,594,905	6,809,068
Less: Adjustments and eliminations	<u>(49,975)</u>	<u>(80,293)</u>	<u>(86,113)</u>
	<u>\$ 6,923,617</u>	<u>\$ 6,514,612</u>	<u>\$ 6,722,955</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of inventories sold	\$ 2,191,286	\$ 2,328,789	\$ 7,146,589	\$ 7,274,050
Unamortized manufacturing expense	3,861	14,535	21,904	32,250
Inventory write-downs	<u>28,919</u>	<u>15,962</u>	<u>58,462</u>	<u>73,143</u>
	<u>\$ 2,224,066</u>	<u>\$ 2,359,286</u>	<u>\$ 7,226,955</u>	<u>\$ 7,379,443</u>

## 11. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Faith Easy Enterprises Ltd.	General investment and trading	96	96	96	2
The Company	Golden Win Steel Industrial Corp.	Processing and trading of special steel, carbon steel, super alloy material rollers	46	46	46	1, 2
The Company	Alloy Tool Steel, Inc.	Trading of alloy steel	100	100	100	2
The Company	Ho Yang Investment Corp.	General investment	49	49	47	1, 2
The Company	All Win Enterprises Ltd.	General investment and trading	100	100	100	2
The Company	Rong Yang Investment Corp.	General investment	100	100	100	2
The Company	Gloria Material Technology Japan Co., Ltd.	Production and selling of alloy steel	100	100	100	2
The Company	Mutto Optronics Corporation	Production and selling of stainless steel	54	-	-	2
Faith Easy Enterprises Ltd.	Guangzhou Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	2
Faith Easy Enterprises Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	2
Faith Easy Enterprises Ltd.	Tianjin Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	2
Faith Easy Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	2
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	General investment and trading	97	97	97	2
Rainbow Shines Limited	Vietnam Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	2
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	General investment and trading	100	100	100	2
G-Yao Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and trading of alloy steel	100	100	100	2
Mutto Optronics Corporation	Honest Mount Investments Limited	Investment	100	-	-	2
Mutto Optronics Corporation	Sheaffer Innovation Co., Ltd.	Selling of stainless steel	100	-	-	2
Sheaffer Innovation Co., Ltd.	Henan Sihe Industrial Co., Ltd.	Production of stainless steel	100	-	-	2
Honest Mount Investments Limited	The King Cut International Co., Ltd	Selling of stainless steel	100	-	-	2
Honest Mount Investments Limited	Nantong Sihe Stainless-steel Products Co., Ltd.	Selling of stainless steel	100	-	-	2

1) Although the Group's percentage of ownership in those entities. was less than 50%, the Group still has control over the entity. Thus, those entities are considered a subsidiaries of the Group.

2) This is an immaterial subsidiary; its financial statements have not been accountant reviewed.

### b. Subsidiaries excluded from consolidated financial statements: None.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investment in Associates

Associates That Are Not Individually Material	September 30, 2024	December 31, 2023	September 30, 2023
Material associate corporation			
Soft-World International Corporation	\$ 2,956,996	\$ -	\$ -
Associate that is not individually material	<u>536,719</u>	<u>361,966</u>	<u>334,231</u>
	<u>\$ 3,493,715</u>	<u>\$ 361,966</u>	<u>\$ 334,231</u>

### Material associate

	<u>Proportion of Ownership and Voting Rights (%)</u>		
	September 30, 2024	December 31, 2023	September 30, 2023
Soft-World International Corporation	18	-	-

In order to deepen the strategic cooperative relationship between the two parties, the board of directors of the Company resolved to conduct a share exchange with Soft-World International Corporation on December 21, 2023. The Company issued 62,920 thousand new shares for a total amount of \$2,994,992 thousand as consideration for the transfer of 28,600 thousand shares of Soft-World International Corporation. The base date for the share exchange was January 31, 2024, and it has been declared effective by the regulator. After the share exchange, the Company holds 18.39% of the voting rights in Soft-World International Corporation and is the single shareholder holding the largest portion of equity. Considering the relative size of and dispersion of the shareholdings owned by the other shareholders, the Company had a significant influence on Soft-World International Corporation, which has been recognized as an associate accounted for using the equity method.

The Company obtained two seats on the board of directors of Kuei Tien Cultural & Creative Entertainment Co., Ltd. on January 9, 2024. The Company had significant influence but no control over Kuei Tien Cultural & Creative Entertainment Co., Ltd., which has been recognized as an associate accounted for using the equity method.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements, which have not been reviewed, except for Soft-World International Corporation. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the Soft-World International Corporation, which have not been reviewed.

Fair values (Level 1) of investments in the material associate with available published price quotations are summarized as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Soft-World International Corporation	<u>\$ 3,775,200</u>	<u>\$ -</u>	<u>\$ -</u>

### 13. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Land	\$ 2,691,754	\$ 2,732,369	\$ 2,732,369
Buildings	1,471,047	1,683,852	1,726,505
Equipment	2,218,327	2,358,290	2,364,597
Transportation equipment	54,368	52,541	46,131
Machinery	4,820	8,204	9,142
Other equipment	182,400	156,272	158,777
Construction in progress	<u>1,747,907</u>	<u>1,428,943</u>	<u>1,336,063</u>
	<u>\$ 8,370,623</u>	<u>\$ 8,420,471</u>	<u>\$ 8,373,584</u>

	Land	Buildings	Equipment	Transportation Equipment	Machinery	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 2,732,369	\$ 3,419,188	\$ 9,854,944	\$ 349,973	\$ 140,246	\$ 320,299	\$ 1,428,943	\$ 18,245,962
Acquisitions through business combinations	-	11	58,214	3,183	-	21,725	-	83,133
Additions	-	9,195	491,431	11,871	199	29,297	320,597	862,590
Disposals	-	(215,754)	(115,773)	(6,010)	(20,800)	(3,219)	-	(361,556)
Reclassified as held for sale	(40,615)	(39,955)	(472,005)	(33,624)	(20,856)	(4,208)	-	(611,263)
Reclassified	-	1,316	(97,234)	-	-	-	(1,840)	(97,758)
Effects of foreign currency exchange differences	-	12,938	5,947	100	1,406	799	207	21,397
Balance at September 30, 2024	<u>\$ 2,691,754</u>	<u>\$ 3,186,939</u>	<u>\$ 9,725,524</u>	<u>\$ 325,493</u>	<u>\$ 100,195</u>	<u>\$ 364,693</u>	<u>\$ 1,747,907</u>	<u>\$ 18,142,505</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 1,735,336	\$ 7,496,654	\$ 297,432	\$ 132,042	\$ 164,027	\$ -	\$ 9,825,491
Acquisitions through business combinations	-	3	4,257	636	-	6,626	-	11,522
Disposals	-	(65,942)	(92,761)	(6,010)	(18,185)	(2,840)	-	(185,738)
Depreciation expense	-	52,590	268,214	11,385	1,421	18,044	-	351,654
Impairment losses recognized	-	-	134,408	-	-	-	-	134,408
Reclassified as held for sale	-	(11,033)	(307,353)	(32,371)	(20,856)	(4,208)	-	(375,821)
Effects of foreign currency exchange differences	-	4,938	3,778	53	953	644	-	10,366
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 1,715,892</u>	<u>\$ 7,507,197</u>	<u>\$ 271,125</u>	<u>\$ 95,375</u>	<u>\$ 182,293</u>	<u>\$ -</u>	<u>\$ 9,771,882</u>
Carrying amount at September 30, 2024	<u>\$ 2,691,754</u>	<u>\$ 1,471,047</u>	<u>\$ 2,218,327</u>	<u>\$ 54,368</u>	<u>\$ 4,820</u>	<u>\$ 182,400</u>	<u>\$ 1,747,907</u>	<u>\$ 8,370,623</u>
Carrying amount at January 1, 2024	<u>\$ 2,732,369</u>	<u>\$ 1,683,852</u>	<u>\$ 2,358,290</u>	<u>\$ 52,541</u>	<u>\$ 8,204</u>	<u>\$ 156,272</u>	<u>\$ 1,428,943</u>	<u>\$ 8,420,471</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 2,732,369	\$ 3,468,158	\$ 11,344,476	\$ 332,284	\$ 144,180	\$ 321,577	\$ 1,073,812	\$ 19,416,856
Additions	-	11,181	556,572	15,042	400	9,981	270,465	863,641
Disposals	-	(3,568)	(2,003,949)	(4,996)	(3,419)	(7,088)	-	(2,023,020)
Reclassified	-	(3,410)	(92,066)	-	-	-	(8,311)	(103,787)
Effects of foreign currency exchange differences	-	6,434	3,643	145	452	(4,218)	97	6,553
Balance at September 30, 2023	<u>\$ 2,732,369</u>	<u>\$ 3,478,795</u>	<u>\$ 9,808,676</u>	<u>\$ 342,475</u>	<u>\$ 141,613</u>	<u>\$ 320,252</u>	<u>\$ 1,336,063</u>	<u>\$ 18,160,243</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 1,699,560	\$ 8,827,784	\$ 291,191	\$ 132,890	\$ 157,799	\$ -	\$ 11,109,224
Disposals	-	(3,568)	(1,642,898)	(4,237)	(3,241)	(11,354)	-	(1,665,298)
Reclassified	-	(1,541)	-	-	-	-	-	(1,541)
Depreciation expense	-	55,161	256,389	9,317	2,746	14,222	-	337,835
Effects of foreign currency exchange differences	-	2,678	2,804	73	76	808	-	6,439
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 1,752,290</u>	<u>\$ 7,444,079</u>	<u>\$ 296,344</u>	<u>\$ 132,471</u>	<u>\$ 161,475</u>	<u>\$ -</u>	<u>\$ 9,786,659</u>

(Continued)

	Land	Buildings	Equipment	Transportation Equipment	Machinery	Other Equipment	Construction in Progress	Total
Carrying amount at September 30, 2023	<u>\$ 2,732,369</u>	<u>\$ 1,726,505</u>	<u>\$ 2,364,597</u>	<u>\$ 46,131</u>	<u>\$ 9,142</u>	<u>\$ 158,777</u>	<u>\$ 1,336,063</u>	<u>\$ 8,373,584</u>
Carrying amount at January 1, 2023	<u>\$ 2,732,369</u>	<u>\$ 1,768,598</u>	<u>\$ 2,517,982</u>	<u>\$ 41,103</u>	<u>\$ 10,122</u>	<u>\$ 163,646</u>	<u>\$ 1,073,812</u>	<u>\$ 8,307,632</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

Buildings	
Houses and buildings (structure)	20-55 years
Mechanical and electrical facilities	2-10 years
Engineering system	1-15 years
Equipment	
Production line for forging	10-20 years
Process equipment	1-20 years
Mechanical system	5-5 years
Molds	1-3 years
Transportation equipment	
Stackers	3-10 years
Cranes	5-8 years
Machinery	
Analyzers and radiation detectors	3-10 years
Other tools and instruments	2-5 years
Other equipment	2-13 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Land	\$ 47,798	\$ 101,522	\$ 109,179
Buildings	31,902	29,977	34,029
Transportation equipment	<u>8,517</u>	<u>9,525</u>	<u>7,994</u>
	<u>\$ 88,217</u>	<u>\$ 141,024</u>	<u>\$ 151,202</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Additions to right-of-use assets			<u>\$ 10,549</u>	<u>\$ 36,322</u>
Depreciation charge for right-of-use assets				
Land	\$ 545	\$ 999	\$ 2,221	\$ 2,992
Buildings	3,888	2,928	9,807	8,629
Transportation equipment	<u>1,096</u>	<u>730</u>	<u>3,463</u>	<u>1,685</u>
	<u>\$ 5,529</u>	<u>\$ 4,657</u>	<u>\$ 15,491</u>	<u>\$ 13,306</u>

Refer to Note 20 for details regarding the disposal of land use rights by the subsidiary, Zhejiang Jiaying Shiang Yang Metal Material Technology Co., Ltd. (“Shiang Yang Company”).

Except for the aforementioned additions, disposals and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 22,089</u>	<u>\$ 16,855</u>	<u>\$ 16,382</u>
Non-current	<u>\$ 65,224</u>	<u>\$ 54,334</u>	<u>\$ 57,632</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	1.85%-2.14%	1.85%	1.85%
Buildings	0.44%-4.75%	1.79%-1.80%	1.79%-1.80%
Transportation equipment	0.38%-2.02%	1.79%-2.02%	1.79%-2.02%

c. Material leasing activities and terms

In line with the Group’s strategy of specialized production division of labor, the Group disposed of the land, plant and related equipment of the vacuum induction melting (VIM) plant to S-Tech Corp. in August 2024. However, some of the refineries in the plant, which are not part of the VIM process, are still owned and used by the Group and have not been sold. They are temporarily occupied due to its location in the VIM plant. Therefore, the Company pays rent to S-Tech Corp. for the land area occupied by the plant. The annual lease payments amounted to \$1,460 thousand with a lease term of five years, and the loss on sale and leaseback was \$938 thousand.



d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases and low-value asset leases	\$ <u>1,997</u>	\$ <u>722</u>	\$ <u>2,213</u>	\$ <u>3,246</u>
Total cash outflow for leases			\$ <u>15,704</u>	\$ <u>14,269</u>

The Group's leases of certain assets qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

## 15. INVESTMENT PROPERTIES

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 76,844	\$ 189,518	\$ 189,518
Buildings	<u>67,429</u>	<u>210,677</u>	<u>213,120</u>
	\$ <u>144,273</u>	\$ <u>400,195</u>	\$ <u>402,638</u>

The depreciation of investment properties is recognized using the straight-line method over their useful lives as follows:

Houses and buildings (structure)	25-50 years
Mechanical and electrical facilities	2-10 years
Engineering system	2-20 years

As of December 31, 2023 and 2022, the determination of fair value was performed by independent qualified professional valuers in the balance sheet date.

The fair value as appraised was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value	\$ <u>518,587</u>	\$ <u>1,464,213</u>	\$ <u>1,491,236</u>

Being consideration of the Group's management, except for the portion reclassified as non-current assets held for sale, there were no significant difference between in the fair value of investment properties as of September 30, 2024 and 2023 and as of December 31, 2023 and 2022.

The Group leases property, plant and equipment to Taiwan Steel Group Aerospace Technology Corporation. The lease terms were 3 years. Rents are paid at the end of each month.

Investment properties pledged as collateral for bank borrowings were set out in Note 31.

## 16. OTHER ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments	\$ 315,412	\$ 140,715	\$ 134,548
Refundable deposits (Note 31)	93,555	123,675	161,786
Restricted deposits (Note 31)	64,907	61,007	61,007
Goodwill (Note 26)	105,992	-	-
Other financial assets	-	300,000	300,000
Others	<u>21,289</u>	<u>22,597</u>	<u>22,448</u>
	<u>\$ 601,155</u>	<u>\$ 647,994</u>	<u>\$ 679,789</u>
Current	\$ 391,027	\$ 522,524	\$ 515,931
Non-current	<u>210,128</u>	<u>125,470</u>	<u>163,858</u>
	<u>\$ 601,155</u>	<u>\$ 647,994</u>	<u>\$ 679,789</u>

## 17. BORROWINGS

### a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings (Note 31)</u>			
Bank loans	\$ 69,024	\$ 94,787	\$ 147,273
<u>Unsecured borrowings</u>			
Letters of credit	54,040	9,409	26,430
Line of credit borrowings	<u>1,436,547</u>	<u>1,059,745</u>	<u>1,052,110</u>
	<u>\$ 1,559,611</u>	<u>\$ 1,163,941</u>	<u>\$ 1,225,813</u>
Range of interest rates	0.50%-7.10%	0.50%-7.80%	0.50%-7.80%

### b. Short-term bills payable

Outstanding short-term bills payable were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Commercial paper	\$ -	\$ 5,000	\$ 10,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 10,000</u>

c. Current portion of long-term liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Current portion of long-term borrowings	\$ <u>376,550</u>	\$ <u>13,350</u>	\$ <u>30,800</u>

d. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings (Note 31)</u>			
Bank loans	\$ 5,887,813	\$ 4,835,755	\$ 4,834,893
Less: Current portions	<u>(376,550)</u>	<u>(13,350)</u>	<u>(30,800)</u>
Long-term borrowings	\$ <u>5,511,263</u>	\$ <u>4,822,405</u>	\$ <u>4,804,093</u>
Range of interest rates	2.14%	2.0105%-2.19%	2.01%-2.19%

1) In order to repay outstanding financial liabilities and enrich medium-term working capital, the Company obtained a syndicated loan, which has the maturity of 5 years with a credit line of NT\$4,200,000 thousand from Chang Hwa Bank and multiple financial institutions. In August 2023, the Group repaid all of the syndicated loan in advance.

- a) Term Loan A: Loan limit NT\$2,238,320 thousand; non-revolving credit line.
- b) Term Loan B: Loan limit NT\$1,496,230 thousand; revolving credit line.
- c) Term Loan C: Loan limit NT\$465,450 thousand; revolving credit line.

In addition to the general requirements, the maintenance of certain financial ratios is also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

- a) Current ratio: No less than 1.0.
- b) Debt to net worth ratio: No higher than 1.8.
- c) Debt service coverage ratio: No less than 3.0.

The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed semi-annual financial statements.

If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

2) Due to loan repayment, capital expenditure and operating fund needs, the Company obtained a syndicated loan with a credit line of NT\$6,200,000 thousand from First Bank and multiple financial institutions. The maturity period was 5 years starting from the initial drawdown date. In August 2023, the Group repaid all of the syndicated loan in advance.

- a) Term Loan A: Loan limit NT\$3,060,000 thousand; non-revolving credit line.
- b) Term Loan B: Loan limit NT\$1,700,000 thousand; non-revolving credit line.
- c) Term Loan C: Loan limit NT\$1,440,000 thousand; revolving credit line.
- d) Term Loan D: Loan limit NT\$1,440,000 thousand; revolving credit line. The shared credit line of Term Loan C and Term Loan D cannot exceed the credit line of Term Loan C.

In addition to the general requirements, the maintenance of certain financial ratios is also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

- a) Current ratio: No less than 1.0.
- b) Debt to net worth ratio: No higher than 1.8.
- c) Debt service coverage ratio: No less than 3.0.

The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed financial statements of Q1 and Q2.

If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

3) Due to bank loan repayment and operating fund needs, the Company obtained a syndicated loan with a credit line of NT\$8,000,000 thousand from First Bank and multiple financial institutions. The maturity period was 5 years, starting from the initial drawdown date.

- a) Term Loan A: Loan limit NT\$3,800,000 thousand; non-revolving credit line.
- b) Term Loan B: Loan limit NT\$4,200,000 thousand; revolving credit line.

- c) Term Loan C: Loan limit NT\$2,100,000 thousand; revolving credit line.
- d) The shared credit line of Term Loan B and Term Loan C cannot exceed the credit line of Term Loan B.

In addition to the general requirements, the maintenance of certain financial ratios is also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

- a) Current ratio: No less than 1.0.
- b) Debt to net worth ratio: No higher than 1.8.
- c) Debt service coverage ratio: No less than 3.0.

The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed financial statements of Q1 and Q2.

If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

## 18. BONDS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Secured domestic bonds (Note 31)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Less: Discount on bonds payable	<u>(54,812)</u>	<u>(64,316)</u>	<u>(67,451)</u>
	1,445,188	1,435,684	1,432,549
Unsecured domestic convertible bonds	5,075,398	5,075,398	5,397,685
Less: Discount on bonds payable	<u>(185,423)</u>	<u>(259,265)</u>	<u>(292,789)</u>
	<u>4,889,975</u>	<u>4,816,133</u>	<u>5,104,896</u>
	<u>\$ 6,335,163</u>	<u>\$ 6,251,817</u>	<u>\$ 6,537,445</u>

### a. Secured domestic bonds

On November 29, 2021, the Group issued \$1,500,000 thousand, which was 0.65% of its NTD denominated secured bonds in Taiwan, with maturity date on November 29, 2028. The interest will be paid annually and the bonds will be repaid on the maturity date. The bonds are guaranteed by Hua Nan Commercial Bank and as trustee for the bondholders by Taishin International Commercial Bank, Ltd.

b. The 6th unsecured domestic convertible bonds

On August 15, 2022, the Group issued 30,000 unsecured convertible bonds with a face value of \$100 thousand each at an interest rate of 0% at 101% of par value, with a total principal amount of \$3,000,000 thousand. The maturity period is three years from August 15, 2022 to August 15, 2025. The Company redeemed the bonds at par on December 12, 2023 and terminated the over-the-counter trading on December 13, 2023.

Unless the holders of the convertible bonds apply for conversion into the Company's common shares or the Group repurchases and cancels the bonds from securities dealers, the Group repays the bonds in cash within five business days from the maturity date of the convertible bonds at the face value plus interest compensation (101.5075% of the face value and 0.5% real rate of return).

From the day following the expiration of three months after the date of issuance of the convertible bonds (November 16, 2022) to the maturity date (August 15, 2025), the bondholders may, except for (a) The period during which the transfer of the common shares is legally suspended; (b) The period from the fifteen business days prior to the date of cessation of transfer of the Company's allotment, the date of cessation of transfer of cash dividends or the date of cessation of transfer of share options from cash capital increase to the base date; (c) Except for the period from the base date of the capital reduction to the day before the commencement of trading of the capital reduction for the conversion of shares, the Company may request the Company's share agent to convert the bonds into shares of the Company's common shares anytime, by forwarding a request to Taiwan Central Depository & Clearing Corporation (TDCC) through a trading broker.

The conversion price is determined on a base date of August 5, 2022. The base price was calculated by the arithmetic mean of the closing price of one day, three days or five days of the business days before the base date (not included). The conversion price is determined by multiplying the base price by 110% of the conversion rate (calculated to the nearest dollar, rounded up to the nearest dollar). The calculation is based on the following: If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. In accordance with the above, the conversion price is set at NT\$33.9 per share upon issuance of the conversion bonds.

This convertible bond consists of a liability and an equity component, which is expressed as capital surplus - share options under equity. The effective interest rate originally recognized for the liability component was 1.5258%.

Issue price (net of transaction costs and adjusted for related income tax effects)	\$ 3,024,721
Components of equity (net of transaction costs allocated to equity and adjusted for related income tax effects)	<u>(114,739)</u>
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	2,909,982
Interest calculated at an effective rate of 1.5258%	30,303
Convertible bonds converted into ordinary shares	(2,938,997)
Redeemed convertible bonds	<u>(1,288)</u>
Liability components as of December 31, 2023	\$ <u>-</u>

c. The 7th unsecured domestic convertible bonds

On July 31, 2023, the Group issued 50,000 unsecured convertible bonds with a face value of \$100 thousand each at an interest rate of 0% at 100.5% of par value, with a total principal amount of \$5,000,000 thousand. The maturity period is three years from July 31, 2023 to July 31, 2026.

Unless the holders of the convertible bonds apply for conversion into the Company's ordinary shares, redeemed, or the Group repurchases and cancels the bonds from securities dealers, the Group repays the bonds in cash within five business days from the maturity date of the convertible bonds at the face value plus interest compensation (101.51% of the face value and 0.5% real rate of return).

From the day following the expiration of three months after the date of issuance of the convertible bonds (November 1, 2023) to the maturity date (July 31, 2026), the bondholders may, except for (a) The period during which the transfer of the ordinary shares is legally suspended; (b) The period from the fifteen business days prior to the date of cessation of transfer of the Company's allotment, the date of cessation of transfer of cash dividends or the date of cessation of transfer of share options from cash capital increase to the base date; (c) The period from the base date of the capital reduction to the day before the commencement of trading of the capital reduction for the conversion of shares; (d) Except for the period from the start date of the suspension of conversion (subscription) for the change of face value of the share to the day before the day of the issue of new shares in exchange for the old shares, the Company may request the Company's share agent to convert the bonds into shares of the Company's ordinary shares anytime, by forwarding a request to Taiwan Central Depository & Clearing Corporation (TDCC) through a trading broker.

The conversion price is determined on a base date of July 21, 2023. The base price was calculated by the arithmetic mean of the closing price of one day, three days or five days of the business days before the base date (not included). The conversion price is determined by multiplying the base price by 110% of the conversion rate (calculated to the nearest dollar, rounded up to the nearest dollar). The calculation is based on the following: If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. In accordance with the above, the conversion price is set at NT\$59.2 per share upon issuance of the conversion bonds.

This convertible bond consists of a liability and an equity component, which is expressed as capital surplus - share options under equity. The effective interest rate originally recognized for the liability component was 2.0524%.

Issue price (net of transaction costs and adjusted for related income tax effects)	\$ 5,019,682
Components of equity (net of transaction costs allocated to equity and adjusted for related income tax effects)	<u>(244,291)</u>
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	4,775,391
Interest calculated at an effective rate of 2.0524%	40,838
Convertible bonds converted into ordinary shares	<u>(96)</u>
Liability components as of December 31, 2023	4,816,133
Interest calculated at an effective rate of 2.0524%	<u>73,842</u>
Liability components as of September 30, 2023	<u>\$ 4,889,975</u>

## 19. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Payable for salaries and bonuses	\$ 251,311	\$ 284,337	\$ 238,488
Payable for annual leave	57,563	56,176	54,377
Payable for purchase of equipment	61,876	110,864	66,187
Payable for fuel	50,461	25,018	28,864
Payable for utility bill	76,819	32,922	57,483
Payable for export fees	82,600	71,052	78,845
Payable for reduction of capital	185,020	-	-
Others	<u>201,013</u>	<u>158,283</u>	<u>193,506</u>
	<u>\$ 966,663</u>	<u>\$ 738,652</u>	<u>\$ 717,750</u>

## 20. OTHER NON-CURRENT LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Long-term deferred revenue (a)	\$ 4,987	\$ 4,786	\$ 4,962
Advanced expropriation receipts (b)	-	462,121	479,112
Guarantee deposit received	346	329	335
Others	<u>54,378</u>	<u>34,914</u>	<u>60,468</u>
	<u>\$ 59,711</u>	<u>\$ 502,150</u>	<u>\$ 544,877</u>

- a. Long-term deferred revenue is the subsidy of the local government for the purchase of land and lease of land use rights for the investment and establishment of factories by the Group. After the construction of the factory is completed and the operation starts, it is recognized as other income based on the period of use of the factory.
- b. Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd. ("Shiang Yang Company"), a subsidiary of the Group, signed an agreement of expropriation and movement on June 30, 2022 with Zhejiang Xinghui Co., Ltd. ("Xinghui Company"). According to the agreement, Xinghui Company would expropriate the land use right of 46,494 square meter and its buildings of Shiang Yang Company, at transaction price of CNY132,500 thousand. The proceeds would be paid according to stages of the agreement. The transaction price was referred to the appraisal report by professional appraisal institution and was agreed by both parties. Shiang Yang Company had an advance receipt of CNY106,651 thousand and CNY106,651 thousand on September 30, 2023 and December 31, 2023, respectively. The gain from expropriation will be recognized once the obligation of the agreement is fulfilled. The Group completed the relocation in accordance with the agreement during the second quarter of 2024, received the final amount of expropriation of CNY25,849 thousand and recognized the gain from expropriation.

## 21. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the pension expense of defined benefit plans were \$461 thousand, \$815 thousand, \$1,395 thousand and \$2,446 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.



## 22. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>602,471</u>	<u>539,551</u>	<u>529,823</u>
Shares issued	<u>\$ 6,024,712</u>	<u>\$ 5,395,512</u>	<u>\$ 5,298,234</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.

As of December 12, 2023, the holders of the Company's 6th unsecured domestic convertible bonds had applied for conversion into the cumulative amount of 89,142 thousand shares of the Company's ordinary shares, respectively. The company has redeemed the bonds payable on December 12, 2023.

As of September 30, 2024, the holders of the Company's 7th unsecured domestic convertible bonds had applied for conversion into the cumulative amount of 2 thousand shares of the Company's ordinary shares.

On April 13, 2023, the board of directors of the Company resolved to cancel the treasury shares. The base date for capital reduction was May 22, 2023. After canceling 6,329 thousand treasury shares, the registration was completed in June 2023.

On December 21, 2023, the board of directors of the Company resolved to increase capital and issue new shares in exchange for the new shares issued by Soft-World International Corporation. The Company issued 62,920 thousand new shares as consideration in exchange for 28,600 thousand ordinary shares of Soft-World International Corporation. The base date for the share exchange was January 31, 2024. And the change registration was completed on March 8, 2024.

### b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	\$ 2,579,710	\$ 213,918	\$ 213,918
Additional paid-in capital-bond conversion	3,592,624	3,592,624	3,365,431
Adjustment from changes in equity of associates	20,086	9,539	9,539
Donated assets	<u>3,502</u>	<u>3,502</u>	<u>3,502</u>
	<u>\$ 6,195,922</u>	<u>\$ 3,819,583</u>	<u>\$ 3,592,390</u>

The premium from shares issued in excess of par (share premium from issuance of ordinary shares, bond conversion and treasury shares transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from adjustment from changes in equity of associates may only be used to offset a deficit.

The capital surplus from employee share options and convertible bonds share options may not be used for any purpose.

c. Retained earnings and dividends policy

The Company explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each quarter of the fiscal year.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a quarter, the profit shall be first utilized for paying taxes, offsetting losses of previous years, paying employee retention credits, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The distribution of cash dividends should be resolved by the Company's board of directors, while the distribution of share dividends should be resolved by the shareholders in their meeting.

When the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The distribution of share dividends should be resolved by the shareholders in their meeting. In accordance with Article 240, paragraph 5 of the Company Act, the distribution of cash dividends should be resolved by a majority of the directors present at a meeting of the board of directors attended by at least two-thirds of the total number of directors. The Company's Articles also stipulate a dividends policy whereby the payment of cash dividends takes precedence over the issuance of share dividends.

The Company's Articles stipulated that the Company's a dividends policy is designed to meet present and future development projects and consideration of the investment environment, funding requirements, international, domestic competitive conditions and shareholders' interests simultaneously. The distribution of dividends could be either cash or shares, while cash dividends shall not be less than 50% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 233,498	\$ 202,208
Special reserve	24,378	(59,692)
Cash dividends	1,506,178	1,239,092
Cash dividends per share (NT\$)	2.5	2.3694

Cash dividends were approved by the board of directors on February 29, 2024 and April 13, 2023, respectively. Other appropriations of earnings for 2022 was approved by the shareholders in the shareholders' meeting on May 25, 2023. Other appropriations of earnings for 2023 was approved by the shareholders in the shareholders' meeting on May 29, 2024.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2024	13,378	-	13,378
Increase during the period	2,966	-	2,966
Decrease during the period	<u>(130)</u>	<u>-</u>	<u>(130)</u>
Number of shares at September 30, 2024	<u>16,214</u>	<u>-</u>	<u>16,214</u>
Book value of shares at September 30, 2024	<u>\$ 359,533</u>	<u>\$ -</u>	<u>\$ 359,533</u>
Number of shares at January 1, 2023	9,527	6,329	15,856
Increase during the period	2,766	-	2,766
Decrease during the period	<u>(314)</u>	<u>(6,329)</u>	<u>(6,643)</u>
Number of shares at September 30, 2023	<u>11,979</u>	<u>-</u>	<u>11,979</u>
Book value of shares at September 30, 2023	<u>\$ 227,678</u>	<u>\$ -</u>	<u>\$ 227,678</u>

For the nine months ended September 30, 2024 and 2023, subsidiaries sold 130 thousand and 314 thousand, respectively shares of the Company for \$6,176 thousand and \$17,630 thousand, respectively.

The Company's board of directors resolved to retire the treasury shares on April 13, 2023, and the base date of capital reduction was on May 22, 2023. The Company cancelled 6,329 thousand shares of treasury shares, and the share capital and additional paid-in capital decreased by \$63,290 thousand and \$36,445 thousand, respectively.

For information on the shares of the Company held by its subsidiaries, please refer to Table 3.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The shares held by subsidiaries were accounted for as treasury shares.

## 23. NET PROFIT FROM CONTINUING OPERATIONS

### a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Dividends income	\$ 12,105	\$ 10,049	\$ 23,747	\$ 23,845
Rental income	4,448	14,471	23,277	48,591
Sale of electricity	1,189	3,125	4,431	10,598
Others	<u>5,544</u>	<u>5,050</u>	<u>20,982</u>	<u>18,714</u>
	<u>\$ 23,286</u>	<u>\$ 32,695</u>	<u>\$ 72,437</u>	<u>\$ 101,748</u>

### b. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans and bills payable	\$ 51,817	\$ 44,515	\$ 146,522	\$ 137,809
Interest on lease liabilities	524	335	1,156	1,010
Amortization of long-term borrowing costs	863	7,081	2,588	10,525
Interest on bonds payable	30,781	23,222	91,672	46,277
Less: Amount included in the cost of qualifying assets	<u>(22,017)</u>	<u>(18,843)</u>	<u>(65,006)</u>	<u>(51,460)</u>
	<u>\$ 61,968</u>	<u>\$ 56,310</u>	<u>\$ 176,932</u>	<u>\$ 144,161</u>

Information on capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Capitalized interest	<u>\$ 22,017</u>	<u>\$ 18,843</u>	<u>\$ 65,006</u>	<u>\$ 51,460</u>
Capitalization rate	1.69%-1.81%	1.34%-2.49%	1.44%-2.37%	1.34%-2.49%

c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Gain (loss) on fair air value changes of financial assets designated as at FVTPL	\$ (4,823)	\$ 9,999	\$ 109,181	\$ 31,626
Gain on disposal of associates	-	9,218	-	173,781
Gain on disposal of right-of-use assets	-	-	152,934	-
Gain on disposal of non-current assets held for sale (Note 30)	868,349	-	868,349	-
Gain on disposal of property, plant and equipment	(1,312)	(3,726)	207,579	(3,618)
Net foreign currency exchange gains	122,419	131,038	379,138	386,990
Net foreign currency exchange losses	(99,793)	(84,260)	(278,419)	(293,341)
Impairment loss	(77,049)	-	(134,408)	-
Loss on sale-leasebacks	(938)	-	(938)	-
Others	<u>(29,726)</u>	<u>(15,454)</u>	<u>(97,822)</u>	<u>(81,615)</u>
	<u>\$ 777,127</u>	<u>\$ 46,815</u>	<u>\$ 1,205,594</u>	<u>\$ 213,823</u>

d. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function				
Operating costs	\$ 112,682	\$ 96,908	\$ 319,073	\$ 280,954
Operating expenses	5,417	8,937	29,512	23,545
Other losses	<u>4,816</u>	<u>16,382</u>	<u>23,271</u>	<u>54,460</u>
	<u>\$ 122,915</u>	<u>\$ 122,227</u>	<u>\$ 371,856</u>	<u>\$ 358,959</u>
An analysis of amortization by function				
Operating costs	\$ 485	\$ 166	\$ 1,157	\$ 200
Operating expenses	<u>797</u>	<u>124</u>	<u>1,091</u>	<u>519</u>
	<u>\$ 1,282</u>	<u>\$ 290</u>	<u>\$ 2,248</u>	<u>\$ 719</u>

e. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Six Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Defined contribution plan	\$ 10,520	\$ 10,083	\$ 30,929	\$ 34,134
Defined benefit plan (Note 21)	461	815	1,395	2,446
Other employee benefits	<u>348,523</u>	<u>326,039</u>	<u>1,029,738</u>	<u>1,046,895</u>
	<u>\$ 359,504</u>	<u>\$ 336,937</u>	<u>\$ 1,062,062</u>	<u>\$ 1,083,475</u>
An analysis by function				
Operating costs	\$ 241,321	\$ 238,515	\$ 711,171	\$ 738,766
Operating expenses	<u>118,183</u>	<u>98,422</u>	<u>350,891</u>	<u>344,709</u>
	<u>\$ 359,504</u>	<u>\$ 336,937</u>	<u>\$ 1,062,062</u>	<u>\$ 1,083,475</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	<u>\$ 15,425</u>	<u>\$ 12,000</u>	<u>\$ 37,500</u>	<u>\$ 36,000</u>
Remuneration of directors and supervisors	<u>\$ 8,012</u>	<u>\$ 6,000</u>	<u>\$ 18,750</u>	<u>\$ 18,000</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors and supervisors for 2023 and 2022 that were resolved by the board of directors on February 29, 2024 and February 23, 2023, respectively, are as shown below:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 50,000	\$ -	\$ 50,000	\$ -
Remuneration of directors and supervisors	25,000	-	25,000	-

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax				
In respect of the current year	\$ 298,646	\$ 131,404	\$ 566,181	\$ 385,729
Income tax on				
unappropriated earnings	-	-	1,048	2,180
Adjustments for prior year	-	-	(38,668)	(8,525)
Deferred tax				
In respect of the current year	<u>(52,142)</u>	<u>(14,031)</u>	<u>35,261</u>	<u>25,963</u>
Income tax expense recognized in profit or loss	<u>\$ 246,504</u>	<u>\$ 117,373</u>	<u>\$ 563,822</u>	<u>\$ 405,347</u>

### b. Income tax assessments

The Company's tax returns through 2022 have been assessed by the tax authorities, and the Group agrees with the assessment.

## 25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

### Net Profit for the Period

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit for the period attributable to owners of the Company	\$ 990,968	\$ 523,747	\$ 2,278,370	\$ 1,678,278
Effect of potentially dilutive ordinary shares:				
Employees' compensation	-	-	-	-
Interest on convertible bonds (after tax)	<u>19,870</u>	<u>14,131</u>	<u>59,074</u>	<u>23,685</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,010,838</u>	<u>\$ 537,878</u>	<u>\$ 2,337,444</u>	<u>\$ 1,701,963</u>

## Shares (In Thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	594,713	522,221	587,949	494,316
Effect of potentially dilutive ordinary shares:				
Employees' compensation	776	264	1,012	1,025
Convertible bonds	<u>93,108</u>	<u>67,404</u>	<u>84,458</u>	<u>59,269</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>688,597</u>	<u>589,889</u>	<u>673,419</u>	<u>554,610</u>

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Mutto Optronics Corporation	Production and sale of stainless steel	September 12, 2024	53.83	<u>\$ 434,500</u>

Mutto Optronics Corporation ("Mutto") has conducted a private placement of ordinary shares in order to enrich its working capital and expand its business scale by introducing strategic partners. On September 12, 2024, the Group subscribed for 79,000 thousand shares of Mutto's private placement for a total amount of \$434,500 thousand, with a shareholding ratio of 53.83% after the private placement.

### b. Consideration transferred

	Mutto
Cash	<u>\$ 434,500</u>



c. Assets acquired and liabilities assumed at the date of acquisition

	<b>Mutto</b>
Current assets	
Cash and cash equivalents	\$ 558,496
Trade and other receivables	13,491
Inventories	14,254
Other current assets	23,843
Non-current assets	
Property, plant and equipment	71,611
Right-of-use assets	13,140
Deferred tax assets	10,494
Other non-current assets	8,022
Current liabilities	
Trade and other payables	(67,833)
Lease liabilities - current	(5,506)
Other current liabilities	(3,227)
Non-current liabilities	
Lease liabilities - non-current	(7,520)
Deferred tax liabilities	(277)
Other non-current liabilities	<u>(18,712)</u>
	<u>\$ 610,276</u>

The initial accounting for the acquisition of Mutto was only provisionally determined at the end of the period. The tax bases of Mutto's assets were required to be reset based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate of the likely tax values.

d. Goodwill recognized on acquisitions

	<b>Mutto</b>
Consideration transferred	\$ 434,500
Plus: Non-controlling interests (ownership interest of 46.17% in Mutto)	281,768
Less: Fair value of identifiable net assets acquired	<u>(610,276)</u>
Goodwill recognized on acquisitions	<u>\$ 105,992</u>

The goodwill recognized in the acquisitions of Mutto mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Mutto. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on the acquisition of subsidiaries

	<b>Mutto</b>
Consideration paid in cash	\$ 434,500
Less: Cash and cash equivalent balances acquired	<u>(558,496)</u>
	<u>\$ (123,996)</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	<b>Mutto</b>
Operating revenue	<u>\$ 1,105</u>
Net loss	<u>\$ 9,962</u>

Had Mutto concluded the acquisition at the beginning of January 1, 2024, the Group's revenue would have been \$3,040,041 thousand and \$9,825,299 thousand, and the profit would have been \$985,224 thousand and \$2,263,630 thousand for the three months and nine months ended September 30, 2024, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2024, nor is it intended to be a projection of future results.

## **27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

For the nine months ended September 30, 2024, the Group acquired additional shares of Golden Win Steel Industrial Corp. in the amount of \$37,045 thousand, increasing its continuing interest from 46% to 49%.

For the nine months ended September 30, 2023, the Group acquired additional shares of Ho Yang Investment Corp. in the amount of \$57,954 thousand, increasing its continuing interest from 62% to 75%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

## **28. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the predictable future.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements. However, the financial ratio restrictions stipulated in the loan contract are also included in the consideration of the Group's optimal capital structure.

The management of the Group re-examines the capital structure quarterly, and the inspection includes consideration of the cost of various types of capital and related risks. The Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, and issuing new debts or repaying old debts based on the recommendations of key management personnel.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The carrying amounts of the financial assets and financial liabilities that are not measured at fair value are approaching their fair value or their fair value cannot be reliably measured.

September 30, 2024

	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 4,889,975	\$ 5,474,891	\$ -	\$ -	\$ 5,474,891

December 31, 2023

	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 4,816,133	\$ 5,332,393	\$ -	\$ -	\$ 5,332,393

September 30, 2023

	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 5,104,896	\$ 5,615,945	\$ -	\$ -	\$ 5,615,945

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	<u>\$ 194,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,120</u>
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ 1,455</u>
Investments in debt instruments				
Trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,490</u>	<u>\$ 791,490</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares and emerging market shares	\$ 6,789	\$ -	\$ 233,500	\$ 240,289
Mutual funds	\$ 39,146	\$ -	\$ -	\$ 39,146
Film investment agreements	\$ -	\$ -	\$ 5,000	\$ 5,000
Derivative financial liabilities	\$ -	\$ 1,006	\$ -	\$ 1,006
Financial assets at FVTPL				
Derivative financial liabilities	\$ -	\$ 6,812	\$ -	\$ 6,812
				(Concluded)

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 268,418	\$ -	\$ -	\$ 268,418
Unlisted shares	\$ -	\$ -	\$ 1,455	\$ 1,455
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 954,757	\$ 954,757
Financial assets at FVTPL				
Listed shares and emerging market shares	\$ 7,091	\$ -	\$ 394,587	\$ 401,678
Mutual funds	\$ 31,955	\$ -	\$ -	\$ 31,955
Film investment agreements	\$ -	\$ -	\$ 5,000	\$ 5,000

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 244,004	\$ -	\$ -	\$ 244,004
Unlisted shares	\$ -	\$ -	\$ 1,455	\$ 1,455
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 1,208,358	\$ 1,208,358
Financial assets at FVTPL				
Listed shares and emerging market shares	\$ 7,158	\$ -	\$ -	\$ 7,158
Mutual funds	\$ 44,044	\$ -	\$ -	\$ 44,044
Derivative financial liabilities	\$ -	\$ 6,191	\$ -	\$ 6,191

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2024

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
Balance at January 1, 2024	\$ 399,587	\$ 956,212
Recognized in profit or loss (included in other losses)	112,618	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	-
Net changes in trade receivables	-	(163,267)
Sales	<u>(273,705)</u>	<u>-</u>
Balance at September 30, 2024	<u>\$ 238,500</u>	<u>\$ 792,945</u>

For the nine months ended September 30, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
Balance at January 1, 2023	\$ -	\$ 826,879
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	-
Net changes in trade receivables	<u>-</u>	<u>381,479</u>
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 1,208,358</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - foreign exchange forward contracts and foreign exchange swap contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The future cash flows of trade receivables at FVTOCI are estimated using the discounted cash flow method based on trade receivables at the end of the period, discounted at a rate that reflects the credit risk of the transaction. The valuation of unlisted shares is determined by using the market approach and adjusted for the impact of a lack of market liquidity. Valuation of domestic listed private shares is based on observable share prices at the end of the period and discounted for lack of liquidity. The film investment agreement adopts the income method and calculates the present value of the income that can be obtained and distributed by holding this contract based on the discounted cash flow method.

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 9,797,940	\$ 8,618,211	\$ 8,580,352
FVTPL			
Mandatorily classified as at FVTPL	285,441	438,633	57,393
Financial assets at FVTOCI			
Equity instruments	195,575	269,873	245,459
Debt instruments	791,490	954,757	1,208,358
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	15,044,035	13,136,416	13,723,021
FVTPL			
Held for trading	6,812	-	-

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, refundable deposits and restricted deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings (including the current portion), short-term bills payable, trade and other payables, bonds payable and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into forward foreign exchange contracts to manage its exposure to foreign currency risk.

There were no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency exchange risk. Approximately over 50% of the Group's sales is denominated in currencies other than the functional currency of the Group, whilst the cost of raw materials imported from abroad is denominated in currencies other than the functional currency of the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 35. The carrying amount of the Group's derivative financial instruments exposed to foreign currency risk is immaterial.

Sensitivity analysis

The Group was mainly exposed to the CNY, USD, EUR and GBP.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis also included borrowings denominated in non-functional currencies. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
CNY impact	\$ 6,800	\$ 5,246
USD impact	\$ 3,112	\$ 33,408
EUR impact	\$ 8,686	\$ 10,277
GBP impact	\$ 12,842	\$ 22,709

The result was mainly attributable to the exposure on outstanding receivables, payables and borrowing in foreign currency that were not hedged at the end of the reporting period.

The management believes that the sensitivity analysis could not represent the inherent risk of foreign currency risk, since the exposure of foreign currency risk at the end of the reporting period could not reflect foreign currency risk exposure during the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 5,808,455	\$ 3,647,837	\$ 2,349,790
Financial liabilities	6,422,476	6,328,006	6,621,459
Cash flow interest rate risk			
Financial assets	1,596,946	1,981,500	2,705,486
Financial liabilities	7,447,424	5,999,696	6,060,706

#### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period. A 10 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased by \$4,388 thousand and \$2,516 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

#### c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in Taiwan.

#### Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$19,558 thousand and \$24,546 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI, and the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$27,944 thousand and \$5,120 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

## 2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and



b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The policy adopted by the Group is to conduct transactions with creditworthy counterparty, and to use publicly available financial information and mutual transaction records to conduct credit evaluations on the customers.

In addition, the credit risk is limited, since the counterparty of the liquidity transaction is a bank with good credit.

The accounts receivable cover many customers, scattered in different industries and geographic regions. The Group evaluates the financial status of customers' accounts receivable continuously.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As the end of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized bank loan facilities of \$5,966,189 thousand, \$7,940,768 thousand and \$7,624,907 thousand, respectively.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

#### September 30, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 688,466	\$ 297,777	\$ 592,177	\$ -	\$ -
Lease liabilities	1,775	3,608	16,554	40,751	25,741
Liabilities instruments	<u>347,318</u>	<u>468,840</u>	<u>1,284,009</u>	<u>12,787,016</u>	<u>-</u>
	<u>\$ 1,037,559</u>	<u>\$ 770,225</u>	<u>\$ 1,892,740</u>	<u>\$ 12,827,767</u>	<u>\$ 25,741</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10+ Years</b>
Lease liabilities	<u>\$ 21,937</u>	<u>\$ 40,751</u>	<u>\$ 9,193</u>	<u>\$ 16,548</u>

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 560,854	\$ 128,602	\$ 533,336	\$ 3,871	\$ -
Lease liabilities	1,535	3,070	13,392	32,858	27,120
Liabilities instruments	<u>262,006</u>	<u>466,182</u>	<u>563,323</u>	<u>11,477,147</u>	<u>-</u>
	<u>\$ 824,395</u>	<u>\$ 597,854</u>	<u>\$ 1,110,051</u>	<u>\$ 11,513,876</u>	<u>\$ 27,120</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10+ Years</b>
Lease liabilities	<u>\$ 17,997</u>	<u>\$ 32,858</u>	<u>\$ 9,193</u>	<u>\$ 17,927</u>

September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 695,608	\$ 130,677	\$ 600,551	\$ -	\$ -
Lease liabilities	1,468	2,961	13,205	35,487	27,580
Liabilities instruments	<u>380,645</u>	<u>344,698</u>	<u>651,759</u>	<u>10,287,126</u>	<u>1,522,583</u>
	<u>\$ 1,077,721</u>	<u>\$ 478,336</u>	<u>\$ 1,265,515</u>	<u>\$ 10,322,613</u>	<u>\$ 1,550,163</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10+ Years</b>
Lease liabilities	<u>\$ 17,634</u>	<u>\$ 35,487</u>	<u>\$ 9,193</u>	<u>\$ 18,387</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the period.

September 30, 2024

	<b>Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange swap contracts			
- outflows	\$ 143,452	\$ 8,762	\$ -
Foreign exchange forward contracts			
- outflows	<u>118,846</u>	<u>209,476</u>	<u>-</u>
	<u>\$ 262,298</u>	<u>\$ 218,238</u>	<u>\$ -</u>

December 31, 2023: None.

September 30, 2023

	<b>Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange swap contracts			
- outflows	\$ 173,648	\$ 15,879	\$ -
Foreign exchange forward contracts			
- outflows	<u>51,328</u>	<u>93,600</u>	<u>-</u>
	<u>\$ 224,976</u>	<u>\$ 109,479</u>	<u>\$ -</u>

e. Transfers of financial assets

Factored trade receivables that were not yet overdue at the end of the period were as follows:

September 30, 2024

<b>Counterparty</b>	<b>Receivables Factoring Proceeds</b>	<b>Amount Reclassified to Other Receivables</b>	<b>Advances Received - Used</b>	<b>Annual Interest Rates on Advances Received (Used) (%)</b>
Financial institution	<u>\$ 80,650</u>	<u>\$ 8,065</u>	<u>\$ 72,585</u>	5-7

December 31, 2023

<b>Counterparty</b>	<b>Receivables Factoring Proceeds</b>	<b>Amount Reclassified to Other Receivables</b>	<b>Advances Received - Used</b>	<b>Annual Interest Rates on Advances Received (Used) (%)</b>
Financial institution	<u>\$ 52,323</u>	<u>\$ 10,465</u>	<u>\$ 41,858</u>	7

September 30, 2023

<b>Counterparty</b>	<b>Receivables Factoring Proceeds</b>	<b>Amount Reclassified to Other Receivables</b>	<b>Advances Received - Used</b>	<b>Annual Interest Rates on Advances Received (Used) (%)</b>
Financial institution	<u>\$ 40,839</u>	<u>\$ 8,168</u>	<u>\$ 32,671</u>	6

The Group has factoring agreements with financial institutions. The credit limit is US\$10,000 thousand for both September 30, 2024 and 2023 and the credit can be recycled.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

### 30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties are disclosed as follows:

#### a. Related parties and relationships

<b>Related Party</b>	<b>Relationship</b>
S-Tech Corp.	Associate
Soft-World International Corporation	Associate
Chun Yu Works & Co., Ltd.	Related party in substance
Taiwan Steel Group Aerospace Technology Corporation	Related party in substance
Tsg Transport Corp.	Related party in substance
Tsg Environmental Technology Corp.	Related party in substance
Tsg Sports Marketing Co., Ltd.	Related party in substance
Ofco Industrial Corporation	Related party in substance
Tsg Hawks Baseball Co., Ltd.	Related party in substance
Zung-Fu Co., Ltd.	Related party in substance
East Win Administration Consultant Co., Ltd.	Related party in substance
Shanghai Sihe Stainless Steel Products Co., Ltd.	Related party in substance
Daily Ocean Co., Ltd.	Related party in substance
Daily Mariners Co., Ltd.	Related party in substance
Jia Jie Approachable Co., Ltd.	Related party in substance
Tearoom Bowie Co., Ltd.	Related party in substance
Yuetai E-commerce Co., Ltd.	Related party in substance
Lin, Yan-Jhao	Related party in substance
Jhou, Jie	Related party in substance

b. Sales of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
S-Tech Corp.	\$ 26,942	\$ 72,067	\$ 107,620	\$ 176,653
Related party in substance	<u>7,548</u>	<u>3,755</u>	<u>20,702</u>	<u>6,122</u>
	<u>\$ 34,490</u>	<u>\$ 75,822</u>	<u>\$ 128,322</u>	<u>\$ 182,775</u>

The terms of the transactions with S-Tech Corp. are 30 to 60 days T/T (settled by mutual offset of receivables and payments). The term of the transactions with other domestic related parties is 30 T/T. There were no significant differences in transaction terms between related parties and third parties.

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
S-Tech Corp.	\$ 58,476	\$ 87,699	\$ 181,965	\$ 293,301
Related party in substance	<u>15,899</u>	<u>7,980</u>	<u>40,950</u>	<u>19,130</u>
	<u>\$ 74,375</u>	<u>\$ 95,679</u>	<u>\$ 222,915</u>	<u>\$ 312,431</u>

The term of the transaction with domestic related parties is 30 days T/T. There were no significant differences in transaction terms between related parties and third parties.

d. Operating expenses and non-operating income and expenses

Account Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Operating expenses	Associate	\$ -	\$ 9,813	\$ -	\$ 12,225
	Tsg Transport Corp.	133,740	62,871	283,408	174,299
	Related party in substance	<u>7,716</u>	<u>348</u>	<u>45,144</u>	<u>37,564</u>
		<u>\$ 141,456</u>	<u>\$ 73,032</u>	<u>\$ 328,552</u>	<u>\$ 224,088</u>
Manufacturing costs	Associate	\$ 251	\$ 383	\$ 505	\$ 1,003
	Related party in substance	<u>5,414</u>	<u>19,689</u>	<u>33,114</u>	<u>60,385</u>
		<u>\$ 5,665</u>	<u>\$ 20,072</u>	<u>\$ 33,619</u>	<u>\$ 61,388</u>
Non-operating income and expenses	S-Tech Corp.	\$ 3,525	\$ 13,827	\$ 23,149	\$ 51,147
	Related party in substance	<u>2,159</u>	<u>2,077</u>	<u>6,181</u>	<u>6,199</u>
		<u>\$ 5,684</u>	<u>\$ 15,904</u>	<u>\$ 29,330</u>	<u>\$ 57,346</u>

e. Receivables from related parties (not including loans to related parties)

Account Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Trade receivables	S-Tech Corp.	<u>\$ 9,469</u>	<u>\$ 43,072</u>	<u>\$ 46,116</u>
	Related party in substance	<u>\$ 7,609</u>	<u>\$ 6,819</u>	<u>\$ 540</u>
Other receivables	Associate	<u>\$ 6,810</u>	<u>\$ 7,486</u>	<u>\$ 8,454</u>
	Related party in substance	<u>\$ 2,845</u>	<u>\$ 1,485</u>	<u>\$ 1,402</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties

Account Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Trade payables	S-Tech Corp.	<u>\$ 16,323</u>	<u>\$ 59,700</u>	<u>\$ 25,083</u>
	Related party in substance	<u>\$ 5,980</u>	<u>\$ 9,081</u>	<u>\$ 8,636</u>
Other payables	Associate	<u>\$ 78</u>	<u>\$ 86</u>	<u>\$ 311</u>
	Related party in substance	<u>\$ 15,882</u>	<u>\$ 13,636</u>	<u>\$ 22,301</u>

The outstanding trade payables to related parties are unsecured.

g. Other assets

Account Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments for equipment	Related party in substance	<u>\$ 26,401</u>	<u>\$ 3,819</u>	<u>\$ 3,802</u>

h. Acquisition of property, plant and equipment

Related Party Category/Name	Proceeds For the Nine Months Ended September 30	
	2024	2023
Related party in substance	<u>\$ -</u>	<u>\$ 385</u>

i. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2024	2023	2024	2023
Associate	\$ 88	\$ 340,729	\$ 88	\$ 277

  

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Associate	\$ 513	\$ 340,826	\$ 194	\$ 295

j. Lease arrangements

Related Party Category/Name	For the Nine Months Ended September 30	
	2024	2023

Acquisitions of right-of-use assets

S-Tech Corp.	\$ 6,250	\$ -
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Account Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities	S-Tech Corp.	\$ 7,188	\$ -	\$ -

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023

Interest expense

S-Tech Corp.	\$ 25	\$ -	\$ 25	\$ -
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Lease expense

S-Tech Corp.	\$ 253	\$ -	\$ 253	\$ -
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In August 2024, the Group leased land and buildings located in Yishi Rd., Liuying Dist., Tainan City, from S-Tech Corp. Under operating lease with lease term of 5 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

k. Acquisition of investment property

Related Party Category/Name	Proceeds	
	For the Nine Months Ended	
	September 30	
	2024	2023
Related party in substance	\$ <u>-</u>	\$ <u>2,095</u>

l. Disposals of investment property

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended		For the Three Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
S-Tech Corp.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
S-Tech Corp.	\$ <u>-</u>	\$ <u>207,438</u>	\$ <u>-</u>	\$ <u>-</u>

m. Acquisition of financial assets

For the nine months ended September 30, 2024

Related Party Category	Account Item	Number of Shares	Underlying Assets	Purchase Price
Related party in substance	(Note)	2	Golden Win Steel Industrial Corp.	\$ <u>56</u>

For the nine months ended September 30, 2023

Related Party Category	Account Item	Number of Shares	Underlying Assets	Purchase Price
S-Tech Corp.	(Note)	3,900	Ho Yang Investment Corp.	\$ <u>57,954</u>

Note: Investment in subsidiaries was eliminated from consolidation.

n. Disposal of non-current assets held for sale

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended		For the Three Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
S-Tech Corp.	\$ <u>1,454,104</u>	\$ <u>-</u>	\$ <u>868,349</u>	\$ <u>-</u>



Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
S-Tech Corp.	\$ 1,454,104	\$ -	\$ 868,349	\$ -

The board of directors of the Company resolved on April 15, 2024 to approve the sale of the land, plant and equipment of the vacuum induction melting (VIM) plant to S-Tech Corp. and signed the relevant sale and purchase agreement on June 5, 2024. The disposal procedures were completed in August 2024.

o. Remuneration of key management personnel

Related Party Category/Name	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 19,863	\$ 28,238	\$ 90,991	\$ 87,698
Post-employment benefits	229	222	696	661
	<u>\$ 20,092</u>	<u>\$ 28,460</u>	<u>\$ 91,687</u>	<u>\$ 88,359</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, issuance of bonds and letters of credit:

	September 30, 2024	December 31, 2023	September 30, 2023
Restricted deposits (classified as other current assets)	\$ 64,907	\$ 61,007	\$ 61,007
Land	1,679,681	1,679,681	1,679,681
Demand deposit (classified as refundable deposits)	-	-	95,200
Pledged foreigna currency time deposit (classified as refundable deposits)	13,293	12,896	-
Pledged time of deposit (classified as refundable deposits)	30,200	56,200	13,553
Property, plant and equipment	677,777	688,594	694,772
Inventories	999	-	-
	<u>\$ 2,466,857</u>	<u>\$ 2,498,378</u>	<u>\$ 2,544,213</u>

Except for assets pledged as collateral or for security listed above, the subsidiaries pledged the Company's shares for bank loans. The amounts were \$0 thousand, \$0 thousand and \$203,580 thousand, on September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. As of September 30, 2024, December 31, 2023 and September 30, 2023, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
USD	\$ 292	\$ 656	\$ 250
EUR	\$ 1,817	\$ 5,875	\$ 7,033
CNY	\$ 29,153	\$ -	\$ -
JPY	\$ 29,480	\$ 13,463	\$ 45,383

- b. As of September 30, 2024, December 31, 2023 and September 30, 2023, unrecognized commitments for purchases of machinery and equipment and plant were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
NTD	\$ 2,867,450	\$ 2,794,669	\$ 2,650,202
EUR	\$ 13,905	\$ 46,311	\$ 50,014
USD	\$ 4,301	\$ 2,728	\$ 1,313
CNY	\$ 260,989	\$ 145,773	\$ 17,400
CHF	\$ -	\$ 95	\$ 51,731

#### Payment paid as commitment progress

	September 30, 2024	December 31, 2023	September 30, 2023
NTD	\$ 2,350,368	\$ 2,222,903	\$ 2,134,898
EUR	\$ 11,249	\$ 36,569	\$ 38,779
USD	\$ 3,034	\$ 795	\$ 358
CNY	\$ 126,687	\$ 66,968	\$ 5,220
CHF	\$ -	\$ 67	\$ 38,495

- c. As of September 30, 2024, December 31, 2023 and September 30, 2023, \$1,973,750 thousand, \$1,969,750 thousand and \$1,969,750 thousand, respectively, of issued bills were pledged as deposit guarantees to obtain credit facilities. They can be cancelled when the guarantee obligations are terminated.
- d. On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate on October 21, 2024. The fees will be levied starting from January 1, 2025.

Based on the emissions of the Group for the nine months ended September 30, 2024, the Group expects that it will be the entity subject to carbon fees. The Group will recognize the provision of the carbon fees based on its actual emissions in 2025 and will pay them in May 2026.

### 33. SIGNIFICANT LOSSES FROM DISASTERS: NONE

### 34. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The board of directors resolved not to distribute dividends for the third quarter of 2024 on October 31, 2024.

On October 31, 2024, the Company's board of directors resolved to participate in the private cash capital increase of its subsidiary, S-Tech Corp., Ltd., by subscribing 3,051 thousand shares at NT\$32 per share, with a total investment amount of NT\$97,632 thousand. If the original shareholders and employees fail to subscribe after the payment due date, the Company intends to pay for the subscription in the capacity of a specific person depending on the actual situation.

Based on the Group's strategic business planning and the future development of Mutto Optronics Corporation in integrating the distribution of stainless steel products, the Company intends to dispose of its 5,278,000 shares at a price of NT\$28.207 per share, which represented 13% equity interest in Golden Win Steel Industrial Corp. The total amount disposed of was NT\$148,876,546 thousand.

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,422	31.650 (USD:NTD)	\$ 1,279,354
USD	5,393	7.0074 (USD:CNY)	170,677
USD	49	26,157 (USD:VND)	1,542
EUR	7,787	35.380 (EUR:NTD)	275,510
AUD	886	21.930 (AUD:NTD)	19,419
GBP	7,513	42.430 (GBP:NTD)	318,791
JPY	100,443	0.2223 (JPY:NTD)	22,328
CNY	34,189	4.5167 (CNY:NTD)	154,418
<u>Financial liabilities</u>			
Monetary items			
USD	39,529	31.650 (USD:NTD)	1,251,096
USD	3,651	7.0074 (USD:CNY)	115,561
USD	716	26,157 (USD:VND)	22,675
EUR	2,877	35.380 (EUR:NTD)	101,785
GBP	1,460	42.430 (GBP:NTD)	61,948
CNY	4,078	4.5167 (CNY:NTD)	18,419

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,565	30.705 (USD:NTD)	\$ 1,399,063
USD	3,149	7.0827 (USD:CNY)	96,690
USD	41	25,376 (USD:VND)	1,255
EUR	7,988	33.980 (EUR:NTD)	271,440
AUD	1,028	20.980 (AUD:NTD)	21,558
GBP	9,858	39.150 (GBP:NTD)	385,941
JPY	82,811	0.2172 (JPY:NTD)	17,987
CNY	50,957	4.3352 (CNY:NTD)	220,909

Financial liabilities

Monetary items			
USD	23,013	30.705 (USD:NTD)	706,620
USD	4,810	7.0827 (USD:CNY)	147,692
USD	1,063	25,376 (USD:VND)	32,641
EUR	4,361	33.980 (EUR:NTD)	148,175
GBP	5,242	39.150 (GBP:NTD)	205,226
JPY	11,704	0.2172 (JPY:NTD)	2,542
CNY	3,745	4.3352 (CNY:NTD)	16,235

September 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,120	32.270 (USD:NTD)	\$ 1,520,548
USD	2,649	7.1797 (USD:CNY)	85,480
USD	48	26,669 (USD:VND)	1,551
EUR	7,896	33.910 (EUR:NTD)	267,759
AUD	900	20.550 (AUD:NTD)	18,501
GBP	13,478	39.230 (GBP:NTD)	528,723
JPY	169,424	0.2162 (JPY:NTD)	36,629
CNY	23,887	4.4946 (CNY:NTD)	107,362

Financial liabilities

Monetary items			
USD	24,304	32.270 (USD:NTD)	784,299
USD	3,782	7.1797 (USD:CNY)	122,029
USD	1,026	26,669 (USD:VND)	33,095
EUR	1,835	33.910 (EUR:NTD)	62,226
GBP	1,900	39.230 (GBP:NTD)	74,537
JPY	6,012	0.2162 (JPY:NTD)	1,230
CNY	543	4.4946 (CNY:NTD)	2,440

The following information was aggregated by the functional currencies of entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>For the Three Months Ended September 30</b>				
<b>2024</b>			<b>2023</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
USD	32.301 (USD:NTD)	\$ 1,133	31.684 (USD:NTD)	\$ 22
NTD	1 (NTD:NTD)	21,346	1 (NTD:NTD)	47,728
CNY	4.5398 (CNY:NTD)	(736)	4.4171 (CNY:NTD)	44
VND	0.00127 (VND:NTD)	<u>883</u>	0.00131 (VND:NTD)	<u>(1,016)</u>
		<u>\$ 22,626</u>		<u>\$ 46,778</u>

  

<b>For the Nine Months Ended September 30</b>				
<b>2024</b>			<b>2023</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
USD	32.034 (USD:NTD)	\$ (913)	30.928 (USD:NTD)	\$ (126)
NTD	1 (NTD:NTD)	104,524	1 (NTD:NTD)	94,964
CNY	4.5064 (CNY:NTD)	(1,954)	4.4134 (CNY:NTD)	225
VND	0.00126 (VND:NTD)	<u>(938)</u>	0.00129 (VND:NTD)	<u>(1,414)</u>
		<u>\$ 100,719</u>		<u>\$ 93,649</u>

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)

- 9) Trading in derivative instruments (Note 7)
  - 10) Intercompany relationships and significant intercompany transactions (Table 8)
- b. Information on investees (Table 9)
  - c. Information on investments in mainland China
    - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
    - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 11):
      - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
      - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
      - c) The amount of property transactions and the amount of the resultant gains or losses.
      - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
      - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
      - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
  - d. Information of major shareholders: (Table 12)

### 37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

- The Company
- Golden Win Steel Industrial Corp.
- All Win Enterprises Ltd.
- Others

### Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	<b><u>Operating Segment Revenue</u></b> <b><u>For the Nine Months Ended</u></b> <b><u>September 30</u></b>		<b><u>Operating Segment Income</u></b> <b><u>For the Nine Months Ended</u></b> <b><u>September 30</u></b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
The Company	\$ 8,939,046	\$ 9,338,594	\$ 1,303,136	\$ 1,717,441
Golden Win Steel Industrial Corp.	858,132	956,953	43,469	43,580
All Win Enterprises Ltd.	1,130,945	865,078	120,530	62,252
Others	<u>936,820</u>	<u>1,286,368</u>	<u>23,828</u>	<u>78,082</u>
Continuing operations amounts	11,864,943	12,446,993	1,490,963	1,901,355
Less: Eliminations	<u>(2,048,847)</u>	<u>(2,212,945)</u>	<u>27,671</u>	<u>11,225</u>
Revenue/income from external customers	<u>\$ 9,816,096</u>	<u>\$ 10,234,048</u>	<u>1,518,634</u>	<u>1,912,580</u>
Interest income			57,617	19,637
Other income			72,437	101,748
Other gains and losses			1,205,594	213,823
Finance costs			(176,932)	(144,161)
Share of profit of associates			<u>188,961</u>	<u>26,864</u>
Profit from operations			<u>\$ 2,866,311</u>	<u>\$ 2,130,491</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Guangzhou Goldway Special Material Co., Ltd.	Xian Goldway Special Material Co., Ltd.	Other receivables	Yes	\$ 46,022	\$ 45,167	\$ 40,650	3.5	2	\$ -	For working capital	\$ -	-	\$ -	\$ 79,894 (Note 7)	\$ 79,894 (Note 7)	
2	Mutto Optronics Corporation	Nantong Sihe Stainless-steel Products Co., Ltd.	Other receivables	Yes	37,107	35,768	35,768	-	1	35,768	-	-	-	-	29,034 (Note 8)	36,292 (Note 9)	
3	Honest Mount Investments Limited	Mutto Optronics Corporation	Other receivables	Yes	46,501	45,354	45,354	-	2	-	Operational turnaround	-	-	-	748,085 (Note 10)	748,085 (Note 10)	
4	Honest Mount Investments Limited	Nantong Sihe Stainless-steel Products Co., Ltd.	Other receivables	Yes	27,910	26,903	26,903	-	2	-	Operational turnaround	-	-	-	748,085 (Note 10)	748,085 (Note 10)	
5	Sheaffer Innovation Co., Ltd.	Mutto Optronics Corporation	Other receivables	Yes	4,925	4,747	4,747	-	2	-	Operational turnaround	-	-	-	- (Note 8)	- (Note 9)	
6	Sheaffer Innovation Co., Ltd.	Henan Sihe Industrial Co., Ltd.	Other receivables	Yes	14,309	14,179	14,179	-	2	-	Operational turnaround	-	-	-	- (Note 8)	- (Note 8)	

Note 1: The numbers denote the following:

- a. 0 represents the issuer.
- b. Investees are numbered starting from 1.

Note 2: Receivables from related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: The limit on financing provided to others for the current year.

Note 4: Nature of financing is numbered as follows:

- a. For companies with business relationships: 1.
- b. For companies with short-term financing needs: 2.

Note 5: If the loan is made due to business relationships, the amount of the business transactions should be disclosed. The amount of business transactions refers to the amount of business transactions between the lender and the borrower in the most recent year.

Note 6: If the loan is made for short-term financing needs, the reason and purpose for the loan should be clearly described. For example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: a. The financing limit for each borrower is 40% of the lender’s net equity. For No. 0: \$199,735 (net worth) × 40% = \$79,894.  
b. The aggregate financing limit is 40% of the lender’s net equity. For No. 0: \$199,735 (net worth) × 40% = \$79,894.

Note 8: The calculation was based on 40% of the net worth of the lending company as of June 30, 2024, which had not been audited by an accountant.

Note 9: The calculation was based on 50% of the net worth of the lending company as of June 30, 2024, which had not been audited by an accountant.

Note 10: The calculation was based on 3000% of the net worth of the lending company as of June 30, 2024, which had not been audited by an accountant.



TABLE 2

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Guaranteed Party		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	b	\$ 3,012,356 (Note 3)	\$ 26,268	\$ 25,320	\$ 25,320	\$ -			Y	N	N
		Tianjin Goldway Special Material Co., Ltd.	c	3,012,356 (Note 3)	45,450	45,230	-	-			Y	N	Y
		All Win Enterprises Ltd.	b	3,012,356 (Note 3)	225,270	31,650	-	-			Y	N	N
		Xian Goldway Special Material Co., Ltd.	c	3,012,356 (Note 3)	193,208	187,655	69,120	-			Y	N	Y
		Faith Easy Enterprises Ltd.	b	3,012,356 (Note 3)	65,090	31,650	-	-			Y	N	N
		Guangzhou Goldway Special Material Co., Ltd.	c	3,012,356 (Note 3)	213,428	79,125	-	-			Y	N	Y
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	3,012,356 (Note 3)	67,305	-	-	-			Y	N	Y
						<u>\$ 400,630</u>	<u>\$ 94,440</u>		2	\$ 6,024,712 (Note 3)			
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	405,976 (Note 4)	19,701	<u>\$ 18,990</u>	<u>\$ 13,140</u>	-	2	608,964 (Note 4)	N	N	N

Note 1: The numbers denote the following:

- a. 0 represents the issuer.
- b. Investees are numbered starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee are categorized as follows:

- a. Business partner.
- b. Subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.
- c. An investee over which the Company and its subsidiary has a combined shareholding of more than fifty percent (50%).
- d. Parent company that directly or indirectly through its subsidiary, owns more than fifty percent (50%) of the investee.
- e. Guaranteed by the Company according to the construction contract.
- f. An investee company of which the guarantees were provided based on the Company’s proportionate share in the investee company.

Note 3: The limit on endorsements/guarantees is calculated as follows:

- a. The limit on endorsements or guarantees provided for each borrower is NT\$6,024,712 (paid-in capital) × 50% = NT\$3,012,356.
- b. The aggregate endorsement/guarantee limit is NT\$6,024,712 (paid-in capital) × 100% = NT\$6,024,712.
- c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

Note 4: The limit on endorsements/guarantees is calculated as follows:

- a. The limit on endorsements or guarantees provided for each borrower is NT\$405,976 (paid-in capital) × 100% = NT\$405,976.
- b. The aggregate endorsement/guarantee limit is NT\$405,976 (paid-in capital) × 150% = NT\$608,964.
- c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

Note 5: All intercompany gains and losses from investment have been eliminated from consolidation.

TABLE 3

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	September 30, 2024				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Gloria Material Technology Corp.	Ordinary shares							
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income - non-current	88	\$ 1,144	-	\$ 1,144	
	CJW International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	251	2,204	-	2,204	
	OFCO Industrial Corporation	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	103	2,559	-	2,559	
	Zung-Fu Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	42	1,455	-	1,455	
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through profit or loss - current	41	533	-	533	
	D-Link Corporation	-	Financial assets at fair value through profit or loss - current	323	6,256	-	6,256	
	Huang Jia International Gourmet Co., Ltd. (Ensure Global Corp., Ltd.)	-	Financial assets at fair value through other comprehensive income - non-current	5,000	233,500	3	233,500	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	115	5,555	-	5,555	
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income - non-current	605	7,865	-	7,865	
	General Plastic Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	113	4,102	-	4,102	
	Chun Yu Works & Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	306	8,120	-	8,120	
	Taidoc Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	135	20,925	-	20,925	
	OFCO Industrial Corporation	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	325	8,076	-	8,076	
	Chlitina Holding Limited	-	Financial assets at fair value through other comprehensive income - non-current	50	7,650	-	7,650	
	Ampire CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	198	6,930	-	6,930	
	Te Chang Construction CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	265	15,079	-	15,079	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	September 30, 2024				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Ho Yang Investment Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	16,099	\$ 777,584	3	\$ 777,584	
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income - non-current	5,067	65,871	1	65,871	
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income - non-current	377	7,299	-	7,299	
	Cameo Communications, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,820	19,838	-	19,838	
	Fosun Taiwan Technology High Dividend Fund A No Dividend Matching (NTD)	-	Financial assets at fair value through profit or loss - current	1,000	9,470	-	9,470	
	FSITC Global Utilities and Infrastructure Fund (NTD)	-	Financial assets at fair value through profit or loss - current	601	10,103	-	10,103	
Rong Yang Investment Corp.	TMP Steel Corporation	-	Financial assets at fair value through other comprehensive income - non-current	501	16,458	1	16,458	
	Fosun Taiwan Technology High Dividend Fund A No Dividend Matching (NTD)	-	Financial assets at fair value through profit or loss - current	1,000	9,470	-	9,470	
	FSITC Global Utilities and Infrastructure Fund (NTD)	-	Financial assets at fair value through profit or loss - current	601	10,103	-	10,103	

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities that fall within the scope in accordance with IFRS 9 “Financial Instruments”.

Note 2: If the securities issuer is not a related party, the column is left blank.

Note 3: For securities measured at fair value, the carrying amount after fair value adjustments and deduction of accumulated impairment is indicated. For securities not measured at fair value, the carrying amount indicated is the original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: For information on investments in subsidiaries, please see Tables 9 and 10.

Note 5: All intercompany gains and losses from investment have been eliminated from consolidation.

(Concluded)

TABLE 4

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance (Note 5)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Gloria Material Technology Corp.	Ordinary share Soft-World International Corporation	Investments accounted for using the equity method	Soft-World International Corporation	-	-	\$ -	28,600,000	\$ 2,994,992	-	\$ -	\$ -	\$ -	28,600,000	\$ 2,994,992
Gloria Material Technology Corp.	Mutto Optronics Corporation	Investments accounted for using the equity method (Note 6)	Mutto Optronics Corporation	-	-	-	79,000,000	434,500	-	-	-	-	79,000,000	434,500

Note 1: Marketable securities in this table include shares, bonds, beneficiary certificates and securities derived from these items.

Note 2: The two columns should be filled in if marketable securities are accounted for using the equity method.

Note 3: The accumulated buying and selling amount should be calculated separately at the market price, whether it reaches \$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital is the paid-in capital of the Company. If the shares of the issuers have no par value, or NT\$10 per share, the transaction amounts of 20% of paid-in capital shall be calculated according to 10% of the total equity attributable to the owners of the Company on the balance sheet.

Note 5: Original cost.

Note 6: Have been eliminated from consolidation.

TABLE 5

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Gloria Material Technology Corp.	Property, plant and equipment	2024.4.15	(Note 4)	\$ 486,653	\$ 1,454,104	Completed	\$ 868,349 (Note 5)	S-Tech Corp.	Associate	Effective utilization of resources in the light of the Group’s overall business planning	Professional valuation report (appraised value of approximately \$1,466,727 thousand and \$1,457,470 thousand, respectively)	-
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Land use rights and buildings	2022.6.30	(Note 6)	CNY 47,903	CNY 132,500	Completed	CNY 81,370 (Note 7)	Zhejiang Xinghui Co., Ltd.	-	In response to the local government’s urban planning	Appraisal report (with an appraised value of approximately CNY106,740,000) issued by a professional valuation organization and the bargaining decision of both parties	-

Note 1: If the disposal assets are subject to appraisal which should be stated in the column of “Reference basis for price determination”.

Note 2: Paid-in capital refers to the parent company’s paid-in capital. If the issuer’s shares have no par value or the par value per share is not NT\$10, the 20% of paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 3: The term “event date” refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of boards of directors’ resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Note 4: Land: Acquired from the Ministry of Economic Affairs in June 2018 for approximately \$153,252 thousand.

Buildings: Self-constructed, with completion dates in July 2011 and July 2015; at acquisition amounts of approximately \$174,441 thousand and \$115,477 thousand, respectively.

Machinery and equipment:

a. From a related party, S-Tech Corp, acquired between June 2015 and January 2016, for approximately \$13,896 thousand.

b. From a non-related party, acquired between July 2011 and January 2022, for approximately \$517,034 thousand.

Note 5: The net amount was 975,444 thousand after deducting unrealized gain and rental credits.

Note 6: Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd. obtained the land use rights in 2012 and gradually constructed the factory buildings.

Note 7: Net of demolition costs and other related expenses.

TABLE 6

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Trade Receivables (Payables)			Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Gloria Material Technology Corp.	Golden Win Steel Industrial Corp.	Subsidiary	Sale	\$ 448,632	5	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	\$ 48,609	2	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	Parent company	Purchase	448,632	67	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	48,609	77	
Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	Subsidiary	Sale	270,894	3	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	61,979	3	
Alloy Tool Steel, Inc.	Gloria Material Technology Corp.	Parent company	Purchase	270,894	91	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	61,979	86	
Gloria Material Technology Corp.	All Win Enterprises Ltd.	Subsidiary	Sale	490,842	5	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	22,401	1	
All Win Enterprises Ltd.	Gloria Material Technology Corp.	Parent company	Purchase	490,842	81	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	19,157	52	
	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Affiliated company	Sale	187,081	28	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	17,248	13	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	187,081	51	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	17,248	16	
All Win Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	Affiliated company	Sale	223,819	33	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	63,651	47	
Xian Goldway Special Material Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	223,819	100	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	63,651	100	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	107,620	1	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	9,469	1	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Purchase	162,239	2	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	16,323	3	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the Note column.

Note 3: All intercompany gains and losses from investment, except for associates, have been eliminated from consolidation.

**TABLE 7**

**GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2024**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Gloria Material Technology Corp.	Golden Win Steel Industrial Corp.	Subsidiary (Note)	Other receivables \$ 180,814	-	\$ -	-	\$ -	\$ -

Note: Have been eliminated from consolidation.

TABLE 8

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	a	Trade receivables	\$ 61,979	No significant difference	-
		Alloy Tool Steel, Inc.	a	Sales revenue	270,894	No significant difference	3
		Golden Win Steel Industrial Corp.	a	Trade receivables	48,609	No significant difference	-
		Golden Win Steel Industrial Corp.	a	Sales revenue	448,632	No significant difference	5
		Golden Win Steel Industrial Corp.	a	Other receivables	180,814	No significant difference	9
		All Win Enterprises Ltd.	a	Sales revenue	490,842	No significant difference	5
		All Win Enterprises Ltd.	a	Trade receivables	19,157	No significant difference	-
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	Trade receivables	22,822	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	c	Sales revenue	41,608	No significant difference	-
		Gloria Material Technology Corp.	b	Sales revenue	34,601	No significant difference	-
		All Win Enterprises Ltd.	c	Sales revenue	15,540	No significant difference	-
		All Win Enterprises Ltd.	c	Trade receivables	6,583	No significant difference	-
2	Xian Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	21,135	No significant difference	-
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	7,708	No significant difference	-
3	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	6,968	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Trade receivables	10,035	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	50,504	No significant difference	1
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	25,855	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Trade receivables	17,148	No significant difference	-
4	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	83,947	No significant difference	1
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	69,327	No significant difference	-
5	Tianjin Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	6,247	No significant difference	-

(Continued)



No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
6	All Win Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	\$ 187,081	No significant difference	2
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	17,248	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	18,762	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	30,583	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	55,247	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	76,875	No significant difference	1
		Xian Goldway Special Material Co., Ltd.	c	Trade receivables	63,651	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Sales revenue	223,819	No significant difference	2
7	Mutto Optronics Corporation	Honest Mount Investments Limited	c	Other payables	45,354	No significant difference	-
		Nantong Sihe Stainless-steel Products Co., Ltd.	c	Other receivables	35,768	No significant difference	-
8	Honest Mount Investments Limited	Nantong Sihe Stainless-steel Products Co., Ltd.	c	Other receivables	26,903	No significant difference	-
9	Sheaffer Innovation Co., Ltd.	Henan Sihe Industrial Co., Ltd.	c	Other receivables	14,179	No significant difference	-
10	Nantong Sihe Stainless-steel Products Co., Ltd.	Henan Sihe Industrial Co., Ltd.	c	Other receivables	41,547	No significant difference	-

Note 1: The information on the business transactions between the parent company and its subsidiaries should be indicated in the serial number column respectively, and the serial number should be filled in as follows:

- a. The Company is numbered “0”.
- b. Subsidiaries are numbered sequentially from 1 according to the company type.

Note 2: There are three types of relationship with the trader, just indicate the type:

- a. Company to Subsidiary.
- b. Subsidiary to Company.
- c. Subsidiary to Subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount at the end of the period accounts for the total consolidated revenue.

Note 4: All intercompany gains and losses from investment have been eliminated from consolidation.

(Concluded)

**TABLE 9**

**GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**  
**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee (Note 2)	Share of Profit (Loss) (Note 2)	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Gloria Material Technology Corp.	Faith Easy Enterprises Ltd.	Samoa	General investment and trading	\$ 192,558	\$ 192,558	6,000,000	96	\$ 658,939	\$ 6,865	\$ 8,936	Subsidiary
	Golden Win Steel Industrial Corp.	Republic of China	Processing and trading of special steel, carbon steel, super alloy material rollers	140,620	283,933	2,003,982	49	345,491	54,390	25,037	Subsidiary
	Alloy Tool Steel, Inc.	USA	Sale of alloy steel	100,487	100,487	4,300,000	100	263,712	24,539	24,539	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	360,379	360,379	24,385,660	49	14,849	37,118	(797)	Subsidiary
	All Win Enterprises Ltd.	Seychelles	General investment	286,604	286,604	10,000,000	100	856,017	434,890	441,110	Subsidiary
	Rong Yang Investment Corp.	Republic of China	General investment	50,000	50,000	5,000,000	100	49,278	2,001	2,001	Subsidiary
	Gloria Material Technology Japan	Japan	Sale of alloy steel	15,852	15,852	1,380	100	23,390	9,909	9,909	Subsidiary
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	Samoa	General investment and trading	89,065	89,065	3,122,222	97	70,065	(4,899)	NA	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	180,208	180,208	12,947,170	26	195,248	37,118	NA	Subsidiary
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	Mauritius	General investment	US\$ 10,000	US\$ 10,000	10,000,000	100	648,077	359,181	NA	Subsidiary
Rainbow Shines Limited	Vietnam Goldway Special Material Co., Ltd.	Vietnam	Processing and trading of special steel, carbon steel, super alloy material rollers	US\$ 3,000	US\$ 3,000	-	100	82,584	(3,547)	NA	Subsidiary
Gloria Material Technology Corp.	S-Tech Corp.	Republic of China	Production and sales of titanium alloys	297,435	297,435	19,580,312	10	267,649	336,229	34,077	Associate
	Soft-World International Corporation	Republic of China	Publishing of game software, publishing and trading of game software magazines and books	2,994,992	-	28,600,000	18	2,913,674	925,596	158,312	Associate
	Kuei Tien Cultural & Creative Entertainment Co., Ltd.	Republic of China	TV series production, screenwriting and artist management	273,705	-	25,700,000	13	269,070	(45,280)	(4,635)	Associate
	Mutto Optronics Corporation	Republic of China	Production and selling of stainless steel	434,500	-	79,000,000	54	428,080	(9,962)	(5,362)	Subsidiary
Ho Yang Investment Corp.	Soft-World International Corporation	Republic of China	Publishing of game software, publishing and trading of game software magazines and books	42,476	-	318,000	-	43,322	925,596	1,207	Associate
Mutto Optronics Corporation	Sheaffer Innovation Co., Ltd.	Republic of China	Sales of stainless-steel products	444,997	444,997	8,000	100	(31,592)	(27,219)	NA	Subsidiary
	Honest Mount Investments Limited	B.V.I.	Investment	503,068	503,068	16,500,000	100	30,035	2,391	NA	Subsidiary
Honest Mount Investments Limited	The King Cut International Co., Ltd.	B.V.I.	Sales of stainless-steel products	US\$ 200	US\$ 200	5,000	100	1,325	(88)	NA	Subsidiary

Note 1: If the public company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the Company may only disclose relevant information of the holding company.

Note 2: For companies that do not belong to the type as described in Note 1, the information is disclosed as follows:

- The columns of Investee Company, Location, Main Businesses and Products, Original Investment Amount and Number of Shares are filled out in order of the reinvestment situation of the public company and the reinvestment situation of each investee company that is directly or indirectly controlled. In the remarks column, the relationship between each investee and the public company (subsidiary/second-tier subsidiary) is disclosed.
- The profit or loss of the investee company is disclosed in the column of Net Income (Loss) of the Investee.
- The Company is only required to list the amount of profit or loss of each of subsidiary that the Company has directly invested in and each investee that is accounted for using the equity method. The rest of the information is exempt from disclosure.

Note 3: For information on investments in mainland China, please see Table 10.

Note 4: All intercompany gains and losses from investment have been eliminated from consolidation.

**TABLE 10**

**GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Guangzhou Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$3,000 thousand (paid-in capital of CNY24,856 thousand)	b	US\$ 2,837 HK\$ 700	\$ -	\$ -	US\$ 2,837 HK\$ 700	\$ (7,806)	96	b-2) \$ (7,531)	\$ 198,108	\$ 45,771
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$3,000 thousand (paid-in capital of CNY22,124 thousand)	b	- (Note 4)	-	-	- (Note 4)	914	96	b-2) 898	149,461	87,907
Tianjin Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$3,300 thousand (paid-in capital of CNY26,719 thousand)	b	US\$ 3,300	-	-	US\$ 3,300	982	96	b-2) 1,155	135,434	18,007
Xian Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$2,000 thousand (paid-in capital of CNY12,660 thousand)	b	- (Note 5)	-	-	- (Note 5)	29,557	96	b-2) 28,967	160,036	-
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital US\$10,000 thousand (paid-in capital of CNY63,926 thousand)	b	US\$ 10,000	-	-	US\$ 10,000	364,983	100	b-2) 364,983	647,423	87,296
Nantong Sihe Stainless-steel Products Co., Ltd.	Manufacture of stainless-steel products	Registered capital US\$7,500 thousand (paid-in capital of NT\$237,375 thousand)	b	US\$ 7,500	-	-	US\$ 7,500	(1,165)	54	b-2) 223	(49,896)	-
Henan Sihe Industrial Co., Ltd.	Manufacture of stainless-steel products	Registered capital US\$1,000 thousand (paid-in capital of NT\$31,650 thousand)	e	US\$ 1,000	-	-	US\$ 1,000	(31,429)	54	b-2) (4,690)	(20,289)	-
<b>Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2024</b>		<b>Investment Amount Authorized by the Investment Commission, MOEA</b>		<b>Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA</b>								
US\$ 24,637 HK\$ 700		\$ 1,234,350 (US\$ 39,000)		\$ 11,422,413 (Note 3)								

(Continued)

Note 1: Methods of investment are classified as below:

- a. Investments through a holding company registered in a third region.
- b. Reinvestments through a holding company set up in a third region.
- c. Reinvestments through a holding company existing in a third region.
- d. Direct investment.
- e. Others.

Note 2: Investment gain or loss was recognized as a percentage of the shares held:

- a. Companies that are still in the preparatory stage and therefore have no investment gain or loss should be disclosed.
- b. Investment gain or loss recognized based on the following should be disclosed:
  - 1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an accounting firm in the ROC.
  - 2) Other financial statements which were not reviewed by the accounting firm.

Note 3: The upper limit on investments was 60% of the consolidated net asset value of the Group:  $\$19,037,355 \times 60\% = \$11,422,413$

Note 4: The amount represents the retained earnings received by Faith Easy Enterprises Ltd. from Guangzhou Goldway Special Material Co., Ltd., that was transferred to the share capital of Zhejiang Jiaying Goldway Special Material Co., Ltd.

Note 5: The amount represents the retained earnings of Faith Easy Enterprises Ltd. transferred to the share capital of Xian Goldway Special Material Co., Ltd.

(Concluded)

**TABLE 11**

**GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	Percentage	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage		
Guangzhou Goldway Special Material Co., Ltd.	Sale	\$ 28,298	-	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	\$ 1,389	-	\$ 100	Note 1
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Sale	70,509	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	6,779	-	188	Note 1
Tianjin Goldway Special Material Co., Ltd.	Sale	14,186	-	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	4,728	Note 1
Xian Goldway Special Material Co., Ltd.	Sale	184,105	2	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	9,682	-	61,388	Note 1
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Sale	164,790	2	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	11,111	-	4,082	Note 1

Note 1: The Company transacted with the above companies through All Win Enterprises Ltd. directly or indirectly.

Note 2: For information of the Company’s endorsements and guarantees provided for the above companies, refer to Table 2.

**TABLE 12****GLORIA MATERIAL TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Soft-World International Corporation	62,920,000	10.44
Kings Asset Management Corp.	31,292,000	5.19

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Company based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.