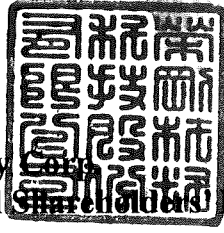


**Gloria Material Technology**  
**Minutes of the 2023 Annual Shareholders' Meeting**



Time: May 25, 2023 (Thursday) at 14:00 p.m.

Place: No. 10, Gong Er Rd., Liuying Dist., Tainan City 736, Taiwan (R.O.C.)(1F Meeting Room, Head Office Building)

Type of the meeting: Hybrid Shareholders' Meeting: Physical shareholders meeting supported by video conferencing.

E-Meeting Platform: "Shareholders meeting e-Voting Platform - Hybrid Shareholders' Meeting" by Taiwan Depository & Clearing Corporation (<https://www.stockvote.com.tw/evote/index.html>)

Attendants: The total outstanding shares is 495,636,992 shares(deducting 6,329,000 shares of treasury stock). All shareholders and their proxy holders, representing 381,806,121 shares (among them, 197,540,735 shares voted via electronic transmission), or 77.03% of the total outstanding shares.

Directors present: Chairman, Chiung-Fen Wang; Director, Cheng-Hsiang Chen; Director; Independent Director, Chin-Chen Chien(the convener of the audit committee); Independent Director, Chun-Hsiung Chu; Independent Director, Yi-Ching Wu; Independent Director, Yi-Lang Lin

Chairman: Chiung-Fen Wang

Recorder: Yu-Lun Yen

Attendees: CPA, Ming-Hsien Liu; President, Yung-Chang Kang; Financing Manager, Yu-Chen Lee; Accounting Manager, Yi-Ting Tseng

I. Call Meeting to Order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The chairman called the meeting to order.

II. Chairman's Address: omitted

III. Reporting Items:

1. Discussion of the 2022 Business Report. (No questions raised by the shareholders)

Explanation: The 2022 Business Report, attached in Attachment I.

2. Discussion of the 2022 Final Report of the Audit Committee. (No questions raised by the shareholders)

Explanation: The 2022 Final Report of the Audit Committee, attached in Attachment II.

Attachment II.

3. Discussion of the implementation status of investments in China. (No questions raised by the shareholders)

Explanation: Status of implementation of investments in China as of December 31, 2022, attached in Attachment III.

4. Discussion of the compensation for employees and directors in 2022. (No questions raised by the shareholders)

Explanation: 1. In accordance with Article 26 of the Company's Articles of Incorporation, if the Company earns a profit in the current year, the proportion of employee compensation shall not be less than 1%. A resolution shall be made by the Board of Directors whether to issue shares or cash distribution, with the issuance of the object containing a certain condition for the subsidiary employees. The proportion of the directors' compensation shall not be higher than 5%. The distribution of compensation for employees and directors shall be reported to the shareholders meeting.

However, a reserve is allotted to be used to make up for the accumulated losses, and the balance shall be handled according to the proportion in the preceding paragraph for the compensation of employees and directors.

2. After approval by the Company's Remuneration Committee and the Board of Directors, the proportion of compensation for employees shall be 1.99 of pre-tax profit in 2022 totaling NT\$50,000,000, and the proportion of compensation for directors shall be 1.00% of pre-tax profit, totaling NT\$25,000,000, both distributed in cash.
3. There is no difference between the aforementioned

distribution amount and recognized expenses in 2022.

5. Discussion of the earnings distribution and cash dividends for 2022. (No questions raised by the shareholders)

Explanation: 1. GMTC has not distributed 2022 surplus earnings as cash dividends in Q1-Q3, but plans to distribute cash dividends of NT\$2.5 per share in Q4, totaling NT\$1,239,092,480 by special resolution of the board of directors in accordance with the Articles of Incorporation.

2. When distributing cash dividends, the total dividends to the shareholders are distributed down to the nearest NT dollar, and the amount less than NT\$1 is rounded off. The remainder will be adjusted, and cash dividends are paid out in lump sum amounts.

6. Discussion of status of treasury shares. (No questions raised by the shareholders)

Explanation: 1. On March 20, 2020, the Company's Board of Directors resolved the 4th buy-back of treasury shares 10,000,000 shares. The purpose of share buy-back was the transfer of shares to employees. The actual number of share buy-backs was 6,329,000 shares. If the shares have not been transferred to Company employees within three years, the Company shall perform the registration for cancellation of the shares in compliance with Article 28-2 of the Securities and Exchange Act.

2. The details of the share buy-back are listed as follows:

Buy-back batch	4th
Purpose of share buy-back	Transfer of shares to employees
Buy-back period	March 23, 2020
	to May 22, 2020
Buy-back Interval Price	NT\$9.91 - NT\$24.58
Type and quantity of shares repurchased	6,329,000 shares (common shares)
Amount of shares repurchased	NT\$99,735,910
Ratio of shares repurchased to estimated share buy-back (%)	63.29%
Number of shares retired and transferred	6,329,000 shares
Accumulated number of outstanding shares	0 shares
Ratio of the accumulated number of outstanding shares to the total number of issued shares (%)	0%

Note: As of the book closure date for the shareholders' meeting is March 27, 2023. The actual results are reported at the shareholders' meeting.

7. Discussion of the 2022 Corporate Debt Report. (No questions raised by the shareholders)

Explanation: For the repayment of bank loans, the company issued domestic unsecured convertible bonds in 2022. The issuing details are as follows:

Bond Type	6th issuance of GMTC's domestic unsecured convertible corporate bonds
Date of Approval	May 23, 2022
Issue Date	From August 15, 2022 to August 15, 2025
Face Value	NT\$100,000
Par Value	Bonds are distributed at a price equal to 101% of their par value
Total	NT\$3 billion
Interest Rate	Coupon rate of 0%
Tenure	3 years
Convertible price	33.9
Trustee	Taishin International Bank Co., Ltd.
Underwriter	Mega Securities Co., Ltd
Payment Institution	Registrar & Transfer Agency Department Yuanfa Securities Co., Ltd.
Bond Repayment Method	Within five business days after the maturity date, the Company will make bond repayment in one lump sum by cash based on the face value of the convertible bond plus interest compensation (101.5075% of face value; real rate of return of 0.5%).
The Status of Implementation of Capital Allocation Plans	Capital allocation has been completed in the fourth quarter of 2022

8. Discussion of the 2022 Remuneration of Directors.(No questions raised by the shareholders)

Explanation: 2022 The Policy and Details of the Remuneration of Directors:

I.Please state the policies, systems, standards and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors:

(1)In accordance with the Company's Articles of Incorporation, the Board of Directors is authorized to determine the amount of compensation to the directors of the Company based on the directors' level of operational participation as well as the value of the contribution. The standard terms in the industry shall also be considered and shall not exceed the standard of the highest salary level stipulated in the Company's pay method.

(2)The Company's Articles of Incorporation also stipulates that no more than 5% of profits shall be allocated as remuneration for directors. In accordance with the Company's Remuneration Committee Organizational Rules, the remuneration for directors is paid in accordance with the Company's Regulations Governing Remuneration of Directors and Functional Committee Members.

(3)The remuneration for independent directors is higher than that of directors as they concurrently serve as members of the Audit Committee and Remuneration Committee, they are required to participate in the discussions and resolutions of relevant committee meetings in accordance with the organizational rules of each committee.

## II. 2022 Remuneration Detail

Title		Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income		Compensation paid to directors from an invested company other than the company's subsidiary		
		Base Compensation (A)				Severance Pay (B)		Directors Compensation (C)				Allowances (D)										
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement			The Company	All companies in the consolidated financial statement	Cash	Stock	The Company	All companies in the consolidated financial statement				Cash	Stock
Chairman	Chung-Fen Wang	720	720	-	-	-	1,616	70	80	0.04	0.12	17,610	17,610	-	-	2,000	-	2,773	-	1.01	1.13	652
Juristic (corporate) person director	Taiwan Steel Group United Co., Ltd	-	-	-	-	15,000	15,000	-	-	0.74	0.74	-	-	-	-	-	-	-	-	0.74	0.74	-
Director	Wen-Yuan Lin	600	600	-	-	-	-	60	60	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03	-
Director	Shih-Chieh Chao	600	600	-	-	-	-	60	60	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03	326
Director	Shih-Yi Chiang	600	600	-	-	-	-	60	60	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03	-
Director	Cheng-Hsiang Chen	600	600	-	-	-	120	60	70	0.03	0.04	-	-	-	-	-	-	103	-	0.03	0.04	326
Independent director	Chin-Chen Chien	960	960	-	-	2,500	2,500	170	170	0.18	0.18	-	-	-	-	-	-	-	-	0.18	0.18	-
Independent director	Chun-Hsiung Chu	960	960	-	-	2,500	2,500	170	170	0.18	0.18	-	-	-	-	-	-	-	-	0.18	0.18	-
Independent director	Yi-Ching Wu	960	960	-	-	2,500	2,500	170	170	0.18	0.18	-	-	-	-	-	-	-	-	0.18	0.18	-
Independent director	Yi-Lang Lin	840	840	-	-	2,500	2,500	130	130	0.17	0.17	-	-	-	-	-	-	-	-	0.17	0.17	-

Note:

1. Except as disclosed in the above table, the remuneration for directors for providing services to all companies in the consolidated financial statement (such as consultants not classified as employees) in the most recent fiscal year are as follows: The Remuneration for Director Cheng-Hsiang Chen is NT\$4,050 thousand.

2. For the proposal of 2022 earnings distribution, the proposed allotment of shares for the remuneration of directors and employee compensation has been approved by the Board of Directors before the shareholders' meeting

#### IV. Proposals for Acceptance and Approval:

Proposal 1: 2022 business report and financial statements. For your adoption.

(Proposed by the Board of Directors)

Explanation: 1. The 2022 business report and financial statements were approved by the Audit Committee and the board of directors. The financial statements were audited by auditors Ming-Hsien Liu and Yung-Hsiang Chao of Deloitte Taiwan.

2. The Company's 2022 Business Report, CPA audit report and financial statements, attached in Attachment I, Attachments III and V.

Resolution: No questions raised by the shareholders. Shares represented at the time of voting: 381,806,121

Voting Results	
Votes in Favor :	319,106,801 votes
Votes Against :	19,895 votes
Votes Invalid :	0 vote
Votes Abstained :	62,679,425 votes

The number of votes in favor was accounting for 83.57 % of the total voting rights of the presenting shareholders.

The above proposal be and hereby was approved as proposed.

Proposal 2: Appropriation of 2022 earnings. For your adoption. (Proposed by the Board of Directors)

Explanation: 1. The appropriation of 2022 earnings was approved by the 20th meeting of the 10th Board of Directors, and submitted to the Audit Committee for review to receive the document review report.



2. The Company's 2022 net profit after tax came in at NT\$2,018,769,374, or NT\$202,208,570 after deducting the statutory surplus reserve, giving a total of NT\$59,692,547 after the special surplus reserve was rotated. In addition, the undistributed surplus earnings at the beginning of the year are NT\$1,010,593,688, plus the retained earnings under the equity method of NT\$2,322,189 and retained earnings from the remeasurements of the net defined benefit of NT\$700,915, while deducting the disposal of an investment in an equity instrument measured at fair value through other comprehensive income, and direct transfer of accumulated profits and losses to retained earnings of NT\$293,223, which bring about 2022 distributable earnings of NT\$2,890,163,366.
3. Undistributed surplus in the first, second and third quarters of 2022. In Q4 of 2022, the company distributed NT\$1,239,092,480 cash dividends at NT\$2.50 per share. When distributing cash dividends, the total dividends to the shareholders are distributed down to the nearest NT dollar, and the amount less than NT\$1 is rounded off. The remainder will be adjusted, and cash dividends are paid out in lump sum amounts.
4. Subsequently, for the factors such as issuance of new shares for capital increase or cancellation of shares affecting the number of outstanding shares and dividend payout ratio, the shareholders' meeting shall authorize the Chairman to handle matters related to adjusting the dividend payout ratio.
5. Appropriation of 2022 earnings, attached in Attachment VI.

Resolution: No questions raised by the shareholders. Shares represented at the time of voting: 381,806,121

Voting Results	
Votes in Favor :	319,726,308 votes
Votes Against :	31,104 votes
Votes Invalid :	0 vote
Votes Abstained :	62,048,709 votes

The number of votes in favor was accounting for 83.74 % of the total voting rights of the presenting shareholders.

The above proposal be and hereby was approved as proposed.

#### V. Election Matters:

Proposal 1: Election of directors. Please vote. (Proposed by the Board of Directors)

- Explanation:
1. All original directors agreed to be dismissed upon the expiry of the terms of office on June 19, 2023, and re-election will be held at the 2023 shareholders' meeting.
  2. In accordance with Article 15 of the Company's Articles of Incorporation and Article 192-1 of the Company Act, 9 directors (including 4 independent directors) were elected. The Company adopted the candidate nomination system, and shareholders are elected according to the shareholder candidates list. For the director candidates list, please refer to the meeting agenda.
  3. Newly elected directors and independent directors shall take office immediately after the election in the shareholders' meeting. The term of office is three years, from May 25,

2023 to May 24, 2026.

4. For the Regulations Governing the Election of Directors and Independent Directors, please refer to the meeting agenda.
5. Please vote.

Results of the election:

Identity	Shareholder Account No	Name	votes
Director	120907	Taiwan Steel Group United Co., Ltd. Representative: Chiung-Fen Wang	307,614,624 votes
Director	120907	Taiwan Steel Group United Co., Ltd. Representative: Shih-Chieh Chao	302,549,121 votes
Director	120920	Gloria Investments Limited Representative: Cheng-Hsiang Chen	302,549,121 votes
Director	120919	S-Tech Investments Co., Ltd. Representative: Yi-Ching Wu	302,549,121 votes
Director	120920	Gloria Investments Limited Representative: Wen-Yuan Lin	302,526,621 votes
Independent Director	S10079****	Chin-Cheng Chien	276,304,476 votes
Independent Director	N12009****	Chun-Hsiung Chu	276,304,476 votes
Independent Director	D12114****	Tzu-Meng Liu	276,304,476 votes
Independent Director	G10119****	Yi-Lang Lin	276,304,476 votes

#### VI Discussion Items:

Proposal 1: Discussion on the approval of lifting of non-competition restrictions on the newly elected directors and their representatives. (Proposed by the Board of Directors)

Explanation: 1. In accordance with Article 209 of the Company Act, a Director who does anything for oneself or on behalf of

another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

2. For the directors' contingent investment or operation of other companies with the same or similar business scope as the Company, the proposal is submitted to the shareholders' meeting for the lifting of non-competition restrictions on directors and representatives after approval by the Board of Directors.

3. Supplementary explanations for non-competition restrictions before the proposal are discussed at the shareholders' meeting.

Identity	Name	Incumbent Positions
Director	Chiung-Fen Wang	Chairperson of Kings Asset Management Co., Ltd. Chairperson of Taiwan Steel Group United Co., Ltd. Chairperson of Taiwan Network Group United Co., Ltd. Chairperson of Gloria Material Technology Corp. Chairperson of S-Tech Corp. Chairperson of Ho Yang Investment Corp. Chairperson of Rong Yang Investment Co., Ltd. Chairperson of Na Neng Co., Ltd. Chairperson of Jade Colorful Co. Independent Director of Huang Long Development Co., Ltd. Representative of Institutional Director of Chun Yu Works & Co., Ltd. Representative of Institutional Director of Taiwan Styrene Monomer Corporation Representative of Institutional Director of D-Link Corporation Representative of Institutional Director of Cameo Communications, Inc. Director of Star Travel Corp. Representative of Institutional Director of Chun Bang Precision Co., Ltd. Representative of Institutional Director of Chun Yu Bio-Tech Corp. Representative of Institutional Director of Chun Yu Investment Co., Ltd. Chairperson of TSG Hawks Baseball Co., Ltd. Chairperson of TSG Sports Marketing Co., Ltd. Director of Soft-World International Corporation Representative of Institutional Director of Yung-Fu Co., Ltd. Representative of Institutional Director of UFC Gym Taiwan Ltd. Director of Shanghai Chun Zu Machinery Industry Co., Ltd. Supervisor of ShangHai Uchee Hardware Products Co., Ltd. Chairperson of GuanZhou Goldway Special Metal Corp.,

Identity	Name	Incumbent Positions
		Ltd. Chairperson of TianJin Goldway Special Metal Corp., Ltd. Chairperson of XiAn Goldway Special Metal Corp., Ltd. Chairperson of ZheJiang JiaXing Goldway Special Metal Corp., Ltd. Chairperson of Shiang Yang Metal Material Technology Co., Ltd. Chairperson of G-Yao Enterprises Ltd. Chairperson of All Win Enterprises Ltd. Chairperson of Faith Enterprises Ltd. Chairperson of Alloy Tool Steel Inc. Chairperson of Gloria Material Technology Japan Co., Ltd. Managing Attorney / Chairman of Prolaw Law Firm
Director	Wen-Yuan Lin	Chairman of Taiwan Styrene Monomer Corp. Chairman of Eastern Broadcasting Co., Ltd. Director of Yang Ming Shan Tien Lai Resort & Spa Independent Director of Taroko Co., Ltd. Director of Nanho Industrial Co., Ltd. Director of United Renewable Energy Co., Ltd. Independent Director of LOCUS Cell Co., Ltd.
Director	Shih-Chieh Chao	Director of E-TOP Metal Co., Ltd. Director of E-SHENG Steel Co., Ltd. Director of TMP Steel Corporation Director of S-Tech Corp
Director	Cheng-Hsiang Chen	Consultant of Gloria Material Technology Corp. Director of Forcera Materials Co., Ltd. Director of Hoyang Investment Co., Ltd. Director of S-Tech Corp. Director of Guangzhou Goldway Special Metal Co., Ltd. Director of Tianjin Goldway Special Metal Co., Ltd. Director of Xian Goldway Special Metal Corp. Ltd. Director of Zhejiang Jiaying Xiangyang Meta
Director	Yi-Ching Wu	Director of Yang Ming Shan Tien Lai Resort and Spa Chairman of Hoho International Development Ltd. Independent Director of Chun Yu Works & Co., Ltd. Director of Star Travel Co., Ltd.
Independent Director	Chin-Cheng Chien	Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Chun Yu Works & Co., Ltd. Director of Soft-World International Corp
Independent Director	Chun-Hsiung Chu	Attorney-at-Law, Chuan Ying International Law Firm Independent Director of Honey Hope Honesty Enterprise Co., Ltd. Independent Director of D-Link Corp.
Independent Director	Yi-Lang Lin	Director of President Co., Ltd. Independent Director of Launch Technologies Co., Ltd.
Independent Director	Tzu-Meng Liu	CPA of Southern Taiwan Office, PwC Taiwan

Resolution: No questions raised by the shareholders. Shares represented at

the time of voting: 381,806,121

Voting Results	
Votes in Favor :	252,842,054 votes
Votes Against :	65,825,939 votes
Votes Invalid :	0 vote
Votes Abstained :	63,138,128 votes

The number of votes in favor was accounting for 66.22% of the total voting rights of the presenting shareholders.

The above proposal be and hereby was approved as proposed.

Proposal 2: Discussion of the amendment of Procedures for the Loaning of Funds and Making of Endorsements/ Guarantees. (Proposed by the Board of Directors)

Explanation: 1. The Procedures are amended to meet the Company's practical needs.

2. Please refer to Attachment VIII for comparison before and after the amendment of the Procedures for the Loaning of Funds and Making of Endorsements/ Guarantees.

Resolution: No questions raised by the shareholders. Shares represented at the time of voting: 381,806,121

Voting Results	
Votes in Favor :	319,356,278 votes
Votes Against :	51,825votes
Votes Invalid :	0 vote
Votes Abstained :	62,398,018 votes

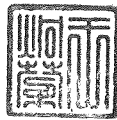
The number of votes in favor was accounting for 83.64 % of the total voting rights of the presenting shareholders.

The above proposal be and hereby was approved as proposed.

VI. Extemporaneous Motions: None.

VII. Adjournment: This meeting is closed at 15:14 pm.

(This meeting minutes is a summary of the meeting. Video record may be referenced for details of the event, procedures, and shareholder statements.)



Chairman of the Board of Directors



Recorder

## Attachments

[Attachment I]

### Business Report

#### I. Implementation of the 2022 business plan

In terms of global steel demand in 2022, the impact of the Russia-Ukraine war led to a surge in energy prices in Europe. In response, the major manufacturers reduced production, which has driven up import demands. In addition, issues such as labor shortages and material shortages caused by the COVID-19 pandemic have been improved, which exerted a positive effect on U.S. infrastructure, and led to rising demands. In addition, with the slowdown of the COVID-19 pandemic and recovery in the aerospace, oil, gas, and automotive industries, we see robust demand in the steel market, which led to a price hike.

With reduced steel production in China, the infrastructure project with a contract amount of US\$ 2 trillion, Section 232 steel and aluminum tariffs imposed by the U.S., and rapid adjustment of sales strategies during the COVID-19 pandemic, the Company actively expanded its market share in the tool steel market, and implemented lean production and alloy procurement strategy for effective cost control, in order to boost profitability on the Company's product. The Company's 2022 consolidated revenue was NT\$12,365,317, which grew by 40.98% compared to 2021, while the 2022 pre-tax profit of NT\$2,592,521 thousand increased by 154.62% compared to 2021.

#### Growth of consolidated sales and pre-tax profit

Unit: NT \$thousand

	Operating Revenue	Gross Margin	Operating Profit	Pre-tax Profit
2022	12,365,317	3,955,630	2,414,961	2,592,521
2021	8,770,944	2,338,770	1,074,052	1,018,195
Percentage Growth	40.98%	69.13%	124.85%	154.62%

#### (I) Budget execution

Thanks to robust demand in the steel market, exemption from Section 232 steel and aluminum tariffs imposed by the U.S., and the appreciation of US dollar, the Company's revenue, and profit have reached its budget via strategies including lean production, strategic procurement of raw materials, and expansion of tool steel market share. In 2022, the company's net operating revenue was NT\$11,265,158 thousand, which achieved 102.89% of the guidance, while net profit was NT\$2,018,769 thousand, which achieved 226.29% of the guidance.



Unit: NT\$ thousand

Item \ Year	Individual Budget in 2022	Individual Achievement in 2022	Rate in 2022
Net Operating Revenue	10,949,112	11,265,158	102.89%
Gross Margin	2,473,243	3,296,103	133.27%
Operating Profit	1,008,121	2,014,786	199.86%
Pre-tax Profit	1,060,904	2,431,268	229.17%
Net Profit	892,135	2,018,769	226.29%

(II) The capacity of financial revenue and profitability

1. The Group recorded a net cash inflow of NT\$1,697,191 thousand from operating activities in 2022 mainly due to a increase in inventories turnover and an increase in operating revenue sales, while a net cash outflow of NT\$616,238 thousand arising from investment activities was mainly due to the purchase of fixed assets for plant expansion. Net cash inflow has been generated from financing activities of NT\$167,808 thousand due to an issue of bond.
2. Profitability analysis  
 Return on Total Assets: 8.31%  
 Return on Equity: 18.85%  
 Operating Income to Capital Stock: 52.83%  
 Pre-tax Profit to Capital Stock: 56.71%  
 Basic EPS (after tax): 4.52

(III) R&D review and explanation

Corresponding to the development of high-end steel grades, in 2022, GMTC developed new steel grades for hot work tool steel with high strength and toughness, for effective use in the die casting and aluminum extrusion industries.

Major development on R&D and quality in 2022:

1. Corresponding to equipment replacement needs and revision of regulations/ norms, GMTC has been negotiating with end-user clients to expand the scope of certified products and first article inspection (FAI).
2. We continue to comply with the steel type, shape, size, weight, and simplified processes, so as to increase the flexibility of order delivery and achieve effective production.
3. Improve the steelmaking process, including raw material management, optimization of ingredients, and process parameter adjustment, in order to shorten the smelting process and improve the internal and surface quality of steel ingots.
4. Expand various sizes and steel grades of roll bars.
5. Preparations for introducing 50T machines into the production process, so as to facilitate hot testing.

## **II.2023 Business plan**

### **(I) Business development**

With the slowdown of the COVID-19 pandemic, significant recovery in the aerospace, oil and gas and automotive industries, reduced production by major manufacturers due to issues such as the U.S. infrastructure and Russia-Ukraine war, and China's steel output cuts in the next few years, we forecast a robust steel market, entailing growth potential. The Company has actively responded to the high competition in the industry and environmental issues. The domestic and overseas business development plans are summarized as follows:

**Domestic:** With the slowdown of the COVID-19 pandemic and global economic recovery, the domestic machinery/mold/automotive industry showed steady development in 2022. With deep cultivation in Taiwan, GMTCC is committed to improving the production process and providing more diversified product sizes and types. In the future, we anticipate that the scope of services will expand in the domestic market, with a selection of self-developed /customized materials for various industries in Taiwan.

**Overseas market:** In face of significant recovery in the aerospace, energy, and oil and gas industries, the steel market will remain upbeat due to issues such as U.S. infrastructure in the next few years, coupled with the transfer of orders owing to geopolitics and international military technology transition.

GMTCC not only continues to deepen high-value industries such as the aerospace, energy, and oil and gas industries, but also provided competitive products, actively developing high-end tool steel products to tap into high-end applications in Europe, the U.S., and Japan.

### **(II) Product development:**

#### **New product/ new process development:**

In 2023, the Company will continue to expand the application of high-end hot work steel in end-user molds, while its new product development plan covers high-purity optical mirror polished stainless steel, which is mainly used in the precision plastic injection molding industry, with the aim to replace competitive steel products in overseas factories, and improve the Company's own technology and cost competitiveness in Taiwan.

In 2023, the main operations in cooperation with the above product lines are as follows:

1.Production:

Complete the expansion and adjustment of production equipment in the two factories, so that each factory can manufacture products with a strong competitive advantage. Firstly, the mass production of new equipment has led to higher CUR, and secondly, the Company has been focusing on precision management and logistics, shortening the process and reducing unnecessary waste in order to boost its profitability. Establish new product lines to tap into the market, increase the depth of sales and product breadth, and invest in new forging equipment in the future. We will gradually develop one-stop production services, and become the most comprehensive production base for steel bars in Taiwan.

2.Sales:

- a.Expand international channels, build a large distributor network locally, and increase the total sales volume.
- b.Increase the market share of tool steel in various regions.
- c.U.S. market: Aerospace, oil, and gas are gradually recovering, while the product orders need to be adjusted to provide stable shipments, and assist customers with inventory correction.
- d.European market: The aerospace industry has recovered along with the lifting of COVID-19 restrictions, and thus in addition to tool steel the Company also arranged orders to actively tap into the aerospace market.
- e.Japanese market: Gloria Material Technology Japan Co., Ltd. was established in 2022 to expand its market share in the tool steel and stainless steel markets.

3.R&D:

As the 50T steel production equipment is in place, six main grades of steel have been selected for detailed process planning, and relevant tests will be conducted in stages in Q2-Q4, as the Company dedicated efforts to improve equipment quality and expand equipment capacity.

### **(III) 2023 Operating Principle**

In face of changes in the global trend, in addition to continuous internal transformation and adjustments, GMTC still needs to adjust its product orders in response to rapid changes in the global market in 2023, so as to maintain its market share in the competitive market.

Therefore, the overall operating strategies within this year's budget are as follows:

- 1.Stabilize orders in the existing markets, establish global distribution channels, and timely adjust product orders.
- 2.Streamline management and strengthen the responsibility system to improve the quality of the whole product line, effectively distinguish between different production processes and equipment management, and improve the operational efficiency of equipment and production capacity.
- 3.Achievements in R&D of high-end special steel products and development of new stainless steel products.
- 4.Lower inventory levels of products.

### **III.Future development strategy**

GMTC's market mainly focuses on exports, with an export ratio of nearly 70%, exporting to nearly 50 countries worldwide. Price and quality are critical in the face of global competitors and changes in international trends, while stable purchasing strategies and process cost control measures are crucial for expanding the Company's market share:

#### **(I)Marketing strategy:**

- 1.Formulating the strategy to achieve a leading market share in the Asian tool steel market.
- 2.Expand the global market share of 6 series of functional stainless steel, and develop towards the aerospace, energy, oil and gas, and military industries which require product certification.
- 3.Market expansion in Northeast Asia and Southeast Asia.
- 4.Planning global deployment of new products.

#### **(II)Production strategy:**

- 1.Relocation of plant equipment and production process redesign.
- 2.Strengthen the competitiveness of different product sizes, specialization and division of labor, and scale production to reduce costs.
- 3.Optimize the existing equipment or invest in new process equipment to improve production efficiency. Expand the size range (both larger and smaller) to enhance product competitiveness and stabilize product quality.
- 4.The development of green electricity and design of production processes to achieve energy saving and carbon reduction to mitigate environmental impact and fulfill the company's social responsibility in green energy.

#### **(III)Human resource:**

Since employees are the Company's most valuable assets, employee development shall be one of the Company's growth drivers. Therefore, we safeguard the rights and interests of employees by formulating relevant regulations and rules, providing incentives and a salary bonus system, caring for employees, and offering preferential benefits to enable employees to work with peace of mind.

In response to global market trends and new generations, we internally conducted efficient labor deployment and management, and functional and organizational transformation. In addition, if the Company earned stable profits, we express our gratitude to the hard-working employees and their contributions last year by raising the overall salary by

5% in 2022 and 3% in 2023, in order to share business achievements with employees.

GMTC continued to work with the NCKU-Butterfly Program for industry-academia cooperation. The diversified talent cultivation platform cooperates with the industry to cultivate international talents, so as to achieve a win-win situation.

#### **IV. Influences of the external competitive environment, regulatory environment, and the overall business environment**

##### **(I) Economic environment**

In 2022, the state of the global economy was unsatisfactory owing to factors including inflation, the Russia-Ukraine war, and climate change. In addition, the rising interest rate, the ongoing Russia-Ukraine war, and a slowdown of major economies in the world also exerted a negative impact on the global economic outlook for 2023. According to the World Bank, global economic growth is estimated at 1.7% in 2023, with a decline of 2.9% compared to that in 2022. Among them, the economic growth forecast was trimmed to 0.5% in 2023 from 1.9% in 2022 in the U.S., lowered to 0% in 2023 from 3.3% in 2022 in the EU, raised to 4.3% in 2023 from 2.7% in 2022 in China, and trimmed to 1.0% in 2023 from 1.2% in 2022 in Japan.

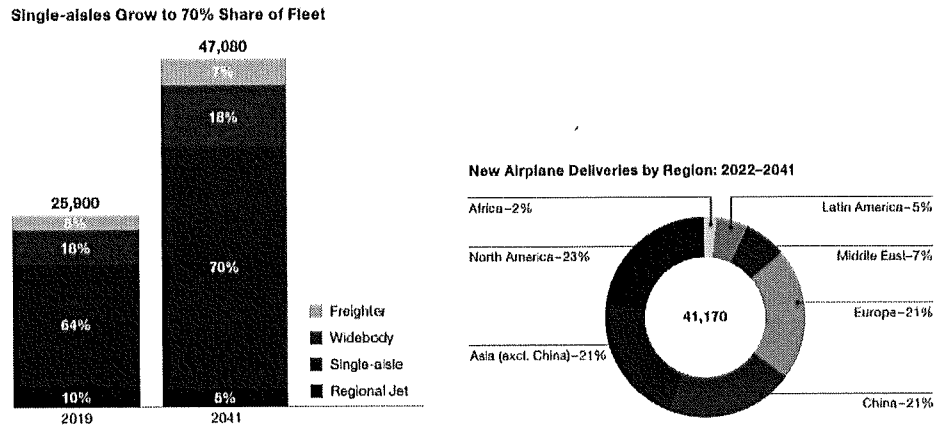
However, given the impacts of the U.S. infrastructure, the Russia-Ukraine war reduced production of major factories, and low steel production in China, the global steel market supply and demand will be in stable equilibrium, while the rebound in raw material price will drive price hike of international steel products. Therefore, the Company is still optimistic about growth in the steel market.

##### **(II) Industry environment analysis:**

Countries around the world are gradually lifting border restrictions along with the slowdown of the COVID-19 pandemic, which brings about a significant rise in demands for household/ industrial products and infrastructure. The major industries are gradually returning to a growth trajectory, yet we still need to keep track of changes in geopolitical uncertainties, climate change, and the COVID-19 pandemic. The following is a speculative analysis of the major industries:

##### **I. Aviation industry:**

According to Boeing's outlook, the COVID-19 pandemic has significantly dragged down demands in the global aviation market. However, with the gradual slowdown of the COVID-19 pandemic, the total output value will gradually return to a long-term growth trend. In the next 20 years (2022-2041), the demand for new aircraft may exceed 41,170 units in the global aviation market, and the number of aircraft in service will exceed 47,080 units. Recently, single-aisle aircrafts accounted for up to 70% of the total number of aircraft, and the countries in the Pan-Pacific region, North America and Europe have the highest demand for new aircrafts.



Source: Boeing, Commercial Market Outlook 2022-2041

As countries accelerate the lifting of border restrictions, tourism, and business flight demands have shown an evident increase. The aerospace supply chain has recovered along with rising end-user demand, which further raised the inventory level, propelling the shipment volume of materials. In response, we see active preparation of materials in the aerospace supply chain. The shortage of power supply in Europe has led to reducing production or factory shutdowns, with order transfer as aerospace materials are difficult to obtain in the supply chain.

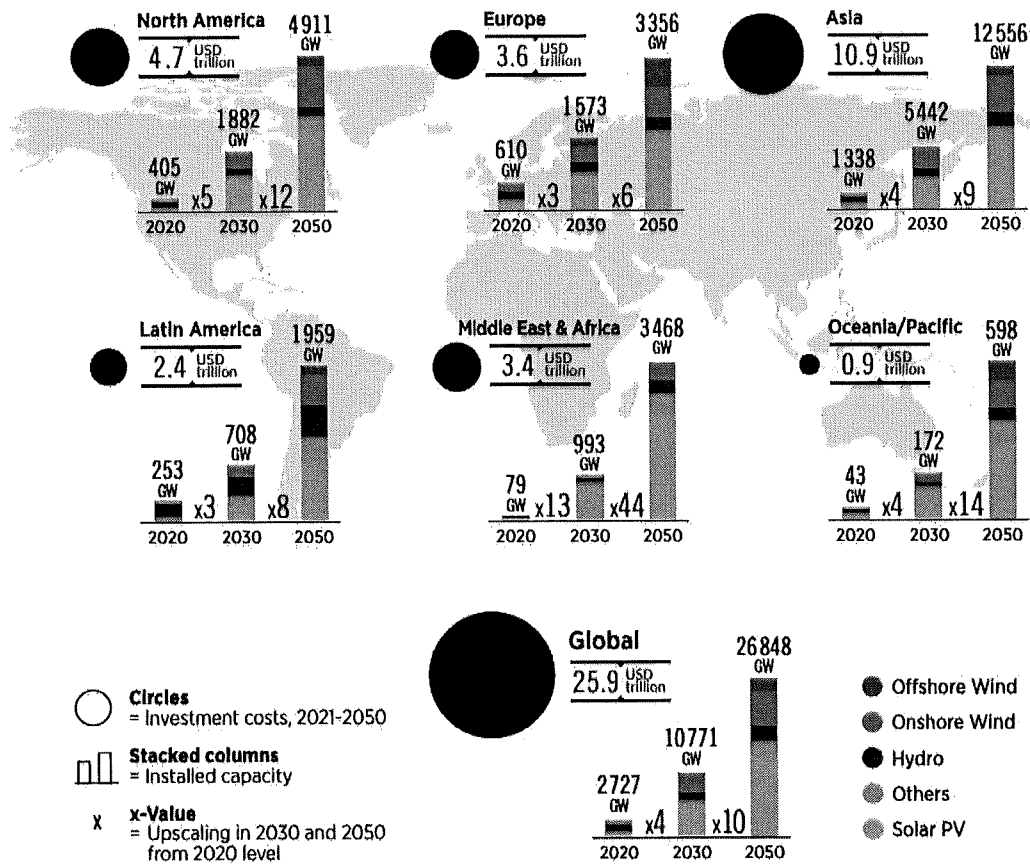
## II. Power industry

Given the global concern about climate change and the reduction of carbon emissions, countries around the world are actively developing various green energy, including renewable energy such as wind power and solar power. According to the International Renewable Energy Agency (IRENA), under a scenario near 1.5°C of global warming, it is estimated that Asia, North America and Europe will account for 83% of installed global renewable energy capacity by 2030. Among them, Asia's installed renewable energy capacity should expand by 4 times, while the installed capacity of North America and Europe should expand by 5 times and 3 times, respectively. Overall, the Company's accumulated global investment is estimated to reach US\$25.9 trillion.

Due to the impact of the Russia-Ukraine war, Russia has cut off the oil and gas supply, which resulted in large fluctuations in energy prices. Meanwhile, we also increased demand in the energy industry, which is conducive to rising demands for turbine blade materials used in generators in the energy industry. We expect that the steel used in the oil and gas industry will also grow month by month, and as issues related to climate change and net-zero carbon emissions materialize, the Company is still optimistic about growth in the energy market.

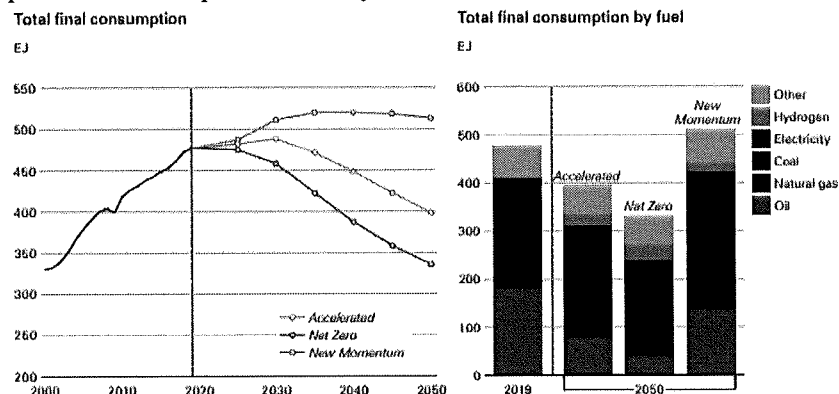
Figure X. Total installed renewable energy capacity and accumulated investment by region in 2020, 2030 and 2050.

Source: IRENA, World Energy Transitions Outlook 2022



### III. Crude oil industry

In recent years, given global concern and an increase in global awareness of environmental protection, the governments of various countries actively respond to energy issues. According to BP's 2023 Outlook for Global Energy Transition, the consumption of oil and gas has declined in recent years. Although oil and gas are still the main energy sources nowadays, we see an increase in electricity consumption along with rapid growth in the wind power and solar power industry.



Source: BP, Energy Outlook

Given the conflict between Russia and Ukraine, Russia has cut off the oil and gas supply, which widened the oil and gas gap in Europe. To fill this gap, the U.S. gradually resumed shale oil extraction. In addition to the above-mentioned situation in the U.S., there

was active offshore drilling in the North Sea and Southeast Asia region due to high oil prices and rising demand.

### (III)Steel industry:

According to World Steel Association, global steel demand will increase slightly by 1.0% from 1.8 billion tons in 2022 to 1.81 billion tons in 2023.

In recent years, many uncertainties in the world have had a profound impact on the economy and society. The Russia-Ukraine war affected the energy, oil, gas, and steel production capacity in Europe and the U.S., while the issue of climate change has gradually materialized. The steel industry and other industries with high CO<sub>2</sub> emissions were listed as one of the major controlled targets. Entering the carbon pricing era, which will directly impact industries with high CO<sub>2</sub> emissions, we shall pay close attention to recent laws and regulations to ensure profitability, and take into account relevant response strategies and risk control measures to mitigate the impact. In addition, thanks to increasing global vaccination coverage, the spread of the Omicron variant will not be as disruptive to society as the COVID-19 pandemic. Therefore, we need to pay attention to geopolitical uncertainties, climate change, and the COVID-19 pandemic.

Steel demand, finished steel	
Last updated on 19 October 2022	
WORLD	
2022	2023
-2.3%	+1.0%
1 796.7Mt	1 814.7Mt

Source: Worldsteel, 2022

### (IV)Regulatory environment and overall operating environment

Although steel does not represent a great proportion of the alloy steel industry, it is the key to the development of high-end industries. In the 8 major countries with high industrial development and aviation, energy, automation, and other industries, high-alloy steel is required as the basis for the main components of modern high-tech products.

#### 1.High competitiveness in the global alloy tool steel market:

In recent years, with increased protectionism in global steel markets, various countries still conducted the impact of the COVID-19 pandemic, countries have still imposed steel tariff-rate quotas or taxes on imported goods since 2020, in order to protect the local market. These measures will not be lifted until 2023. However, if the situation is not resolved, there may be a change in the market, while factors, including the adjustment of import quotas along with rising demand, or inability to export in large quantities due to reduced production in some regions, should be conducive to the Company's sales.

For 2023, the Company will mainly focus on the aerospace, oil, and gas markets in Europe and the U.S., followed by tool steel sales in Asia.

#### 2.Trade barriers still exist in various countries

(1)Section 232 steel and aluminum tariffs imposed by the U.S.: Although some steel products have already been exempted from tariffs, the Section 232 tariffs continue to apply to imports of steel and aluminum to the U.S.

(2)EU: Discussion on whether steel trade tariffs should continue.

(3)The signing of the RCEP Agreement: The steel industry faces price competition in



Southeast Asia. Although tariffs did not exert an immediate effect, they may cause long-term pressure in the steel industry.

- 3.Environmental issues: The carbon tax issue has been unignorable in the steel industry. The Taiwan government has been implementing the ordinance that sets renewable energy quotas for large electricity users last year, thereby raising the operating costs of steel companies.

Looking into 2023, the COVID-19 pandemic will gradually slow down, and the global economy should quickly recover as countries around the world gradually lift COVID restrictions and return to a normal trajectory. In addition, the Company also needs to keep track of geopolitical uncertainties and climate change issues. The Company has always been prudent in its business management, internally implementing lean management and division of labor, flexibly adjusting production/sales/ procurement strategies in response to market trends. We also tapped into new markets by product certification, increasing product types and applications, and maintaining financial stability by reducing operational costs which cover purchase costs, production costs, repair costs, material costs, and energy consumption, so as to strengthen the Company's market competitiveness and seize market share in Asia, in the aim to maximize business achievements to share with the Company's shareholders and employees. Finally, I sincerely thank all shareholders for their long-term support. GMTC's management team and employees will continue to dedicate efforts and bring profitable growth to shareholders.

We wish you all good wealth and prosperity!

Chairman: Chiung-Fen Wang

Manager: Yung-Chang Kang

Accounting Manager:  
Yi-Ting Tseng

**[Attachment II]**

Audit Committees' Review Report

The Board of Directors made the Company's 2022 business report, financial statements and appropriated earnings. The Audit Committee approves the above-mentioned business report, financial statements and appropriation of earnings in accordance with Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act, and it is considered that there is no disagreement, please review it.

Gloria Material Technology Corp.

Convener of the Auditing Committee:  
Chin-Chen Chien

April 13, 2023

## GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance from Taiwan as of December 31, 2022	Remittance of Funds		Accumulated Outward Investment Remittance from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Guangzhou Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital USD3,000 thousand (Paid-in capital of CNY24,856 thousand)	2	USD 2,837 HKD 700	\$ -	\$ -	USD 2,837 HKD 700	\$ 13,338	96%	Note 2 (2) \$ 11,757	\$ 182,798	\$ -	
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital USD3,000 thousand (Paid-in capital of CNY22,108 thousand)	2	- (Note 4)	-	-	- (Note 4)	42,229	96%	Note 2 (2) 40,679	257,728	-	
Tianjin Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital USD3,300 thousand (Paid-in capital of CNY26,719 thousand)	2	USD 3,300	-	-	USD 3,300	12,115	96%	Note 2 (2) 11,480	155,698	18,007	
Xian Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital USD2,000 thousand (Paid-in capital of CNY12,660 thousand)	2	- (Note 5)	-	-	- (Note 5)	16,555	96%	Note 2 (2) 15,309	102,866	-	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital USD30,000 thousand (Paid-in capital of CNY115,067 thousand)	2	USD 18,000	-	-	USD 18,000	45,070	100%	Note 2 (2) 45,070	563,826	24,773	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
USD 24,137 HKD 700	\$936,655 (USD 30,500)	\$6,679,368 (Note 3)

Note 1: Methods of investment are classified as below:

- 1) Investments through a holding company registered in a third region
- 2) Reinvestments through a holding company set up in a third region
- 3) Reinvestments through a holding company existing in a third region
- 4) Direct investment

5) Others

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

- 1) Companies that are still in the preparatory stage and therefore have no investment gain or loss should be disclosed.
- 2) 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) Financial statements which were audited by the parent company's accounting firm.
  - 3) Other financial statements which were not audited by the accounting firm.

Note 3: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company  $\$11,132,280 \times 60\% = \$6,679,368$

Note 4: The capital, which Faith Easy Enterprises Ltd. received from the retained earnings of Guangzhou Goldway Special Material Co., Ltd., was transferred to the capital of Zhejiang Jiaxing Goldway Special Material Co., Ltd.

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Gloria Material Technology Corp.

**Opinion**

We have audited the accompanying financial statements of Gloria Material Technology Corp. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company’s financial statements for the year ended December 31, 2022 is as follows:

### Occurrence of Sales Revenue

The sales revenue of the Company mainly comes from the production and sale of special steel products such as high-functional materials, alloy steel and stainless steel. The products are utilized in various industries such as energy, aerospace, oil and gas, water, biomedicine, machine tools, molds and shipping. The revenue coming from products for specific industries is material to the financial statements as a whole and is significant to the Company's business performance. Since sales to specific industries is the primary risk, we considered the occurrence of revenue as a key audit matter.

The audit procedures we performed included the following:

1. We obtained an understanding of and evaluated the accounting policies for the recognition of sales revenue.
2. We obtained an understanding of and tested the operating effectiveness of the internal controls in relation to the occurrence of sales revenue.
3. We selected samples of and performed tests on sales revenue transactions for the year ended December 31, 2022. We checked the relevant internal and external documents and confirmed that the products have been delivered. We also checked for discrepancies between the counterparty of the transaction and the counterparty of payment and for any abnormalities in the amounts collected after the reporting period.

### **Other Matter**

We did not audit the financial statements of some investees accounted for using the equity method. The financial statements of the aforementioned investees accounted for using the equity method were audited by other accountant; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. The total amount of investments in these investees accounted for using the equity method was NT\$290,931 thousand and NT\$348,581 thousand, representing 1.2% and 1.7%, of the Company's total assets as of December 31, 2022 and 2021, respectively, and the amount of the Company's total share of comprehensive income of such associates was NT\$40,153 thousand and NT\$5,143 thousand, representing 2.0% and 0.7%, of the Company's total comprehensive income for the year ended December 31, 2022 and 2021, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

#### Notice to Readers

*The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.*



**GLORIA MATERIAL TECHNOLOGY CORP.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,949,371	8	\$ 822,460	4
Financial assets at fair value through profit or loss - current (Note 7)	52,879	-	72,498	-
Notes receivable (Note 9)	49,546	-	41,430	-
Trade receivables (Note 9)	1,563,300	7	1,184,552	6
Trade receivables from related parties (Note 28)	283,906	1	253,439	1
Other receivables (Note 28)	102,444	1	195,890	1
Inventories (Note 10)	5,189,508	22	4,337,293	21
Other current assets (Notes 15, 28 and 29)	50,645	-	91,310	-
Total current assets	<u>9,241,599</u>	<u>39</u>	<u>6,998,872</u>	<u>33</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	18,571	-	18,620	-
Investments accounted for using the equity method (Note 11)	2,303,709	10	2,102,729	10
Property, plant and equipment (Notes 12 and 29)	7,897,662	33	8,046,454	38
Right-of-use assets (Notes 13 and 28)	30,885	-	59,083	-
Investment properties (Notes 14 and 29)	613,930	3	348,345	2
Deferred tax assets (Note 22)	124,481	-	109,684	1
Prepayments for equipment (Note 28)	3,318,830	14	2,974,012	14
Other non-current assets (Notes 15 and 29)	<u>177,528</u>	<u>1</u>	<u>332,679</u>	<u>2</u>
Total non-current assets	<u>14,485,596</u>	<u>61</u>	<u>13,991,606</u>	<u>67</u>
<b>TOTAL</b>	<u>\$ 23,727,195</u>	<u>100</u>	<u>\$ 20,990,478</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 1,310,481	5	\$ 1,196,159	6
Short-term bills payable (Note 16)	20,000	-	270,000	1
Notes payable	391	-	187	-
Trade payables	651,461	3	524,449	3
Trade payables to related parties (Note 28)	50,938	-	71,955	-
Other payables (Notes 18 and 28)	662,589	3	490,750	2
Current tax liabilities	425,765	2	82,742	1
Lease liabilities - current (Notes 13 and 28)	1,430	-	2,381	-
Current portion of long-term bank borrowings (Notes 16 and 29)	1,211,877	5	1,290,052	6
Other current liabilities	<u>133,889</u>	<u>1</u>	<u>54,728</u>	<u>-</u>
Total current liabilities	<u>4,468,821</u>	<u>19</u>	<u>3,983,403</u>	<u>19</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 17 and 29)	4,337,043	18	1,410,890	7
Long-term borrowings (Notes 16 and 29)	4,034,901	17	6,286,254	30
Deferred tax liabilities (Note 22)	137,652	1	104,529	-
Lease liabilities - non-current (Notes 13 and 28)	30,616	-	58,741	-
Net defined benefit liabilities - non-current (Note 19)	121,082	1	135,919	1
Other non-current liabilities	<u>62,533</u>	<u>-</u>	<u>60,743</u>	<u>-</u>
Total non-current liabilities	<u>8,723,827</u>	<u>37</u>	<u>8,057,076</u>	<u>38</u>
Total liabilities	<u>13,192,648</u>	<u>56</u>	<u>12,040,479</u>	<u>57</u>
<b>EQUITY (Note 20)</b>				
Share capital				
Ordinary shares	<u>4,571,224</u>	<u>19</u>	<u>4,567,360</u>	<u>22</u>
Capital surplus	<u>2,178,236</u>	<u>9</u>	<u>2,027,062</u>	<u>9</u>
Retained earnings				
Legal reserve	914,627	4	843,957	4
Special reserve	103,107	-	187,212	1
Unappropriated earnings	<u>3,032,679</u>	<u>13</u>	<u>1,627,728</u>	<u>8</u>
Total retained earnings	<u>4,050,413</u>	<u>17</u>	<u>2,658,897</u>	<u>13</u>
Other equity	<u>(43,415)</u>	<u>-</u>	<u>(69,395)</u>	<u>-</u>
Treasury shares	<u>(221,911)</u>	<u>(1)</u>	<u>(233,925)</u>	<u>(1)</u>
Total equity	<u>10,534,547</u>	<u>44</u>	<u>8,949,999</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 23,727,195</u>	<u>100</u>	<u>\$ 20,990,478</u>	<u>100</u>

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

# GLORIA MATERIAL TECHNOLOGY CORP.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 28)	\$11,265,158	100	\$ 7,820,211	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 21 and 28)	<u>(7,969,055)</u>	<u>(71)</u>	<u>(6,016,704)</u>	<u>(77)</u>
GROSS PROFIT	3,296,103	29	1,803,507	23
UNREALIZED GROSS PROFIT ON TRANSACTIONS WITH SUBSIDIARIES	(91,031)	(1)	(78,075)	(1)
REALIZED GROSS PROFIT ON TRANSACTIONS WITH SUBSIDIARIES	<u>78,075</u>	<u>1</u>	<u>27,336</u>	<u>-</u>
REALIZED GROSS PROFIT	3,283,147	29	1,752,768	22
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	(887,418)	(8)	(785,409)	(10)
General and administrative expenses	(339,388)	(3)	(217,391)	(3)
Research and development expenses	(39,940)	-	(49,067)	(1)
Expected credit loss (recognized) reversed	<u>(1,615)</u>	<u>-</u>	<u>32,012</u>	<u>1</u>
Total operating expenses	<u>(1,268,361)</u>	<u>(11)</u>	<u>(1,019,855)</u>	<u>(13)</u>
PROFIT FROM OPERATIONS	<u>2,014,786</u>	<u>18</u>	<u>732,913</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 28)				
Other income	107,941	1	121,433	2
Other gains and losses	152,317	1	(51,712)	(1)
Finance costs	(160,958)	(1)	(117,422)	(1)
Interest income	3,743	-	483	-
Share of profit of subsidiaries and associates	<u>313,439</u>	<u>3</u>	<u>170,406</u>	<u>2</u>
Total non-operating income and expenses	<u>416,482</u>	<u>4</u>	<u>123,188</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,431,268	22	856,101	11
INCOME TAX EXPENSE (Note 22)	<u>(412,499)</u>	<u>(4)</u>	<u>(104,526)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>2,018,769</u>	<u>18</u>	<u>751,575</u>	<u>10</u>

(Continued)

# GLORIA MATERIAL TECHNOLOGY CORP.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	876	-	(34,624)	(1)
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(2,110)	-	7,597	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method - unrealized loss on investments in equity instruments at fair value through other comprehensive income	(8,063)	-	(9,712)	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method - remeasurement of defined benefit plans	394	-	224	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	(175)	-	6,925	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	38,375	-	(6,909)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	-	-	(1,217)	-
Other comprehensive income/(loss) for the year, net of income tax	<u>29,297</u>	<u>-</u>	<u>(37,716)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>\$ 2,048,066</b></u>	<u><b>18</b></u>	<u><b>\$ 713,859</b></u>	<u><b>9</b></u>
<b>EARNINGS PER SHARE (Note 23)</b>				
Basic	<u>\$ 4.52</u>		<u>\$ 1.70</u>	
Diluted	<u>\$ 4.22</u>		<u>\$ 1.70</u>	

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

(Concluded)

**GLORIA MATERIAL TECHNOLOGY CORP.**

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022  
(In Thousands of New Taiwan Dollars)

	Capital Surplus										Other Equity					
	Difference Between Consideration and Carrying Amount of Subsidies Acquired or Disposed										Unrealized					
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets	Employee Share Options		Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interests in Subsidiaries	Legal Reserve	Retained Earnings	Unappropriate d Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 4,667,360	\$ 221,392	\$ 1,462,657	\$ 353,747	\$ 3,502	\$ 4,925	\$ 18,283	\$ 794	\$ 13,510	\$ 817,117	\$ 190,348	\$ 1,124,897	\$ (39,023)	\$ (4,815)	\$ (711,845)	\$ 8,122,849
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	26,840	-	(26,840)	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(3,136)	3,136	-	-	-	(180,163)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(180,163)	-	-	-	751,575
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	751,575	-	-	-	(37,716)
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	(27,475)	(6,909)	(3,332)	-	190,694
Cancellation of treasury shares	(100,000)	(4,743)	-	(85,951)	-	-	-	-	-	-	-	-	-	-	-	(926)
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(926)	305,671
Disposal of the Company's shares held by subsidiaries	-	-	-	35,203	-	-	-	-	-	-	-	-	-	-	270,468	6,843
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,316)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	15,316	-	(15,316)	-	(51,001)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	-	-	(18,283)	-	-	-	-	(32,718)	-	-	-	32,867
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	15,183	-	-	-	-	-	17,684	8,949,999
BALANCE AT DECEMBER 31, 2021	4,567,360	216,649	1,462,657	309,842	3,502	4,925	-	794	28,693	843,957	187,212	1,627,728	(45,932)	(23,463)	(233,925)	8,949,999
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	70,670	-	(70,670)	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(84,105)	84,105	-	-	-	(630,570)
Special reserve	-	-	-	-	-	-	-	-	-	-	-	(630,570)	-	-	-	2,018,769
Share dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	2,018,769	-	-	-	29,297
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,763
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	1,095	38,375	(10,173)	-	(15,000)
Conversion of corporate bonds to ordinary shares	3,864	-	9,400	-	-	(501)	-	-	-	-	-	-	-	-	-	34,826
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,000)	6,905
Disposal of the Company's shares held by subsidiaries	-	-	-	7,812	-	-	-	-	-	-	-	-	-	-	27,014	114,739
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,905	-	-	-	-	-	-	-	-	-	-	-	12,819
Equity component of convertible bonds issued by the Company	-	-	-	-	-	114,739	-	-	-	-	-	-	-	-	-	6,905
Adjustment from changes in equity of subsidiaries and associates	-	-	-	-	-	-	-	12,819	-	-	-	-	-	-	-	114,739
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,819
BALANCE AT DECEMBER 31, 2022	\$ 4,571,224	\$ 216,649	\$ 1,472,057	\$ 324,559	\$ 3,502	\$ 119,163	\$ -	\$ 13,613	\$ 28,693	\$ 914,627	\$ 103,107	\$ 3,032,679	\$ (7,557)	\$ (35,858)	\$ (221,911)	\$ 10,534,547

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

# GLORIA MATERIAL TECHNOLOGY CORP.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,431,268	\$ 856,101
Adjustments for:		
Depreciation expense	390,555	380,998
Amortization expense	579	787
Expected credit loss recognized (reversed) on trade receivables	1,615	(32,012)
Net loss on fair value changes of financial assets at fair value through profit or loss	14,556	43,849
Finance costs	160,958	117,422
Interest income	(3,743)	(483)
Dividend income	(1,220)	(2,080)
Share of the profit of subsidiaries and associates	(313,439)	(170,406)
Gain on disposal of property, plant and equipment	(5,796)	(217)
Expenses arising from property, plant and equipment	82,617	78,050
Gain on disposal of associates	(160,573)	(3,565)
Write-down of inventories	23,589	7,233
Unrealized gain on transactions with subsidiaries	91,031	78,075
Realized gain on transactions with subsidiaries	(78,075)	(27,336)
Net loss/(gain) on foreign currency exchange	84,011	(19,288)
Others	(719)	225
Changes in operating assets and liabilities		
Notes receivable	(8,034)	(16,670)
Trade receivables	(374,765)	(578,236)
Trade receivables - related parties	(30,467)	(27,545)
Other receivables	93,446	(57,419)
Inventory	(876,105)	(1,091,533)
Other current assets	6,890	(33,735)
Notes payable	204	(6)
Trade payables	126,757	330,541
Trade payables - related parties	(21,017)	54,034
Other payables	144,904	(445,523)
Other current liabilities	79,161	14,867
Net defined benefit liabilities	(13,961)	(14,614)
Cash generated from (used in) operations	1,844,227	(558,486)
Interest received	3,743	483
Dividends received	110,450	65,011
Interest paid	(118,103)	(107,569)
Income tax paid	(51,284)	-
Net cash generated from (used in) operating activities	<u>1,789,033</u>	<u>(600,561)</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

**GLORIA MATERIAL TECHNOLOGY CORP.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
Purchase of financial assets at fair value through other comprehensive income	(3,547)	(51,644)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,486	114,048
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,064
Proceeds from disposal of financial assets at amortized cost	37,452	-
Purchase of financial assets at fair value through profit or loss	-	(90,228)
Proceeds from sale of financial assets at fair value through profit or loss	5,063	91,686
Acquisition of associates	(51,964)	-
Proceeds from disposal of associates	349,427	9,390
Net cash outflow on acquisition of subsidiary	-	(52,232)
Payments for property, plant and equipment	(912,355)	(802,160)
Proceeds from disposal of property, plant and equipment	5,908	489
Net cash inflow from business combination (Note 11)	-	21,013
Increase in other noncurrent assets	-	(254,135)
Decrease in other non-current assets	<u>155,845</u>	<u>-</u>
Net cash used in investing activities	<u>(412,685)</u>	<u>(1,010,709)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	23,613	753,490
Proceeds from short-term bills payable	-	270,000
Repayments of short-term bills payable	(250,000)	-
Proceeds from issuance of bonds	3,024,680	1,470,334
Proceeds from long-term borrowings	1,153,400	1,256,363
Repayments of long-term borrowings	(3,489,816)	(1,554,264)
Repayments of principal of lease liabilities	(6,474)	(5,964)
Increase in other noncurrent liabilities	-	3
Decrease in other non-current liabilities	(88)	-
Dividends paid to owners of the Company	(630,570)	(180,163)
Acquisition of additional interests in subsidiaries	<u>(74,182)</u>	<u>(177,716)</u>
Net cash (used in) generated from financing activities	<u>(249,437)</u>	<u>1,832,083</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,126,911</b>	<b>220,813</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>822,460</b></u>	<u><b>601,647</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 1,949,371</b></u>	<u><b>\$ 822,460</b></u>

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Gloria Material Technology Corp.

### **Opinion**

We have audited the accompanying consolidated financial statements of Gloria Material Technology Corp. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is as follows:

#### Occurrence of Sales Revenue

The sales revenue of the Group mainly comes from the production and sale of special steel products such as high-functional materials, alloy steel and stainless steel. The products are utilized in various industries such as energy, aerospace, oil and gas, water, biomedicine, machine tools, molds and shipping. The revenue coming from products for specific industries is material to the consolidated financial statement as a whole and is significant to the Group's business performance. Since sales to specific industries is the primary risk, we considered the occurrence of revenue as a key audit matter.

The audit procedures we performed included the following:

1. We obtained an understanding of and evaluated the accounting policies for the recognition of sales revenue.
2. We obtained an understanding of and tested the operating effectiveness of the internal controls in relation to the occurrence of sales revenue.
3. We selected samples of and performed tests on sales revenue transactions for the year ended December 31, 2022. We checked the relevant internal and external documents and confirmed that the products have been delivered. We also checked for discrepancies between the counterparty of the transaction and the counterparty of payment and for any abnormalities in the amounts collected after the reporting period.

#### **Other Matter**

As stated in Note 26, the Group lost its control over S-tech Corp. on August 23, 2021. The Group did not include the assets and liabilities in the consolidated financial statements as of December 31, 2021. Sales revenue and comprehensive income included in the consolidated financial statements was NT\$538,075 thousand and NT\$32,724 thousand, representing 6.1% of the Group's total sales revenue and 4.0% of comprehensive income for the year ended December 31, 2021, respectively. We did not audit the financial statements of S-tech Corp. The financial statements of S-tech Corp. was audited by other accountant; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. We did not audit the financial statements of some investees accounted for using the equity method. The financial statements of the aforementioned investees accounted for using the equity method were audited by other accountant; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. The total amount of investments in these investees accounted for using the equity method was NT\$290,931 thousand and NT\$348,581 thousand, representing 1.2% and 1.6%, of the Group's total assets as of December 31, 2022 and 2021, respectively, and the amount of the Group's total share of comprehensive income of such associates was NT\$40,153 thousand and NT\$(1,686) thousand, representing 1.9% and (0.2)%, of the Group's total comprehensive income for the year ended December 31, 2022 and 2021, respectively.

We have also audited the parent company only financial statements of the Company as of



and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion with other matter paragraph.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

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 audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.*

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,508,593	10	\$ 1,225,981	6
Financial assets at fair value through profit or loss - current (Note 7)	52,879	-	72,498	-
Notes receivable (Note 9)	227,332	1	295,363	1
Trade receivables (Notes 9 and 30)	2,316,468	9	1,773,659	8
Other receivables (Note 30)	103,352	1	117,649	-
Inventories (Note 10)	6,418,021	25	5,350,025	24
Other current assets (Notes 16, 30 and 31)	350,692	1	124,597	1
Total current assets	11,977,337	47	8,959,772	40
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	230,853	1	300,238	1
Investments accounted for using the equity method (Note 12)	380,361	2	458,981	2
Property, plant and equipment (Notes 13, 30 and 31)	8,307,632	33	8,469,983	38
Right-of-use assets (Note 14)	125,205	-	154,911	1
Investment properties (Notes 15 and 31)	613,930	2	348,345	2
Deferred tax assets (Note 24)	142,243	1	122,722	1
Prepayments for equipment (Note 30)	3,320,249	13	2,974,012	13
Other non-current assets (Notes 16 and 31)	161,185	1	349,204	2
Total non-current assets	13,281,658	53	13,178,396	60
<b>TOTAL</b>	<b>\$ 25,258,995</b>	<b>100</b>	<b>\$ 22,138,168</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 17 and 31)	\$ 1,586,969	6	\$ 1,533,876	7
Short-term bills payable (Note 17)	40,000	-	320,000	1
Notes payable	395	-	195	-
Trade payables (Note 30)	746,383	3	605,745	3
Other payables (Notes 19 and 30)	730,912	3	543,894	2
Current tax liabilities	465,763	2	122,746	1
Lease liabilities - current (Notes 14 and 30)	6,687	-	6,616	-
Current portion of long-term borrowings (Notes 17 and 31)	1,211,877	5	1,290,052	6
Other current liabilities	108,042	-	64,679	-
Total current liabilities	4,897,028	19	4,487,803	20
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 18 and 31)	4,337,043	17	1,410,890	6
Long-term borrowings (Notes 17 and 31)	4,034,901	16	6,286,254	28
Deferred tax liabilities (Note 24)	148,223	1	114,214	1
Lease liabilities - non-current (Notes 14 and 30)	39,931	-	69,480	-
Net defined benefit liabilities - non-current (Note 21)	133,870	1	148,756	1
Other non-current liabilities (Note 20)	535,719	2	109,677	1
Total non-current liabilities	9,229,687	37	8,139,271	37
Total liabilities	14,126,715	56	12,627,074	57
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>				
Share capital				
Ordinary shares	4,571,224	18	4,567,360	20
Capital surplus	2,178,236	9	2,027,062	9
Retained earnings				
Legal reserve	914,627	4	843,957	4
Special reserve	103,107	-	187,212	1
Unappropriated earnings	3,032,679	12	1,627,728	7
Total retained earnings	4,050,413	16	2,658,897	12
Other equity	(43,415)	-	(69,395)	-
Treasury shares	(221,911)	(1)	(233,925)	(1)
Total equity attributable to owners of the Company	10,534,547	42	8,949,999	40
<b>NON-CONTROLLING INTERESTS (Note 11)</b>	597,733	2	561,095	3
Total equity	11,132,280	44	9,511,094	43
<b>TOTAL</b>	<b>\$ 25,258,995</b>	<b>100</b>	<b>\$ 22,138,168</b>	<b>100</b>

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

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 30)	\$12,365,317	100	\$ 8,770,944	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 30)	<u>(8,409,687)</u>	<u>(68)</u>	<u>(6,432,174)</u>	<u>(73)</u>
GROSS PROFIT	<u>3,955,630</u>	<u>32</u>	<u>2,338,770</u>	<u>27</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(1,037,694)	(8)	(924,891)	(10)
General and administrative expenses	(463,947)	(4)	(316,147)	(4)
Research and development expenses	(39,940)	-	(55,341)	(1)
Expected credit loss reversed	<u>912</u>	<u>-</u>	<u>31,661</u>	<u>-</u>
Total operating expenses	<u>(1,540,669)</u>	<u>(12)</u>	<u>(1,264,718)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>2,414,961</u>	<u>20</u>	<u>1,074,052</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 30)				
Interest income	6,154	-	1,893	-
Other income	148,871	1	123,070	1
Other gains and losses	148,852	1	(50,743)	-
Finance costs	(171,111)	(1)	(142,578)	(2)
Share of profit of associates	<u>44,794</u>	<u>-</u>	<u>12,501</u>	<u>-</u>
Total non-operating income and expenses	<u>177,560</u>	<u>1</u>	<u>(55,857)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	2,592,521	21	1,018,195	11
INCOME TAX EXPENSE (Note 24)	<u>(494,506)</u>	<u>(4)</u>	<u>(180,895)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>2,098,015</u>	<u>17</u>	<u>837,300</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	1,550	-	(34,017)	-

(Continued)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(35,487)	-	16,086	-
Share of the other comprehensive income/(loss) of associates accounted for using the equity method	8,998	-	(9,712)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(310)	-	6,804	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	42,646	-	(3,567)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>(1,217)</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>17,397</u>	<u>-</u>	<u>(25,623)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,115,412</u>	<u>17</u>	<u>\$ 811,677</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,018,769	16	\$ 751,575	9
Non-controlling interests	<u>79,246</u>	<u>1</u>	<u>85,725</u>	<u>1</u>
	<u>\$ 2,098,015</u>	<u>17</u>	<u>\$ 837,300</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,048,066	17	\$ 713,859	8
Non-controlling interests	<u>67,346</u>	<u>-</u>	<u>97,818</u>	<u>1</u>
	<u>\$ 2,115,412</u>	<u>17</u>	<u>\$ 811,677</u>	<u>9</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$4.52</u>		<u>\$1.70</u>	
Diluted	<u>\$4.22</u>		<u>\$1.70</u>	

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

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													Total Equity Attributable to Owners of the Company			
	Capital Surplus					Difference Between Consolidated Amount of Subsidiaries Acquired or Disposed	Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interest in Subsidiaries	Other Equity								
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets				Employee Share Options	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Treasury Shares		
							Legal Reserve	Special Reserve									
BALANCE AT JANUARY 1, 2021	\$ 4,667,360	\$ 221,392	\$ 1,462,657	\$ 353,747	\$ 3,502	\$ 4,925	\$ 18,283	\$ 794	\$ 13,510	\$ 817,117	\$ 190,348	\$ 1,124,897	\$ (39,023)	\$ (4,815)	\$ (711,845)	\$ 8,122,849	\$ 648,844
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	26,840	-	(26,840)	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(3,136)	3,136	-	-	-	(180,163)	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(180,163)	-	-	-	751,575	85,725
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	751,575	-	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	(27,475)	(6,909)	(3,332)	-	(37,716)	12,093
Cancellation of treasury shares	(100,000)	(4,743)	-	(85,951)	-	-	-	-	-	-	-	-	-	-	190,694	-	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(926)	(926)	(1,749)
Disposal of the Company's shares held by subsidiaries	-	-	-	35,203	-	-	-	-	-	-	-	-	-	-	270,468	305,671	471,599
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,843	-	-	-	-	-	-	-	-	-	-	-	6,843	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,007,863)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	-	-	(18,283)	-	-	-	-	(32,718)	-	-	-	(51,001)	51,001
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	15,183	-	-	-	-	-	17,684	32,867	(32,867)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	15,316	-	(15,316)	-	-	-
Issuance of ordinary shares for cash by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	296,075
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,951
BALANCE AT DECEMBER 31, 2021	4,567,360	216,649	1,462,657	309,842	3,502	4,925	843,957	187,212	28,693	843,957	187,212	1,627,728	(45,932)	(23,463)	(233,925)	8,949,599	561,095
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	794	-	-	(70,670)	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	70,670	(84,105)	84,105	-	-	-	(630,570)	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(630,570)	-	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	2,018,769	-	-	27,014	2,018,769	79,246
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	1,095	38,575	(10,173)	-	29,297	(11,900)
Conversion of corporate bonds to ordinary shares	3,864	-	9,400	-	-	(501)	-	-	-	-	-	-	-	-	-	12,763	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,000)	(16,883)	(31,883)
Disposal of the Company's shares held by subsidiaries	-	-	-	7,812	-	-	-	-	-	-	-	-	-	-	-	34,826	40,681
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,905	-	-	-	-	-	-	-	-	-	-	-	6,905	-
Equity component of convertible bonds issued by the Group	-	-	-	-	-	114,739	-	-	-	-	-	-	-	-	-	114,739	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	-	-	12,819	-	-	-	-	-	-	-	12,819	79
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	2,222	-	(2,222)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,585)
BALANCE AT DECEMBER 31, 2022	4,571,224	216,649	1,472,057	324,559	3,502	119,163	914,627	103,107	28,693	914,627	103,107	3,032,679	(7,557)	(23,838)	(221,911)	10,594,547	597,733
																	\$ 11,192,280

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

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,592,521	\$ 1,018,195
Adjustments for:		
Depreciation expense	426,836	450,556
Amortization expense	712	1,106
Expected credit loss reversed	(912)	(31,661)
Net loss on fair value changes of financial assets at fair value through profit or loss	12,611	49,500
Finance costs	171,111	142,578
Interest income	(6,154)	(1,893)
Dividend income	(8,380)	(5,763)
Share of profit of associates	(44,794)	(12,501)
Gain on disposal of property, plant and equipment	(5,642)	(4,338)
Expenses arising from property, plant and equipment	82,617	78,050
Gain on disposal of investments accounted for using equity method	(160,573)	(3,565)
Write-down of inventories	39,517	29,793
Net loss/(gain) on foreign currency exchange	83,872	(18,823)
Others	(36,333)	(1,454)
Changes in operating assets and liabilities		
Notes receivable	68,460	(34,702)
Trade receivables	(536,899)	(723,109)
Other receivables	14,297	(64,835)
Inventory	(1,109,229)	(1,708,897)
Other current assets	1,562	(203,074)
Notes payable	200	2,052
Trade payables	140,301	679,924
Other payables	163,606	201,784
Other current liabilities	43,363	19,892
Net defined benefit liabilities	(13,336)	(14,610)
Cash generated from (used in) operations	1,919,334	(155,795)
Interest received	6,154	1,893
Dividends received	17,561	7,456
Interest paid	(127,820)	(133,882)
Income tax paid	(118,038)	(56,917)
Net cash generated from (used in) operating activities	<u>1,697,191</u>	<u>(337,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(59,157)	(130,125)
Proceeds from disposal of financial assets at fair value through other comprehensive income	93,054	252,255
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,392

(Continued)



# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets at amortized cost	(229,112)	-
Purchase of financial assets at fair value through profit or loss	(12,604)	(472,116)
Proceeds from sale of financial assets at fair value through profit or loss	19,612	179,520
Acquisition of associates	(51,964)	-
Proceeds from disposal of associates	350,599	9,390
Proceeds from disposal of subsidiary (Note 26)	-	(276,474)
Payments for property, plant and equipment	(921,757)	(813,942)
Proceeds from disposal of property, plant and equipment	6,922	4,684
Increase in other non-current assets	-	(260,044)
Decrease in other non-current assets	188,169	-
Net cash used in investing activities	<u>(616,238)</u>	<u>(1,503,460)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	153,741
Repayments of short-term borrowings	(37,694)	-
Proceeds from short-term bills payable	-	270,000
Repayments of short-term bills payable	(280,000)	-
Proceeds from issuance of bonds	3,024,680	1,470,334
Proceeds from long-term borrowings	1,153,400	1,426,010
Repayments of long-term borrowings	(3,489,816)	(2,134,721)
Repayment of principal of lease liabilities	(12,281)	(11,407)
Proceeds from other non-current liabilities	460,699	-
Repayments of other non-current liabilities	-	(258)
Cash dividends paid to owners of the Company	(623,665)	(163,928)
Proceeds from disposal of the Company's shares by subsidiary	75,507	777,630
Acquisition of additional interests in subsidiaries	-	(46,469)
Proceeds from disposal of subsidiaries	-	1,751
Payments for buy-back of the Company's shares as treasury shares by subsidiary	(31,883)	(1,749)
Cash dividends paid by subsidiaries	(71,139)	(22,309)
Proceeds from issuance of ordinary shares for cash by subsidiaries	-	296,075
Net cash generated from financing activities	<u>167,808</u>	<u>2,014,700</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>33,851</u>	<u>(14,227)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,282,612	159,768
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,225,981</u>	<u>1,066,213</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,508,593</u>	<u>\$ 1,225,981</u>
The accompanying notes are an integral part of the consolidated financial statements.		(Concluded)

Gloria Material Technology Corp.  
Appropriation of Earnings  
2022

Item	Amount	
Undistributed Surplus Earnings at the Beginning of the Year		1,010,593,688
Plus: Remeasurements of the net defined benefit	700,915	
Plus: Adjusted retained earnings under the equity method	2,322,189	
Plus: Disposal of an investment in an equity instrument measured at fair value through other comprehensive income, and direct transfer of accumulated profits and losses to retained earnings	293,223	
Undistributed Surplus Earnings After Adjustments		1,013,910,015
Plus: Net Profit	2,018,769,374	
Less: Legal Reserve (10%)		(202,208,570)
Plus: Reverse from Special Reserve Arising		59,692,547
Distributable Earnings		2,890,163,366
Assign Items:		(1,239,092,480)
Shareholder Dividends - Cash (NT\$2.5per share)	(1,239,092,480)	
Shareholder Dividends - stock (NT\$0)	0	
Undistributed Surplus Earnings at the End of the Year		1,651,070,886
<p>Note1: Shareholder dividends shall be first allocated from the 2022 surplus earnings</p> <p>Note2: After the appropriation of earnings, if the number of shares outstanding has been affected by factors such as issuance of new shares or cancellation of shares, which led to changes in the dividend payout ratio, the Chairman shall be fully authorized to handle the situation.</p>		

Chairman:  
Chiung-Fen Wang

General Manager:  
Yung-Chang Kang

Accounting Manager:  
Yi-Ting Tseng

[Attachment VII]

## The Nominated List of Director Candidates

Name	Taiwan Steel Group United Co., Ltd. Representative: Chiung-Fen Wang	Taiwan Steel Group United Co., Ltd. Representative: Shih-Chieh Chao	Gloria Investments Limited Representative: Wen-Yuan Lin
Shareholding	19,636,000 shares	19,636,000 shares	1,000 shares
Incumbent Positions	1.Chairman of Jinzhifu Asset Management Co., Ltd. 2.Chairman of Taiwan Steel Group United Co., Ltd. 3.Chairman of Taiwan NetCom Co., Ltd. 4.Chairman of Gloria Material Technology Corp. 5.Chairman of S-Tech Corp. 6.Chairman of TSG Hawks Baseball Co., Ltd. 7.Chairman of TSG Sport Marketing Co., Ltd. 8.Chairman of Hoyang Investment Co., Ltd. 9.Chairman of Famous Ocean Investment Co., Ltd. 10.Chairman of Naneng Microelectronics Co. Ltd. 11.Attorney-at-Law/Chief Legal Officer of Pro Law Firm.	1.General Manager of E-TOP Metal Co., Ltd.	1.Chairman of Eastern Broadcasting Co., Ltd. 2.Chairman of Taiwan Styrene Monomer Corporation 3.Chairman of Yang Ming Shan Tien Lai Resort & Spa 4.Independent Director of TRK Corporation 5.Chairman of Nanho Industrial Co. Ltd. 6.Director of United Renewable Energy Co., Ltd. 7.Independent Director of Locus Cell Co., Ltd.
Educational Background	Department of Law, National Chung Hsing University	Bachelor of Automation, Tsinghua University	M.S. degree in Civil Engineering, University of Hawaii
Experience	1.Director of Kuei Meng International Inc. 2.Independent Director of Aeon Motor Co., Ltd.	1.Director of Gloria Material Technology Corp. 2.Director of S-Tech Corp. 3.Director of TMP Steel Corporation 4.Director of E-Sheng Steel Co., Ltd. 5.Director of E-Top Metal Co., Ltd.	1.Deputy Commissioner of the State-owned Enterprise Commission, Ministry of Economic Affairs 2.Chairman of TPC 3.Chairman of Taiwan Cogeneration Co., Ltd. 4.Chairman of CSC Group

## The Nominated List of Director Candidates

Name	Gloria Investments Limited Representative: Cheng-Hsiang Chen	S-Tech Investments Co., Ltd. Representative: Yi-Ching Wu
Shareholding	1,000 shares	1,000 shares
Incumbent Positions	1. Director of S-Tech Corp. 2. Consultant of Gloria Material Technology Corp.	1. CEO of UFC GYM TAIWAN LIMITED 2. Director of Yang Ming Shan Tien Lai Resort and Spa 3. Chairman of Hoho International Development Ltd. 4. Independent Director of Chun Yu Works & Co., Ltd. 5. Director of Star Travel Co., Ltd.
Educational Background	Master of Materials Science and Engineering, National Tsing Hua University	Alliant International University (San Diego, USA), Doctorate of Business Management (DBA) Chairman of Taiwan Styrene Monomer Corp.
Experience	1. President of Gloria Material Technology Corp.	1. Chairman of Taiwan Styrene Monomer Corporation

### The Nominated List of Candidates for Independent Directors

Name	Chin-Cheng Chien	Chun-Hsiung Chu	Tzu-Meng Liu	Yi-Lang Lin
Shareholding	0 shares	0 shares	0 shares	0 shares
Incumbent Positions	1.Independent Director of Taiwan Styrene Monomer Corp. 2.Independent Director of Chun Yu Works & Co., Ltd. 3.Director of Soft-World International Corp.	1.Attorney-at-Law, Chuan Ying International Law Firm 2.Independent Director of Honey Hope Honesty Enterprise Co., Ltd. 3.Independent Director of D-Link Corp.	CPA of Southern Taiwan Office, PwC Taiwan	1.Director of President Co., Ltd. 2.Independent Director of Launch Technologies Co., Ltd.
Educational Background	Ph.D. in Accounting, Rutgers University	Master of Law, National Chung Hsing University	EMBA of National Cheng Kung University	Department of Business Management, National Sun Yat-Sen University
Experience	Professor of Accountancy, National Cheng Kung University	1.Attorney of Chuan Ying International Law Firm 2.Director of HwaCom Systems Inc. 3.Independent Director of Panram International Corp. 4.Independent Director of S-Tech Corp.	1.CPA of PwC Taiwan 2.PwC Taiwan: Audit Partner and Audit Director of the Audit Services Department 3.Associate Professor and Adjunct Expert, National Cheng Kung University 4.Deputy Commissioner and consultant of the Southern District Office of the Taiwan Provincial CPA Association	Deputy General Manager of China Steel Corp.
Whether the Independent Director Serves for More Than 3 Consecutive Terms.	No	No	No	No

**Comparison Table for the Procedures of the Loaning of Funds and  
Endorsements/Guarantees of Gloria Material Technology Corp.**

After Amendment	Before Amendment	Purpose of Amendment
<p>Article 2</p> <p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement.</p> <p>II. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth. The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p> <p>The term "financing amount" as used in subparagraph 2, paragraph 1, of this Article means the cumulative balance of the Company's short-term financing. <del>The restriction in subparagraph 2, paragraph 1, shall not apply to its inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of the fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall prescribe limits on the aggregate amount of such loans and the amount of such loans permitted to a single borrower shall not exceed 40% of the net worth on the most current financial statements of the Company in accordance with Articles 7 and 8, and shall specify that the durations of such loans shall not exceed one year.</del></p> <p>When a responsible person of the Company violates paragraph 1 or the provision of the preceding paragraph,</p>	<p>Article 2</p> <p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement.</p> <p>II. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth. The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p> <p>The term "financing amount" as used in subparagraph 2, paragraph 1, of this Article means the cumulative balance of the Company's short-term financing. The restriction in subparagraph 2, paragraph 1, shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to the loans of the fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still prescribe limits on the aggregate amount of such loans and the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans in accordance with Articles 7 and 8.</p> <p>When a responsible person of the Company violates paragraph 1 or the provision of the preceding paragraph,</p>	<p>The Company shall prescribe limits on the aggregate amount of such loans and the amount of such loans permitted to a single borrower, and limits on the duration of such loans to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of the fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares.</p>

After Amendment	Before Amendment	Purpose of Amendment
the responsible person shall bear joint and several liabilities with the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.	the responsible person shall bear joint and several liabilities with the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.	
<p>Article 13</p> <p>The total amount of endorsements/guarantees may not exceed 100% of the Company's paid-in capital.</p> <p>The Company's amount of endorsements/guarantees for any single entity shall not exceed 50% of paid-in capital. However, <del>the above restriction shall not apply to the Company's</del> amount of endorsements/guarantees to subsidiaries, which shall be restricted to less than 100% of the Company's paid-in capital.</p> <p>The aggregate amount of endorsements/guarantees of the Company and its subsidiaries shall not exceed 100% of the paid-in capital of the Company and its subsidiaries, and the amount of endorsements/guarantees for any single entity shall not exceed 50% of paid-in capital (except for subsidiaries).</p> <p>If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p>	<p>Article 13</p> <p>The total amount of endorsements/guarantees may not exceed 100% of the Company's paid-in capital.</p> <p>The Company's amount of endorsements/guarantees for any single entity shall not exceed 50% of paid-in capital. However, the above restriction shall not apply to the Company's amount of endorsements/guarantees to subsidiaries.</p> <p>The aggregate amount of endorsements/guarantees of the Company and its subsidiaries shall not exceed 100% of the paid-in capital of the Company and its subsidiaries, and the amount of endorsements/guarantees for any single entity shall not exceed 50% of paid-in capital (except for subsidiaries).</p> <p>If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p>	The Company shall prescribe the limit on the amount of endorsements/guarantees to subsidiaries.
Article 26: <u>Seventh amendment was effected on May 25, 2023.</u>	Article 26: Omitted.	Adding the date of amendment