SUPERALLOY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

SUPERALLOY INDUSTRIAL CO., LTD.

DECEMBER 31, 2023 AND 2022 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of SUPERALLOY INDUSTRIAL CO., LTD

Opinion

We have audited the accompanying parent company only balance sheets of SUPERALLOY INDUSTRIAL CO., LTD. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company 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 Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Cut-off on sales revenue from distribution warehouse

Description

Refer to Note 4(29) for accounting policies on sales revenue recognition. For the year ended December 31, 2023, the Company's operating revenue amounted to NTD 7,774,392 thousand.

The Company is primarily engaged in manufacturing and sales of various types of automobile parts. The types of sale are separated into direct delivery and distribution warehouse sales. Distribution warehouse sales revenue constitutes 69.25% of operating revenue. Distribution warehouse sales revenue is recognised when customers pick-up the goods (control is transferred). The Company primarily recognised sales revenue based on the daily inventory movement reports provided by distribution warehouses. As the Company's distribution warehouses are located globally with numerous custodians, the process of such revenue recognition involves several manual procedures, which would potentially result in inaccurate timing of revenue recognition or the discrepancy in inventory quantities between the physical inventory and accounting records. Thus, we considered the timing of sales revenue recognition of distribution warehouse as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Company's sales revenue procedures and its internal control process in order to assess the effectiveness of managements' control over sales revenue recognition of distribution warehouse.
2. Tested the internal control of warehouse distribution (including checking the terms of transaction / timing of ownership transfer and dates of supporting documents) to confirm the accuracy of the timing of sales revenue recognition of distribution warehouse.
3. Performed cut-off procedures on sales revenue from distribution warehouses recognised during a specific period before and after the balance sheet date and verified the pick-up records of distribution warehouses; in addition, ensured that the movements of inventories indicated in the statements had been recognised in the

appropriate period.

4. Performed physical inventory count and confirmation on the ending inventory quantities of distribution warehouses.

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for accounting estimates and assumptions, and Note 6(5) for the related information of allowance for inventory valuation loss. As of December 31, 2023, the total inventory and allowance for inventory valuation loss amounted to NTD 6,784,923 thousand and NTD 579,869 thousand, respectively.

The Company's inventories were measured at the lower of cost and net realisable value, the reasonable net realisable value was identified according to individual inventory's number using the item by item approach. The Company provided allowance for inventory valuation losses based on usable condition of inventories that were individually identified as obsolete and damaged. As the inventory and its allowance for loss were material to the financial statements and the determination of net realisable value involved subjective judgment and estimates, we considered the assessment of allowance for inventory valuation losses as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Company's nature of the operations and the industry, and assessed the reasonableness of the policies adopted in evaluating the allowance for inventory valuation losses.
2. Obtained an understanding of the Company's warehousing control procedures, reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal controls over obsolete inventory.
3. Obtained the report on net realisable value of each inventory item and checked whether the calculation logic was applied consistently to each inventory item; in addition, tested the reasonableness of the supporting documents for net realisable value.
4. Validated the accuracy of the Company's inventory aging report used for valuation and recalculated to confirm that information in the report was in line with its policy.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events

or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements of the current period 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.

Liu, Mei Lan	Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan
March 7, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,224,211	7	$ 862,863	5
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	115,918	-
1150	Notes receivable, net	6(4)	4,475	-	-	-
1170	Accounts receivable, net	6(4)	1,013,252	6	827,100	5
1200	Other receivables		76,704	-	150,335	1
1210	Other receivables - related parties	7(2)	123,009	1	119,633	1
130X	Inventories	5(2) and 6(5)	6,205,054	36	6,391,367	37
1479	Other current assets, others	7(2)	98,655	1	138,382	1
11XX	**Current Assets**		8,745,360	51	8,605,598	50
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3) and 8	32,947	-	24,755	-
1550	Investments accounted for under equity method	6(6)	52,863	-	49,922	-
1600	Property, plant and equipment	6(7)	7,988,421	47	8,361,667	48
1755	Right-of-use assets	6(8)	8,425	-	11,541	-
1780	Intangible assets	6(9)	13,643	-	19,122	-
1840	Deferred income tax assets	6(29)	194,928	1	186,201	1
1900	Other non-current assets	6(10)	127,030	1	94,082	1
15XX	**Non-current assets**		8,418,257	49	8,747,290	50
1XXX	**Total assets**		$ 17,163,617	100	$ 17,352,888	100

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SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 870,000	5	$ 1,234,953	7
2120	Financial liabilities at fair value through profit or loss - current	6(2)	9,824	-	-	-
2130	Current contract liabilities	6(23)	29,978	-	12,649	-
2150	Notes payable	6(12)	369,672	2	430,148	3
2170	Accounts payable		79,793	1	63,332	-
2180	Accounts payable to related parties	7(2)	3,310	-	3,921	-
2200	Other payables	6(13)	674,669	4	1,053,329	6
2220	Other payables to related parties	7(2)	3,096	-	68	-
2230	Current income tax liabilities		193,040	1	126,478	1
2250	Current provisions	6(18)	77,959	1	-	-
2280	Current lease liabilities	6(8)	5,191	-	5,983	-
2320	Long-term liabilities, current portion	6(15)	1,220,729	7	390,178	2
2399	Other current liabilities, others	6(14)	51,605	-	52,385	-
21XX	**Current Liabilities**		3,588,866	21	3,373,424	19
	Non-current liabilities					
2540	Long-term borrowings	6(15)	5,808,984	34	6,628,036	39
2570	Deferred income tax liabilities	6(29)	52	-	33,266	-
2580	Non-current lease liabilities	6(8)	3,307	-	5,613	-
2640	Accrued pension liabilities	6(16)	22,670	-	22,637	-
2670	Other non-current liabilities, others		4,403	-	8,559	-
25XX	**Non-current liabilities**		5,839,416	34	6,698,111	39
2XXX	**Total Liabilities**		9,428,282	55	10,071,535	58
	Equity					
	Share capital	6(19)				
3110	Share capital - common stock		2,142,551	12	2,183,151	12
	Capital surplus	6(20)				
3200	Capital surplus		1,013,145	6	1,017,386	6
	Retained earnings	6(21)				
3310	Legal reserve		916,325	5	857,797	5
3320	Special reserve		10,151	-	11,906	-
3350	Unappropriated retained earnings		3,724,967	22	3,780,377	22
	Other equity interest	6(22)				
3400	Other equity interest		(8,607)	-	(10,151)	-
3500	Treasury stocks	6(19)	(63,197)	-	(559,113)	(3)
3XXX	**Total equity**		7,735,335	45	7,281,353	42
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 17,163,617	100	$ 17,352,888	100

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23)	$ 7,774,392	100	$ 6,399,222	100
5000	Operating costs	6(5)(28) and 7(2)	(6,037,227)	(78)	(5,141,808)	(80)
5900	Net operating margin		1,737,165	22	1,257,414	20
	Operating expenses	6(28) and 7(2)				
6100	Selling expenses		(566,390)	(7)	(714,005)	(11)
6200	General and administrative expenses		(264,487)	(3)	(233,908)	(4)
6300	Research and development expenses		(153,056)	(2)	(142,203)	(2)
6450	Expected credit impairment gain(loss)	12(2)	427	-	(5,786)	-
6000	Total operating expenses		(983,506)	(12)	(1,095,902)	(17)
6900	Operating profit		753,659	10	161,512	3
	Non-operating income and expenses					
7100	Interest income	6(24) and 7(2)	17,597	-	4,169	-
7010	Other income	6(25)	49,955	1	34,774	1
7020	Other gains and losses	6(26)	107,538	1	642,348	10
7050	Finance costs	6(27)	(167,850)	(2)	(97,554)	(2)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(6)	1,011	-	(44,868)	(1)
7000	Total non-operating income and expenses		8,251	-	538,869	8
7900	**Profit before income tax**		761,910	10	700,381	11
7950	Income tax expense	6(29)	(153,474)	(2)	(117,706)	(2)
8200	**Profit for the year**		$ 608,436	8	$ 582,675	9
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial losses (gains) on defined benefit plans	6(16)	($ 287)	-	$ 3,257	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	57	-	(650)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(230)	-	2,607	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		1,930	-	2,193	-
8399	Income tax relating to the components of other comprehensive income	6(29)	(386)	-	(438)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		1,544	-	1,755	-
8300	**Other comprehensive income for the year**		$ 1,314	-	$ 4,362	-
8500	**Total comprehensive income for the year**		$ 609,750	8	$ 587,037	9
	Basic earnings per share	6(30)				
9750	Basic earnings per share from continuing operations		$ 2.88		$ 2.90	
	Diluted earnings per share	6(30)				
9850	Diluted earnings per share from continuing operations		$ 2.88		$ 2.89	

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Capital surplus		Retained earnings					
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
Year ended December 31, 2022										
Balance at January 1, 2022		$1,988,374	$1,108,571	$ 212	$ 823,551	$ 1,434	$3,537,822	($ 11,906)	($ 268,991)	$7,179,067
Profit for the year		-	-	-	-	-	582,675	-	-	582,675
Other comprehensive income for the year		-	-	-	-	-	2,607	1,755	-	4,362
Total comprehensive income		-	-	-	-	-	585,282	1,755	-	587,037
Appropriation and distribution of 2021 earnings:	6(21)									
Legal reserve		-	-	-	34,246	-	(34,246)	-	-	-
Special reserve		-	-	-	-	10,472	(10,472)	-	-	-
Cash dividends		-	-	-	-	-	(194,777)	-	-	(194,777)
Stock dividends		194,777	(91,545)	-	-	-	(103,232)	-	-	-
Treasury shares transferred to employees	6(17)	-	-	148	-	-	-	-	1,032	1,180
Purchase of treasury shares	6(19)	-	-	-	-	-	-	-	(291,154)	(291,154)
Balance at December 31, 2022		$2,183,151	$1,017,026	$ 360	$ 857,797	$ 11,906	$3,780,377	($ 10,151)	($ 559,113)	$7,281,353
Year ended December 31, 2023										
Balance at January 1, 2023		$2,183,151	$1,017,026	$ 360	$ 857,797	$ 11,906	$3,780,377	($ 10,151)	($ 559,113)	$7,281,353
Profit for the year		-	-	-	-	-	608,436	-	-	608,436
Other comprehensive (loss) income for the year		-	-	-	-	-	(230)	1,544	-	1,314
Total comprehensive income		-	-	-	-	-	608,206	1,544	-	609,750
Appropriation and distribution of 2022 earnings:	6(21)									
Legal reserve		-	-	-	58,528	-	(58,528)	-	-	-
Special reserve		-	-	-	-	(1,755)	1,755	-	-	-
Cash dividends		-	-	-	-	-	(416,892)	-	-	(416,892)
Retirement of treasury shares	6(19)	(40,600)	(18,914)	(18,494)	-	-	(189,951)	-	267,959	-
Treasury shares transferred to employees	6(17)	-	-	33,167	-	-	-	-	227,957	261,124
Balance at December 31, 2023		$2,142,551	$ 998,112	$ 15,033	$ 916,325	$ 10,151	$3,724,967	($ 8,607)	($ 63,197)	$7,735,335

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 761,910	$ 700,381
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-property, plant and equipment	6(7)	900,035	890,999
Depreciation expense-right-of-use assets	6(8)	7,419	5,826
Amortization expense	6(9)	10,950	12,011
Expected credit impairment (gain) loss	12(2)	(427)	5,786
Share-based payments	6(17)	9,782	141
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)	125,742	(120,748)
Goverment grants income	6(25)	(7,548)	(6,642)
Transfer of overdue accounts payable to other revenue	6(25)	-	(4,309)
Interest income	6(24)	(17,597)	(4,169)
Interest expense	6(27)	167,704	97,432
Interest expense, lease liabilities	6(8)(27)	146	122
Share of (profit) loss of associates and joint ventures accounted for using equity method	6(6)	(1,011)	44,868
Gain on disposal of property, plant and equipment	6(26)	(4,293)	(20,605)
Unfinish construction and equipment transferred to expense		475	-
Unrealized foreign exchange gain		(6,784)	(14,790)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(185,725)	40,563
Other receivables		14,347	214,892
Inventories		448	(1,623,106)
Prepayments		43,901	(10,830)
Other current assets		(4,174)	2,348
Other non-current assets		5,833	923
Changes in operating liabilities			
Current contract liabilities		17,329	(12,481)
Notes payable		15,852	14,766
Accounts payable		16,461	1,322
Accounts payable to related parties		(611)	3,921
Other payables		(143,601)	(98,884)
Other payables to related parties		3,028	(2,707)
Provisions		56,610	-
Other current liabilities		(959)	6,028
Net defined benefit liabilities		(254)	5
Cash inflow generated from operations		1,784,988	123,063
Interest received		17,605	3,971
Interest paid		(136,217)	(87,247)
Income taxes paid		(129,182)	(50,955)
Net cash flows from (used in) operating activities		1,537,194	(11,168)

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 8,192)	($ 4,347)
Increase in other receivables-related parties		(3,375)	(81,931)
Acquisition of property, plant and equipment	6(31)	(720,403)	(465,224)
Proceeds from disposal of property, plant and equipment	6(31)	77,199	95,265
Acquisition of intangible assets		(1,724)	-
Increase in refundable deposits		13,563	7,394
Capitalized interest payments	6(7)(27)(31)	(9,317)	(835)
Net cash flows used in investing activities		(652,249)	(449,678)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(32)	1,305,484	2,619,953
Decrease in short-term loans	6(32)	(1,670,437)	(1,883,000)
Increase in short-term notes and bills payable	6(32)	-	130,000
Decrease in short-term notes and bills payable	6(32)	-	(380,000)
Proceeds from long-term debt	6(32)	565,000	1,222,000
Repayments of long-term debt	6(32)	(557,478)	(1,027,592)
Payments of lease liabilities	6(32)	(7,401)	(5,926)
Payments to acquire treasury shares	6(19)	-	(291,154)
Treasury shares transferred to employees	6(17)	251,343	1,040
Cash dividends paid	6(32)	(416,892)	(194,777)
Net cash flows (used in) from financing activities		(530,381)	190,544
Effects of foreign exchange rates		6,784	14,790
Net increase (decrease) in cash and cash equivalents		361,348	(255,512)
Cash and cash equivalents at beginning of year		862,863	1,118,375
Cash and cash equivalents at end of year		$ 1,224,211	$ 862,863

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

SUPERALLOY INDUSTRIAL CO., LTD. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in June 1994. The Company is primarily engaged in forging, manufacturing, processing and trading of aircraft components, vehicles and motorcycle components, aluminium-copper, steel-titanium alloys, hardware parts, and mold coupler.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company’s business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads which are allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method - subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3 ~ 11 years
Buildings and structures	2 ~ 51 years
Machinery and equipment	3 ~ 18 years
Utility equipment	2 ~ 21 years
Other equipment	3 ~ 16 years

(14) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

A. Trademarks and patents

Separately acquired trademarks and patents are stated at historical cost. Trademarks and patents have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 3 to 21 years.

B. Computer software

Computer software is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 3 to 7 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(23) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, personnel training expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

The Company manufactures and sells forging wheel products. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the control of ownership has been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. There might be material changes to the evaluation of inventories.

As of December 31, 2023, the carrying amount of inventories was $6,205,054 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 392	$ 392
Demand deposits	1,223,819	555,371
Time deposits	-	307,100
	$ 1,224,211	$ 862,863

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's time deposits with maturity date over 3 months and time deposits pledged as collateral have been reclassified under "financial assets at amortised cost", please refer to Notes 6(3) and 8.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss -Derivative instruments	$ -	$ 115,918
Financial liabilities mandatorily measured at fair value through profit or loss -Derivative instruments	$ 9,824	$ -

A. Nature of financial assets and liabilities at fair value through profit or loss is as follows:
Derivative instrument: including forward foreign exchange contracts and forward commodities contract.

B. The net gain or loss on financial assets and liabilities at fair value through profit or loss held by the Company recognised for the years ended December 31, 2023 and 2022, were gain of $115,633 thousand (including loss on valuation of $125,742 thousand and realised gain on disposal of $241,375 thousand) and gain of $498,006 thousand (including gain on valuation of $120,748 thousand and realised gain on disposal of $377,258 thousand), respectively.

C. The non-hedging derivative instruments transaction and contract information are as follows

Derivative financial instruments	December 31, 2023 Contract notional principal		Contract period
Current items:			
Forward exchange contracts	USD	19,000 thousand	2023.08.17~2024.10.16
	EUR	3,900 thousand	2023.10.16~2024.10.16

Derivative financial instruments	December 31, 2022 Contract notional principal		Contract period
Current items:			
Forward exchange contracts	USD	110,348 thousand	2022.01.27~2023.12.08
Forward commodities contracts	USD	1,040 thousand	2022.03.01~2023.01.31

(a) Forward exchange contracts

The Company entered into foreign exchange swap to buy or sell USD and EUR to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) Forward commodities contracts

The Company entered into forward commodities trade contracts to pre-buy or pre-sell aluminum to hedge price risk of raw materials in stock. However, these forward commodities trade contracts are not accounted for under hedge accounting.

D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items:		
Pledged time deposits	$ 32,947	$ 24,755

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31 2023	2022
Interest income	$ 1,028	$ 309

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $32,947 thousand and $24,755 thousand, respectively.

C. Details of the Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company’s investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts and notes receivable

	December 31, 2023	December 31, 2022
Other notes receivable	$ 4,475	$ -
Accounts receivable	$ 1,023,786	$ 838,061
Less: Allowance for uncollectible accounts	(10,534)	(10,961)
	$ 1,013,252	$ 827,100

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Other notes receivable	Accounts receivable	Notes receivable
Not past due	$ 949,685	$ 4,475	$ 712,171	$ -
Up to 30 days	53,296	-	85,196	-
31 to 90 days	9,509	-	23,177	-
91 to 180 days	2,791	-	7,901	-
Over 180 days	8,505	-	9,616	-
	$ 1,023,786	$ 4,475	$ 838,061	$ -

The above ageing analysis was based on past due date.

B. As at December 31, 2023, December 31 and January 1, 2022, the balances of receivables from contracts with customers (including other notes receivable) amounted to $1,028,261 thousand, $838,061 thousand and $880,010 thousand, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $4,475 thousand and $0 thousand; $1,013,252 thousand and $827,100 thousand, respectively.

D. The Company did not hold any collateral.

E. Details of other notes receivable are provided in Note 6(31).

F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,029,775	($ 127,527)	$ 3,902,248
Work in progress	1,376,760	(223,509)	1,153,251
Finished goods	1,378,388	(228,833)	1,149,555
	$ 6,784,923	-$ 579,869	$ 6,205,054

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,968,456	($ 117,509)	$ 3,850,947
Work in progress	1,798,992	(249,419)	1,549,573
Finished goods	1,215,019	(224,172)	990,847
	$ 6,982,467	-$ 591,100	$ 6,391,367

The cost of inventories recognised as expense for the year:

	Year ended Decemebr 31	
	2023	2022
Cost of goods sold	$ 5,718,601	$ 4,576,319
Unallocated fixed overhead expense	252,405	379,115
(Gain on reversal of) loss on slow-moving inventories and decline in market value	(11,231)	95,558
Others	77,452	90,816
	$ 6,037,227	$ 5,141,808

The Company reversed a previous inventory write-down because of the sale of certain inventories which were previously provided with allowance for the year ended December 31, 2023.

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiary:		
SuperAlloy Manufaktur GmbH.	$ 52,863	$ 49,922

A. Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company’s subsidiaries.

B. The Company’s share of profit (loss) of subsidiaries accounted for using equity method was based on the investees’ audited financial statements for the same period. Details are as follows:

	Year ended December 31	
Investee companies	2023	2022
SuperAlloy Manufaktur GmbH.	$ 1,011	($ 44,868)

(7) Property, plant and equipment

Year ended December 31, 2023	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 2,525,853	$ -	$ -	$ -	$ 2,525,853
Land improvements	31,191	-	-	-	31,191
Buildings and structures	2,478,794	-	(950)	110,307	2,588,151
Machinery and equipment	5,445,834	17,244	(606,846)	681,656	5,537,888
Utilities equipment	827,851	-	-	27,406	855,257
Other equipment	566,203	2,218	(72,249)	198,754	694,926
Unfinished construction and equipment under acceptance	872,120	344,002	-	(836,692)	379,430
	$ 12,747,846	$ 363,464	($ 680,045)	$ 181,431	$ 12,612,696
Accumulated depreciation					
Land improvements	$ 25,842	$ 2,434	$ -	$ -	$ 28,276
Buildings and structures	783,791	77,328	(950)	-	860,169
Machinery and equipment	2,852,350	616,481	(599,634)	-	2,869,197
Utilities equipment	434,831	60,767	-	-	495,598
Other equipment	289,365	143,025	(61,355)	-	371,035
	$ 4,386,179	$ 900,035	($ 661,939)	$ -	$ 4,624,275
Book value	$ 8,361,667				$ 7,988,421

Year ended December 31, 2022	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 2,525,853	$ -	$ -	$ -	$ 2,525,853
Land improvements	30,191	-	-	1,000	31,191
Buildings and structures	2,475,000	-	-	3,794	2,478,794
Machinery and equipment	5,630,342	3,177	(627,522)	439,837	5,445,834
Utilities equipment	818,932	-	-	8,919	827,851
Other equipment	519,875	8,939	(74,540)	111,929	566,203
Unfinished construction and equipment under acceptance	409,222	856,647	-	(393,749)	872,120
	$ 12,409,415	$ 868,763	($ 702,062)	$ 171,730	$ 12,747,846
Accumulated depreciation					
Land improvements	$ 22,612	$ 3,230	$ -	$ -	$ 25,842
Buildings and structures	707,485	76,306	-	-	783,791
Machinery and equipment	2,801,852	603,360	(552,862)	-	2,852,350
Utilities equipment	373,114	61,717	-	-	434,831
Other equipment	217,519	146,386	(74,540)	-	289,365
	$ 4,122,582	$ 890,999	($ 627,402)	$ -	4,386,179
Book value	$ 8,286,833				$ 8,361,667

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2023	2022
Amount capitalised	$ 9,317	$ 835
Range of the interest rates for capitalisation	1.56%~1.92%	0.95%~2.00%

B. The amount of transfers for the year ended December 31, 2023 pertained to the completion of acceptance of the construction in progress and equipment under acceptance, the items which belonged to equipment in nature transferred from inventories and the items which belonged to intangible assets, etc. in nature transferred to related accounts. The amount of transfers for the year ended December 31, 2022 pertained to the completion of acceptance of the construction in progress and equipment under acceptance, the items which belonged to equipment in nature transferred from inventories and the items which belonged to intangible assets, etc. in nature transferred to related accounts.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. The Company acquired land with nos. #407, #408, #409, #410, #411, Huxi Section, Douliu City, Yunlin County, with a total book value of $50,145 thousand. The land is adjacent to the industrial zone, which is currently used for the Company's business. As the lands are farmlands which cannot be transferred to the Group, the ownership is under the name of other parties. The Company retains the original certificate of the land ownership and has a trust agreement with the nominal owner. The two parties have agreed before the ownership registration, the nominal owner shall not transfer the ownership to any third party nor set up any mortgage.

(8) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings and forklifts. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The Company's short-term leases and low-value assets pertain to land improvements and property, plant and equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Land	$	3,409	$	4,545
Buildings		2,452		1,878
Transportation equipment (forklifts)		2,564		5,118
	$	8,425	$	11,541

	Year ended December 31			
	2023		2022	
	Depreciation charge		Depreciation charge	
Land	$	1,136	$	1,136
Buildings		2,142		595
Transportation equipment (forklifts)		4,141		4,095
	$	7,419	$	5,826

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $4,303 thousand and $14,446 thousand, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	146	$	122
Expense on short-term lease contracts		6,221		1,734
	$	6,367	$	1,856

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $13,768 thousand and $7,782 thousand, respectively.

(9) Intangible assets

Year ended December 31, 2023	Beginning balance	Additions	Amortisations	Transfers	Ending balance
Computer software	$ 18,741	$ 1,690	($ 10,838)	$ 3,003	$ 12,596
Other intangible assets	381	14	(112)	764	1,047
Book value	$ 19,122	$ 1,704	($ 10,950)	$ 3,767	$ 13,643

Year ended December 31, 2022	Beginning balance	Additions	Amortisations	Transfers	Ending balance
Computer software	$ 30,519	$ -	($ 11,915)	$ 137	$ 18,741
Other intangible assets	407	-	(96)	70	381
Book value	$ 30,926	$ -	($ 12,011)	$ 207	$ 19,122

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2023	2022
Operating costs	$ 924	$ 924
Selling expenses	732	-
General and administrative expenses	5,467	6,656
Research and development expenses	3,827	4,431
	$ 10,950	$ 12,011

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business facilities	$ 75,664	$ 23,532
Guarantee deposits paid	45,517	59,080
Others	5,849	11,470
	$ 127,030	$ 94,082

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured borrowings	$ 870,000	1.67%~1.75%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured borrowings	$ 1,234,953	1.42%~6.18%	None

Information about interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(27).

(12) Notes payable

	December 31, 2023	December 31, 2022
Notes payable – general	$ 349,042	$ 333,190
Notes payable – payment for equipment	20,630	96,958
	$ 369,672	$ 430,148

(13) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 179,992	$ 175,126
Payable on machinery and equipment	131,804	369,600
Freight payable	71,349	151,972
Employees' compensation and directors' and supervisors' remuneration payable	47,551	51,724
Processing fees payable	39,118	34,456
Utilities expense payable	33,377	36,258
Labour and health insurance payable	29,325	21,373
Commission payable	11,978	69,599
Other payables, others	130,175	143,221
	$ 674,669	$ 1,053,329

(14) Other current liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	$ 37,196	$ 39,040
Gains on deferred government grants	6,881	6,702
Others	7,528	6,643
	$ 51,605	$ 52,385

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowings are repayable in installments before March 2040	1.65%～1.80%	Property, plant and equipment	$ 4,153,775
Unsecured borrowings	Borrowings are repayable in installments before March 2028	1.63%～2.10%		2,887,222
				7,040,997
Less: Gains on deferred government grants				(11,284)
Less: Current portion				(1,220,729)
				$ 5,808,984

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowings are repayable in installments before March 2040	1.00%～1.68%	Property, plant and equipment	$ 4,168,475
Unsecured borrowings	Borrowings are repayable in installments before March 2028	1.15%～2.00%		2,865,000
				7,033,475
Less: Gains on deferred government grants				(15,261)
Less: Current portion				(390,178)
				$ 6,628,036

Information about interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(27).

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 41,367	$ 43,362
Fair value of plan assets	(18,697)	(20,725)
Net defined benefit liability	$ 22,670	$ 22,637

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
At January 1	$ 43,362	($ 20,725)	$ 22,637
Current service cost	72	-	72
Interest expense (income)	562	(266)	296
Past service cost	(265)	-	(265)
	43,731	(20,991)	22,740
Remeasurements:			
Return on plan assets	-	(173)	(173)
Change in demographic assumptions	3	-	3
Change in financial assumptions	440	-	440
Experience adjustments	18	-	18
	461	(173)	288
Pension fund contribution	-	(358)	(358)
Paid pension	(2,825)	2,825	-
At December 31	$ 41,367	($ 18,697)	$ 22,670

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	$ 45,810	($ 19,921)	$ 25,889
Current service cost	72	-	72
Interest expense (income)	309	(133)	176
	46,191	(20,054)	26,137
Remeasurements:			
Return on plan assets	-	(1,569)	(1,569)
Change in demographic assumptions	375	-	375
Change in financial assumptions	(3,063)	-	(3,063)
Experience adjustments	1,000	-	1,000
	(1,688)	(1,569)	(3,257)
Pension fund contribution	-	(243)	(243)
Paid pension	(1,141)	1,141	-
At December 31	$ 43,362	($ 20,725)	$ 22,637

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.25%	1.35%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality rate are set based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,080)	$ 1,122	$ 1,111	($ 1,075)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,112)	$ 1,156	$ 1,145	($ 1,107)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $1,378 thousand.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	963
1 - 2 year(s)		1,556
2 - 5 years		7,611
Over 5 years		36,489
	$	46,619

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the aforementioned pension plan, the Company recognised pension costs of $30,009 thousand and $29,763 thousand for the years ended December 31, 2023 and 2022, respectively.

(17) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Year ended December 31, 2023				
Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2023.5.5	3,022 thousand shares	0.13 year	Vested immediately
Treasury stock transferred to employees	2023.8.7	1,414 thousand shares	0.01 year	Vested immediately

Year ended December 31, 2022				
Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.2.9	20 thousand shares	0.01 year	Vested immediately

Treasury stock transferred to employee plan issued by the Company shall not be disposed within one year after the stocks are subscribed. However, voting right and dividend right are not restricted on these stocks. Employees are not required to return the stocks received and related dividends distributed if they resign during the vesting period.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Year ended December 31, 2023									
Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit of the option	Fair value of the target
Treasury stock transferred to employees	2023.5.5	64.10	56.66	32.20%	0.13	-	1.09%	3.2368	57.69
Treasury stock transferred to employees	2023.8.7	58.09	56.66	12.96%	0.01	-	1.09%	-	53.01

Year ended December 31, 2022									
Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit of the option	Fair value of the target
Treasury stock transferred to employees	2022.2.9	67.10	52.00	25.36%	0.01	-	0.34%	7.0514	59.05

(a) The fair value of the target takes into consideration that the transferred stocks were subject to the restriction that they shall not be transferred within one year. Thus, the range of discount of the target stocks subject to this restriction was considered to reasonably reflect the fair value of the restricted stocks.

(b) Expected price volatility rate was estimated by using the daily history stock prices of the most recent three months before the grant date, and the standard deviation of return on the stock during this period.

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2023	2022
Equity-settled	$ 9,782	$ 141

(18) Provisions

	Provision for litigation
At January 1, 2023	$ -
Additional provisions	77,959
At December 31, 2023	$ 77,959

For the year ended December 31, 2022: None.

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current	$ 77,959	$ -

For the Company's litigations relating to business matters, after taking legal advice, management assessed that the Company shall compensate for the litigations. Therefore, a provision of $77,959 thousand is recognised for these legal claims.

(19) Share-based payment

A. As of December 31, 2023, the Company's authorised capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,142,551 thousand with a par value of $10 (in dollars) per share. As of December 31, 2023, the number of ordinary shares outstanding amounted to 212,882 thousand shares.

B. Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	2023	2022
At January 1	208,446	194,757
Add: Stock dividends	-	19,478
Add: Transfer of treasury shares	4,436	20
Less: Purchase of treasury shares	-	(5,809)
At December 31	212,882	208,446

C. The shareholders of the Company during their meeting on June 27, 2022 resolved to issue 19,478 new shares through capitalisation of unappropriated retained earnings of $103,232 thousand and capital surplus of $91,545 thousand. The capital increase had been approved by the Financial Supervisory Committee on July 13, 2022 and the registration had been completed on August 26, 2022.

D. Treasury share

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares (in thousand) are as follows:

		Year ended December 31, 2023	
Reason for share reacquisition		Number of shares	Carrying amount
To be reissued to employees	At January 1	9,869	$ 559,113
	Shares retired	(4,060)	(267,959)
	Shares transferred	(4,436)	(227,957)
	At December 31	1,373	$ 63,197

		Year ended December 31, 2022	
Reason for share reacquisition		Number of shares	Carrying amount
To be reissued to employees	At January 1	4,080	$ 268,991
	Shares increased	5,809	291,154
	Shares transferred	(20)	(1,032)
	At December 31	9,869	$ 559,113

(b) On April 18, 2022, the Board of Directors of the Company resolved to transfer 20 thousand shares of treasury shares purchased in 2020 to employees at NT$52 (in dollars) per share.

(c) On August 8, 2022, the Board of Directors of the Company resolved to repurchase treasury shares in the amount of 5,000 thousand shares. The above treasury shares in the amount of 2,840 shares were actually repurchased and the repurchase was completed on October 7, 2022.

(d) On April 17, 2023, the Board of Directors of the Company resolved to transfer 3,022 thousand shares of treasury shares purchased in 2022 to employees at NT$56.66 (in dollars) per share.

(e) On August 7, 2023, the Board of Directors of the Company resolved to transfer 1,414 thousand shares of treasury shares purchased in 2022 to employees at NT$56.66 (in dollars) per share.

(f) On August 7, 2023, the Board of Directors of the Company resolved to retire treasury shares with the effective date set on August 7, 2023. On September 13, 2023, the retirement of 4,060 thousand shares of treasury shares and the registration change for the paid-in capital were completed.

(g) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus. As of December 31, 2023 and 2022, the balance of the treasury shares repurchased and transferred to employees amounted to $63,197 thousand and $559,113 thousand, respectively.

(h) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(i) Pursuant to the R.O.C. Company Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(20) Capital surplus

	Year ended December 31	
	2023	2022
Used to offset deficits, distributed as cash dividends or transferred to share capital		
Additional paid-in capital in excess of par-ordinary share	$ 998,112	$ 1,017,026
Treasury share transactions	15,033	360
	$ 1,013,145	$ 1,017,386

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. nder the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay income tax returns and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. In addition, after special reserve is set aside or reversed in accordance with relevant regulations as required by the competent authority, the remainder along with accumulated unappropriated earnings shall be proposed by the Board of Directors and resolved at the shareholders' meeting to be distributed as dividends and bonus to shareholders. However, the distribution of dividends and bonus or legal reserve and capital surplus, in whole or in part, in the form of cash in accordance with regulations or paragraph 5, Article 240 of the Company Act, shall be authorised to the Board of Directors, through a resolution adopted by the majority vote at their meeting attended by two-thirds of the total number of directors, and the report of such distribution shall be reported to the shareholders during their meeting.

B. The Company's dividend policy is summarised below:

To improve the Company's dividend policy and consider the Company's capital position, the total dividends are distributed at 10% to 90% of the accumulated distributable earnings, and cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. (a) The appropriations of 2022 and 2021 earnings as resolved by the Board of Directors and the shareholders at their meetings on April 17, 2023 and June 27, 2022, respectively, were as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 58,528		$ 34,246	
Special reserve	(1,755)		10,472	
Cash dividends	416,892	$ 2.00	194,777	$ 1.00
Stock dividends - capitalisation of earnings	-	-	103,232	0.53
Stock dividends - capitalisation of capital surplus	-	-	91,545	0.47
	$ 473,665		$ 434,272	

(b) The appropriation of 2023 earnings as proposed by the Board of Directors on March 7, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 60,821	
Reversal of special reserve	(1,544)	
Cash dividends	428,510	$ 2.0129
	$ 487,787	

(22) Other equity items

	Year ended December 31	
	2023	2022
At January 1	($ 10,151)	($ 11,906)
Currency translation differences:		
- Group	1,930	2,193
- Tax on Group	(386)	(438)
At December 31	($ 8,607)	($ 10,151)

(23) Operating revenue

	December 31, 2023	December 31, 2022
Revenue from contracts with customers	$ 7,774,392	$ 6,399,222

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

	Year ended December 31, 2023				
	Wheels				
	America	Europe	All other segments	Other products	Total
Revenue from external customer contracts	$ 1,755,608	$ 3,877,072	$ 997,463	$ 1,144,249	$ 7,774,392

	Year ended December 31, 2022				
	Wheels				
	America	Europe	All other segments	Other products	Total
Revenue from external customer contracts	$ 1,462,261	$ 3,150,400	$ 468,128	$ 1,318,433	$ 6,399,222

B. Contract liabilities and refund liabilities

(a) The Company has recognised the following revenue-related contract liabilities and refund liabilities (recorded as other current liabilities):

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 29,978	$ 12,649	$ 25,130
Refund liabilities	$ 37,196	$ 39,040	$ 34,398

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 8,188	$ 20,343

(24) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	$ 14,716	$ 2,634
Interest income from financial assets measured at amortised cost	1,028	309
Interest income from bonds sold under repurchase agreement	-	99
Other interest income	1,853	1,127
	$ 17,597	$ 4,169

(25) Other income

	Year ended December 31			
	2023		2022	
Grant income	$	16,051	$	8,475
Compensation income		5,669		138
Gains on write-off of past due payable		-		4,309
Other income, others		28,235		21,852
	$	49,955	$	34,774

A. The Company had obtained 8 loans totalling $1,635,000 thousand at the preferential interest rates from the government under the "Action Plan for Accelerated Investment by Domestic Corporations" from Chang Hwa Bank, Taiwan Cooperative Bank and Bank of Taiwan, respectively, as of December 31, 2023. The loans will be used for the working capital and purchase of equipment and will be repaid in installments before November 2028 and September 2026, respectively. The fair value of the loans estimated based on the market interest rate of each loan at the time was $1,623,716 thousand in total. The differences between the obtained amount and the fair value of the loans amounting to $11,284 thousand were considered as government grants of low-interest loans and recognised as gain on deferred government grants (shown as other current liabilities and other non-current liabilities). The gain on deferred government grants was transferred to other income - government grant income following the interest amortisation. There were $7,548 thousand and $6,642 thousand transferred to other income - government grant income for the years ended December 31, 2023 and 2022, respectively.

B. As the Company was eligible for the 'Stable Employment Plan' of the Ministry of Labor, the Company had employed unemployed people who met the qualifications of the plan according to the government grants and recognised government grant income amounting to $1,054 thousand and $1,833 thousand for the years ended December 31, 2023 and 2022, respectively.

C. As the Company was eligible for the 'Power and Public Equipment Subsidy' promoted by the Ministry of Economic Affairs, the Company had recognised government grant income amounting to $999 thousand for the years ended December 31, 2023.

D. The Company had obtained the government grants from the 'Taiwan Industry Innovation Platform Program' of the Ministry of Economic Affairs and transferred other income - government grant income amounting to $6,450 thousand for the year ended December 31, 2023.

(26) Other gains and losses

	Year ended December 31	
	2023	2022
Net gains on financial assets and liabilities at fair value through profit or loss	$ 115,633	$ 498,006
Foreign exchange gains	18,697	123,737
Gains on disposals of property, plant and equipment	4,293	20,605
Other losses	(31,085)	-
	$ 107,538	$ 642,348

(27) Finance costs

	Year ended December 31	
	2023	2022
Interest expense - bank borrowings	$ 155,672	$ 98,267
Interest expense - lease liabilities	146	122
Interest expense - others	21,349	-
Less: Capitalisation of qualifying assets	(9,317)	(835)
	$ 167,850	$ 97,554

(28) Expenses by nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 749,994	$ 178,018	$ 928,012
Labour and health insurance fees	73,346	17,135	90,481
Pension costs	22,934	7,178	30,112
Directors' remuneration	-	14,349	14,349
Other personnel expenses	53,264	13,163	66,427
	$ 899,538	$ 229,843	$ 1,129,381
Depreciation charges	$ 872,759	$ 34,695	$ 907,454
Amortisation charges	$ 924	$ 10,026	$ 10,950

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 711,220	$ 168,453	$ 879,673
Labour and health insurance fees	67,477	16,986	84,463
Pension costs	22,677	7,334	30,011
Directors' remuneration	-	14,505	14,505
Other personnel expenses	50,251	12,693	62,944
	$ 851,625	$ 219,971	$ 1,071,596
Depreciation charges	$ 858,486	$ 38,339	$ 896,825
Amortisation charges	$ 924	$ 11,087	$ 12,011

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3%~15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, the employees' compensation and directors' remuneration were estimated and accrued respectively as follows based on the distributable profit of current year as of the end of reporting period:

	Year ended December 31	
	2023	2022
Employees' compensation	$ 27,938	$ 25,682
Accrued ratio	3.50%	3.50%
Directors' remuneration	$ 8,381	$ 7,705
Accrued ratio	1.05%	1.05%

The aforementioned accrued employees' compensation and directors' remuneration were in agreement with those amounts resolved by the Board of Directors.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 194,543	$ 125,375
Prior year income tax under (over) estimation	1,201	(20,550)
Total current tax	195,744	104,825
Deferred tax:		
Origination and reversal of temporary differences	(42,270)	12,881
Total deferred tax	(42,270)	12,881
Income tax expense	$ 153,474	$ 117,706

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit plan	$ 57	($ 650)
Currency translation differences	(386)	(438)
	($ 329)	($ 1,088)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 152,382	$ 140,076
Effects from items disallowed by the regulation	(109)	(1,676)
Prior year income tax under (over) estimation	1,201	(20,550)
Change in assessment of realisation of deferred tax assets	-	(144)
Income tax expense	$ 153,474	$ 117,706

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	Year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	$ 118,220	($ 2,246)	$ -	$ 115,974
Allowance for bad debts that exceeds the limit for tax purpose	2,786	(466)	-	2,320
Unused compensated absences for employees	5,957	454	-	6,411
Loss on long-term foreign investments	56,700	(202)	-	56,498
Unrealised loss on valuation of financial assets and liabilities	-	1,965	-	1,965
Accumulated translation adjustment of long-term equity investments	2,538	-	(386)	2,152
Unrealised exchange loss	-	1,777	-	1,777
Unrealised provisions	-	7,831	-	7,831
	$ 186,201	$ 9,113	($ 386)	$ 194,928
Temporary differences:				
Deferred tax liabilities:				
Unrealised exchange gain	($ 10,025)	$ 10,025	$ -	$ -
Unrealised gain on valuation of financial assets and liabilities	(23,184)	23,184	-	-
Remeasurement of defined benefit obligations	(57)	(52)	57	(52)
	($ 33,266)	$ 33,157	$ 57	($ 52)
		$ 42,270	($ 329)	

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	$ 99,108	$ 19,112	$ -	$ 118,220
Allowance for bad debts that exceeds the limit for tax purpose	1,822	964	-	2,786
Unused compensated absences for employees	5,861	96	-	5,957
Loss on long-term foreign investments	47,728	8,972	-	56,700
Unrealised loss on valuation of financial assets and liabilities	966	(966)	-	-
Accumulated translation adjustment of long-term equity investments	2,976	-	(438)	2,538
Unrealised exchange loss	7,850	(7,850)	-	-
Remeasurement of defined benefit obligations	593	55	(648)	-
	$ 166,904	$ 20,383	($ 1,086)	$ 186,201
Temporary differences:				
Deferred tax liabilities:				
Unrealised exchange gain	$ -	($ 10,025)	$ -	($ 10,025)
Unrealised gain on valuation of financial assets and liabilities	-	(23,184)	-	(23,184)
Remeasurement of defined benefit obligations	-	(55)	(2)	(57)
	$ -	($ 33,264)	($ 2)	($ 33,266)
		($ 12,881)	($ 1,088)	

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 608,436	210,999	$ 2.88
Diluted earnings per share			
Profit attributable to ordinary shareholders	608,436	210,999	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	468	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 608,436	211,467	$ 2.88

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 582,675	201,024	$ 2.90
Diluted earnings per share			
Profit attributable to ordinary shareholders	582,675	201,024	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	665	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 582,675	201,689	$ 2.89

When calculating diluted earnings per share, the Group assumes that the employees' compensation will all be distributed in the form of shares for the year and the resulting potential shares will be included in the weighted average number of ordinary shares outstanding if those shares have a dilutive effect.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31 2023	Year ended December 31 2022
Purchase of property, plant and equipment	$ 363,464	$ 868,763
Add: Opening balance of payable on equipment	369,600	33,759
Add: Opening balance of notes payable on equipment	96,958	24,011
Add: Ending balance of prepayments for business facilities	75,664	23,532
Less: Ending balance of payable on equipment	(131,804)	(369,600)
Less: Ending balance of notes payable on equipment	(20,630)	(96,958)
Less: Cash from capitalised interest payments	(9,317)	(835)
Less: Opening balance of prepayments for business facilities	(23,532)	(17,448)
Cash paid during the year	$ 720,403	$ 465,224

	Year ended December 31 2023	Year ended December 31 2022
Disposal of property, plant and equipment	$ 22,399	$ 161,882
Add: Opening balance of receivable on equipment	66,617	-
Less: Ending balance of receivable on equipment	(7,342)	(66,617)
Less: Ending balance of other notes receivable	(4,475)	-
Cash received during the year	$ 77,199	$ 95,265

B. Financing activities with no cash flow effects:

	Year ended December 31 2023	Year ended December 31 2022
Stock dividends - capitalisation of earnings	$ -	$ 103,232
Stock dividends - capitalisation of capital surplus	-	91,545
Cash received during the year	$ -	$ 194,777

(32) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	$ 1,234,953	$ -	$ 7,018,213	$ 11,596	$ -	$ 8,264,762
Changes in cash flow from financing activities	(364,953)	-	7,522	(7,401)	(416,892)	(781,724)
Changes in other non-cash items	-	-	3,978	4,303	416,892	425,173
At December 31, 2023	$ 870,000	$ -	$ 7,029,713	$ 8,498	$ -	$ 7,908,211

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	$ 498,000	$ 249,927	$ 6,817,164	$ 2,954	$ -	$ 7,568,045
Changes in cash flow from financing activities	736,953	(250,000)	194,407	(5,926)	(194,777)	480,657
Changes in other non-cash items	-	73	6,642	14,568	194,777	216,060
At December 31, 2022	$ 1,234,953	$ -	$ 7,018,213	$ 11,596	$ -	$ 8,264,762

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
SuperAlloy Manufaktur GmbH. (SAMF.)	Subsidiary of the Company

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
SAMF.	$ -	$ 67

Operating revenue mainly refers to the sales of processed supplies. The transaction price is determined according to the mutual agreements. The collection term is 30 days after monthly billings. The price and term have no abnormality with those to third parties.

B. Operating costs

	Year ended December 31	
	2023	2022
SAMF.	$ 239,092	$ 185,555

Operating costs mainly refer to the expenses on painting and processing paid to the subsidiary. The payment term is 30 days after monthly billings.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables:		
SAMF.	$ -	$ 1,296

Receivables from related parties mainly refer to payments on behalf of others generated from operations.

D. Payment on behalf of others (shown as other current assets, others)

	December 31, 2023	December 31, 2022
SAMF.	$ 23,766	$ 37,384

Prepayments mainly refer to the expenses on painting and processing prepaid to the subsidiary.

E. Payables to related parties

	December 31, 2023	December 31, 2022
(a) Accounts payable:		
SAMF.	$ 3,310	$ 3,921
(b) Other payables:		
SAMF.	$ 3,096	$ 68

Accounts payable arise mainly from painting and processing by the subsidiary. The payment term is 30 days after monthly billings. The payables bear no interest.

Other payables arise mainly from transactions of service provisions and warehouse leasing by the subsidiary. The payment term is 30 days after monthly billings. The payables bear no interest.

F. Operating expenses

	Year ended December 31	
	2023	2022
SAMF.	$ 19,478	$ 14,217

Operating expenses mainly refer to the expenses on service provisions and warehouse leasing by the subsidiary.

G. Endorsements and guarantees provided to related parties

	Year ended December 31			
	2023		2022	
	Guaranteed facilities	Facilities drawn	Guaranteed facilities	Facilities drawn
SAMF.	$ 225,522	$ 190,183	$ 225,522	$ 191,782

H. Loans to/from related parties

Loans to related parties (shown as other receivables due from related parties)

(a) Outstanding balance:

	December 31, 2023	December 31, 2022
SAMF.	$ 123,009	$ 118,337

(b) Interest income:

	Year ended December 31	
	2023	2022
SAMF.	$ 1,853	$ 1,127

The loans to SAMF. carry interest at 1.64% and 1.37% per annum for the years ended December 31, 2023 and 2022, respectively.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	$ 23,335	$ 23,239
Post-employment benefits	216	216
Share-based payments	1,295	-
	$ 24,846	$ 23,455

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Property, plant and equipment	$ 4,159,703	$ 5,288,275	Long-term borrowings
Pledged time deposits (Note)	32,947	24,755	Guarantee deposits for CPC corporation and purchases of materials
	$ 4,192,650	$ 5,313,030	

Notes: Shown as non-current financial assets at amortised cost.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 372,426	$ 614,883

B. The Company entered into a minimum order quantity contract with the main raw material supplier, Emirates Global Aluminium (Singapore) Pte Ltd ("EGA"), on December 6, 2023 to stabilise the safety stock of raw materials. The contract stipulated that the Company shall reach a certain minimum order quantity every year and the payment terms are telegraphic transfer after shipment by EGA. Based on the assessment, the Company shall have no concerns about fulfilling the obligations under the contract before it expires.

(2) Contingencies

The Company entered into the Sales Representation Agreement (the "Agreement") with the German entity, LCTec GmbH ("LCTec" (Note)), in 2011. The Agreement stipulated that LCTec provides services such as sales management and technical support. The period of the Agreement was to August 31, 2016. Except for a notice 90 days in advance for cancelling the automatic renewal, the Agreement could continue to be renewed for 2 years automatically. The Company notified LCTec to cancel the automatic renewal in April 2018. The Company later discovered there are flaws that made the Agreement entered into invalid and notified LCTec to terminate the implement of the Agreement immediately in August 2018.

LCTec filed an application to a German arbitration institution for commencing an arbitration in December 2021 and requested the Company to propose the commission reports from November 2018 to November 2021 then pay the commissions and interests based on the reports to it. The management assessed the results of the repayment and recorded the profit or loss recognised for the provision as operating expenses and finance costs according to the nature after taking appropriate legal advice for the year ended December 31, 2023.

Note: The entity had changed its name on September 25, 2018. Its original name was SuperAlloy International GmbH.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On March 7, 2024, the Board of Directors of the Company resolved to increase its capital by issuing new shares due to the initial public offering. The Company issued 23,529 thousand shares of common shares, with a par value of $10 (in dollars) per share, and the tentative premium issuance price was NT$56 (in dollars) per share. However, the chairman was authorized to set the actual issuance price in accordance with the public offering related securities regulations and market conditions before the listing, which shall have mutual agreement with the lead securities underwriter. The shares would be issued when the case had been resolved by the Board of Directors and approved by the competent authority. In addition, the chairman was authorized to set the payment period, effective date of the capital increase, issuance date of shares and other relevant matters of issuing new shares.

(2) Refer to Note 6(21)E.(b) for the details of the appropriation of 2023 earnings.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors the Company's capital on the basis of the gearing ratio.

(2) Financial instruments

A. Financial instruments by category

Financial assets	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Financial assets held for trading	$ -	$ 115,918
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,224,211	$ 862,863
Financial assets at amortised cost (including non-current)	32,947	24,755
Notes receivable	4,475	-
Accounts receivable	1,013,252	827,100
Other receivables	76,704	150,335
Other receivables due from related parties	123,009	119,633
Guarantee deposits paid	45,517	59,080
	$ 2,520,115	$ 2,043,766

Financial liabilities	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 9,824	$ -
Financial liabilities at amortised cost		
Short-term borrowings	$ 870,000	$ 1,234,953
Notes payable	369,672	430,148
Accounts payable	79,793	63,332
Accounts payable to related parties	3,310	3,921
Other accounts payable	674,669	1,053,329
Other accounts payable to related parties	3,096	68
Long-term borrowings (including current portion)	7,029,713	7,033,475
	$ 9,030,253	$ 9,819,226
Lease liability	$ 8,498	$ 11,596

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury). Company treasury identifies, evaluates and hedges financial risks such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity in close co-operation with the operating units.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, EUR and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. Each unit of the Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. Each unit of the Company uses natural hedges or forward foreign exchange contracts with the Group treasury to manage and hedge the foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Company hedges foreign exchange rate by using foreign exchange swap contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
Bank deposits					
USD:NTD	$	16,106	30.7050	$	494,535
EUR:NTD		2,387	33.9800		81,114
JPY:NTD		2,721,324	0.2172		591,072
Non-current financial assets at amortised cost					
USD:NTD	$	1,060	30.7050	$	32,947
Receivables					
USD:NTD	$	19,478	30.7050	$	598,072
EUR:NTD		8,665	33.9800		294,437
JPY:NTD		1,167,394	0.2172		253,536
Current financial assets at fair value through profit or loss					
EUR:NTD	$	49	33.9800	$	1,670
Non-monetary items					
Investments accounted for using the equity method					
EUR:NTD	$	1,556	33.9800	$	52,863
Financial liabilities					
Monetary items					
Payables					
USD:NTD	$	459	30.7050	$	14,094
EUR:NTD		2,308	33.9800		78,426
Current financial liabilities at fair value through profit or loss					
USD:NTD	$	374	30.7050	$	11,494

	December 31, 2022				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
Bank deposits					
USD:NTD	$	24,652	30.7100	$	757,063
EUR:NTD		1,584	32.7200		51,828
JPY:NTD		40,403	0.2324		9,390
Non-current financial assets at amortised cost					
USD:NTD	$	760	30.7100	$	23,340
Receivables					
USD:NTD	$	21,196	30.7100	$	650,929
EUR:NTD		8,708	32.7200		284,926
JPY:NTD		87,330	0.2324		20,295
Current financial assets at fair value through profit or loss					
USD:NTD	$	3,775	30.7100	$	115,918
Non-monetary items					
Investments accounted for using the equity method					
EUR:NTD	$	1,526	32.7200	$	49,922
Financial liabilities					
Monetary items					
Payables					
USD:NTD	$	778	30.7100	$	23,892
EUR:NTD		2,388	32.7200		78,135
Bank borrowings					
USD:NTD	$	6,348	30.7100	$	194,947

v. The Company's subsidiaries conduct forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

vi. The total net exchange gain, including realised and unrealised,arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $18,697 thousand and $123,737 thousand, respectively.

vii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
Cash in banks			
USD:NTD	1%	$ 4,945	$ -
EUR:NTD	1%	811	-
JPY:NTD	1%	5,911	-
Non-current financial assets at amortised cost			
USD:NTD	1%	$ 329	$ -
Receivables			
USD:NTD	1%	$ 5,981	$ -
EUR:NTD	1%	2,944	-
JPY:NTD	1%	2,535	-
Current financial assets at fair value through profit or loss			
USD:NTD	1%	$ 17	$ -
Non-monetary items			
Investments accounted for using the equity method			
EUR:NTD	1%	$ -	Not applicable
Financial liabilities			
Monetary items			
Payables			
USD:NTD	1%	$ 141	$ -
EUR:NTD	1%	784	-
Current financial liabilities at fair value through profit or loss			
USD:NTD	1%	$ 115	$ -

	Year ended December 31, 2022				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
Cash in banks					
USD:NTD	1%	$	7,571	$	-
EUR:NTD	1%		518		-
JPY:NTD	1%		94		-
Non-current financial assets at amortised cost					
USD:NTD	1%	$	233	$	-
Receivables					
USD:NTD	1%	$	6,509	$	-
EUR:NTD	1%		2,849		-
JPY:NTD	1%		203		-
Current financial assets at fair value through profit or loss					
USD:NTD	1%	$	1,159	$	-
Non-monetary items					
Investments accounted for using the equity method					
EUR:NTD	1%	$	-	Not applicable	
Financial liabilities					
Monetary items					
Payables					
USD:NTD	1%	$	239	$	-
EUR:NTD	1%		781		-
Bank borrowings					
USD:NTD	1%	$	1,949	$	-

Price risk

None.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. On December 31, 2023 and 2022, if the borrowing interest rate had changed by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $63,198 thousand and $66,025 thousand, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows stated at fair value through profit or loss.

ii. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard receipt or payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i). It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii). The disappearance of an active market for that financial asset because of financial difficulties;

(iii). Default or delinquency in interest or principal repayments;

(iv). Adverse changes in national or regional economic conditions that are expected to cause a default.

(vii).The Company classifies customers' accounts receivable by applying the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

(viii).The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

(ix).The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and December 31, 2022, the provision matrix is as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.09%	$ 949,685	$ 877
Up to 30 days	1.01%	53,296	538
31 to 90 days	7.18%	9,509	683
91 to 180 days	14.87%	2,791	415
Over 180 days	62.33%	1,285	801
Over 1 year	100.00%	7,220	7,220
		$ 1,023,786	$ 10,534

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.12%	$ 712,171	$ 865
Up to 30 days	1.00%	85,196	852
31 to 90 days	5.47%	23,177	1,267
91 to 180 days	23.07%	7,901	1,823
Over 180 days	51.84%	7,189	3,727
Over 1 year	100%	2,427	2,427
		$ 838,061	$ 10,961

(x).Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 10,961	$ 6,561
(Reversal) allowance of impairment loss	(427)	5,786
Write-offs of allowance for uncollectible accounts	-	(1,386)
At December 31	$ 10,534	$ 10,961

(c) Liquidity risk

i. Company treasury monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate		
Expiring within one year	$ 2,000,000	$ 2,125,516
Expiring beyond one year	-	950,000
	$ 2,000,000	$ 3,075,516

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings (Note)	$ 472,053	$ 400,476	$ -	$ -	$ -	$ 872,529
Notes payable	368,560	1,112	-	-	-	369,672
Accounts payable	76,030	3,763	-	-	-	79,793
Accounts payable to related parties	3,310	-	-	-	-	3,310
Other payables	674,669	-	-	-	-	674,669
Other payables to related parties	3,096	-	-	-	-	3,096
Long-term borrowings (including current portion) (Note)	197,771	1,115,480	1,431,569	2,282,121	2,220,850	7,247,791
Lease liability (Note)	1,882	3,382	2,170	1,170	-	8,604
Derivative financial liabilities						
Forward exchange contract	$ -	$ 9,824	$ -	$ -	$ -	$ 9,824

Note: The amount includes expected future interest payments.

December 31, 2022	Less than 3 months		Between 3 months and 1 year		Between 1 and 2 year(s)		Between 2 and 5 years		Over 5 years		Total	
Non-derivative financial liabilities												
Short-term borrowings (Note)	$	442,996	$	824,056	$	-	$	-	$	-	$	1,267,052
Notes payable		429,326		822		-		-		-		430,148
Accounts payable		46,462		16,870		-		-		-		63,332
Other payables		1,053,329		-		-		-		-		1,053,329
Other payables to related parties		68		-		-		-		-		68
Long-term borrowings (including current portion) (Note)		63,110		417,833		1,717,865		2,498,620		2,824,146		7,521,574
Lease liability (Note)		1,522		4,565		3,344		2,340		-		11,771

Note: The amount includes expected future interest payments.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value includes the carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), financial assets at amortised cost, short-term borrowings, notes payable, accounts payable, other payables (including related parties) and long-term borrowings.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilites mandatorily measured at fair value through profit or loss				
-Derivative instruments	$ -	$ 9,824	$ -	$ 9,824

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss				
-Derivative instruments	$ -	$ 115,918	$ -	$ 115,918

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts are usually valued based on the current forward exchange rate.

(c) For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

(d) For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Not applicable.

14. Operating Segment Information

Not applicable.

SUPERALLOY INDUSTRIAL CO., LTD.

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	SUPERALLOY INDUSTRIAL CO.. LTD.	SuperAlloy Manufaktur GmbH	Other receivables	Y	122,328	122,328	122,328	1.64%	Note 2	239,092	Not applicablr	-	None	-	239,092	1,547,067	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Having business relationship.

Note 3: The amount of loan at the end of the period has been translated at the exchange rate prevailing at December 31, 2023.

Note 4: For the companies having business relationship with the Company, the ceiling on total loans granted shall not exceed 20% of the creditor’s net worth; limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower in the latest one year.

SUPERALLOY INDUSTRIAL CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Relationship with the endorser /guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of 2023	Outstanding endorsement/ guarantee amount at 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	2	$ 2,320,601	$ 225,522	$ 225,522	$ 190,183	$ -	2.92%	$ 2,320,601	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3) The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets. However, limit on endorsements/guarantees provided for a single overseas affiliate is 30% of the Company's net assets.

SUPERALLOY INDUSTRIAL CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount		Transaction: Percentage of total purchases total purchases	Transaction: Credit term	Differences in transaction terms compared to third party transactions (Note 1): Unit price	Differences in transaction terms compared to third party transactions (Note 1): Credit term	Notes/accounts receivable (payable): Balance		Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	The Company's subsidiary	Outsourcing expenses	$	239,092	7.79%	Payment term is 30 days after monthly billings.	Note 1	Note 1	$	3,310	0.73%	Note 2

Note 1: It is refer to the market price and would be determined based on mutual agreement.

Note 2: The transaction had been eliminated in the consolidated financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts	Footnote
			General ledger account	Amount		Amount	Action taken			
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	The Company's subsidiary	Other receivables	$ 123,009	-	$ -	-	$ -	$ -	Notes 2, 3

Note 1: Amounts have been collected as of March 7, 2024.

Note 2: The transaction had been eliminated in the consolidated financial statements.

Note 3: The amount is in the nature of a loan of funds in thousands, thus the turnover rate is not applicable.

SUPERALLOY INDUSTRIAL CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	1	Outsourcing expenses	$ 239,092	Payment term is 30 days after monthly billings.	3.07%
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	1	Other receivables	123,009	Note 5	0.71%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: It is refer to the market price and would be determined based on mutual agreement.

SUPERALLOY INDUSTRIAL CO., LTD.

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee (Note 1)	Location	Main business activities	Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	Germany	Coating and manufacturing of rims	$ 358,258	$ 358,258	-	100.00	$ 52,863	$ 1,011	$ 1,011	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this year.

(3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this year. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 1

Item	Description	Amount	
Petty cash		$	392
Cash in banks:			
Demand deposits		$	56,780
Foreign currency deposits	JPY 2,721,324 thousand, an exchange rate of $0.2172		591,072
	USD 16,106 thousand, an exchange rate of $30.7050		494,549
	EUR 2,387 thousand, an exchange rate of $33.9800		81,114
	AUD 14 thousand, an exchange rate of $20.9800		283
	GBP 1 thousand, an exchange rate of $39.1500		19
	RMB 1 thousand, an exchange rate of $4.327		2
		$	1,224,211

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 2

Client Name	Amount	Note
A customer	$ 265,062	
B customer	209,171	
C customer	100,870	
D customer	57,216	
Others	391,467	The balance of each customer has not exceeded 5% of the accounts receivable
	1,023,786	
Less: Allowance for bad debts	(10,534)	
	$ 1,013,252	

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 3

Item	Amount: Cost	Amount: Market Price	Note
Raw materials	$ 4,029,775	$ 4,155,752	Use replacement cost as market price
Work in progress	1,376,760	1,869,342	Use net realisable value as market price
Finished goods	1,378,388	2,065,635	Use net realisable value as market price
	$ 6,784,923	$ 8,090,729	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	(579,869)		
	$ 6,205,054		

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 4

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Ratio	Amount	Unit Price (in dollars)	Total Amount	Valuation basis	Collateral
SuperAlloy Manufaktur Gmbh.	-	$ 49,922	-	$ 2,941	-	$ -	-	100	$ 52,863	-	$ 52,863	Equity method	None

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 5

Item	Beginning Balance	Addition	Decrease	Transfers	Ending Balance	Note

Information on cost and accumulated depreciation of property, plant and equipment is provided in Note6(7) and 8.

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 6

Institutions	Nature	Ending Balance	Contract Period	Range of Interest Rate	Credit Line		Collateral
The Export-Import Bank of ROC	Unsecured borrowings	$ 300,000	2023/4/17~2024/4/17	1.73%	TWD	300,000	None
Bank of Taiwan	Unsecured borrowings	100,000	2023/11/15~2024/5/15	1.75%	USD	8,000	None
Cathay United Bank	Unsecured borrowings	100,000	2023/12/15~2024/1/12	1.71%	TWD	300,000	None
Bangkok Bank	Unsecured borrowings	250,000	2023/12/6~2024/1/5	1.67%	TWD	300,000	None
Taishin International Bank	Unsecured borrowings	120,000	2023/12/29~2024/1/29	1.70%	TWD	300,000	None
		$ 870,000					

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 7

Item	Description	Amount

Note: Information on other payables is provided in Note 6(13).

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 8

Creditor	Amount	Contract Period	Interest Rate	Credit Line	Collateral
Taiwan Cooperative Bank	$ 335,000	2015/2/12~2035/2/12	1.65%	$ 542,000	Land and plant
Taiwan Cooperative Bank	120,000	2021/3/15~2028/3/15	1.70%	120,000	Unsecured borrowings
Taiwan Cooperative Bank	1,000,000	2022/6/15~2028/6/29	1.65%	1,300,000	Land and plant
Chang Hwa Bank	2,503,775	2019/12/30~2040/3/10	1.80%	2,660,000	Land and plant
Chang Hwa Bank	700,000	2020/12/25~2027/12/15	2.10%	700,000	Unsecured borrowings
Bank of Taiwan	325,000	2023/8/16~2026/8/16	1.63%	325,000	Unsecured borrowings
Bank of Taiwan	472,222	2021/10/05~2026/10/5	1.75%	500,000	Unsecured borrowings
Bank of Taiwan	315,000	2021/11/08~2028/11/8	1.75%	800,000	Machinery
Hua Nan Commercial Bank, Ltd.	350,000	2021/6/30~2024/6/30	1.77%	350,000	Unsecured borrowings
Jih Sun International Commercial Bank	100,000	2022/5/16~2024/5/16	1.78%	250,000	Unsecured borrowings
Shanghai Commercial and Savings Bank	300,000	2022/3/07~2025/9/5	1.64%	300,000	Unsecured borrowings
Yuanta Commercial Bank Co., Ltd.	220,000	2022/4/18~2025/4/18	1.70%	300,000	Unsecured borrowings
Far Eastern International Bank	300,000	2023/12/15~2026/7/31	1.72%	300,000	Unsecured borrowings
	7,040,997				
Less: Deferred government grant gains	(11,284)				
Less: current portion	(1,220,729)				
	$ 5,808,984				

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 9

Item	Volume	Amount	Note
Forging wheel	706,048 pcs	$ 6,720,751	
Aluminium material	9,698,915 Kilogram	650,240	
Others		500,152	The balance of each customer has not exceeded 10% of the operating revenue
		7,871,143	
Less: Sales returns and discounts		(96,751)	
Operating revenue, net		$ 7,774,392	

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 10

	Amount
Direct material	
Raw materials at beginning of year	$ 3,968,456
Add: Purchases in the year	3,093,261
Gain on physical inventory for raw materials	13,418
Warehouse-in of foundry returns	1,525,713
Less: Raw materials at end of year	(4,029,775)
Scrapping of raw materials	(15,401)
Cost of raw materials sold	(219,822)
Transferred to expenses	(418,979)
Warehouse-out of foundry returns	(1,525,713)
Consumption of materials for the year	2,391,158
Direct labor	764,501
Manufacturing expense	2,151,493
Manufacturing cost	5,307,152
Add: Work in progress at beginning of year	1,798,992
Less: Work in progress at end of year	(1,376,760)
Loss on physical inventory for work in progress	(41)
Scrapping of work in progress	(97,740)
Transferred to expenses	(9,538)
Cost of finished goods	5,622,065
Add: Finished goods at beginning of year	1,215,019
Processing costs	652,517
Less: Finished goods at end of year	(1,378,388)
Loss on physical inventory for finish goods	(8,908)
Scrapping of finish goods	(20,369)
Transferred to other equipment and equipment under acceptance	(185,865)
Transferred to expenses	(187,699)
Cost of goods manufactured and sold	5,708,372
Cost of mould sold	10,229
Cost of goods sold	5,718,601
Underapplied overhead	252,405
Gain on reversal of inventory market value decline and obsolete and slow-moving	(11,231)
Scrapping of inventory	133,510
Gains from scrapping inventory	(42,048)
Revenue from sales of scraps	(229,363)
Cost of raw materials sold	219,822
Gain on physical inventory	(4,469)
Total cost of sales	$ 6,037,227

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 11

Item	Amount		Note
Depreciation expense	$	872,759	
Consumables expense		356,379	
Utilities expense		391,979	
Repairs and maintenance expense		233,955	
Salary expenses		114,155	
Other expenses		434,671	The balance of each customer has not exceeded 5% of the manufacturing expense
Actual manufacturing overhead		2,403,898	
Less: Underapplied overhead	(	252,405)	
Standard manufacturing overhead	$	2,151,493	

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 12

Item	Selling expenses	General & administrative expenses	Research and development expense	Total	Note
Freight	$ 198,839	$ 1,162	$ 176	$ 200,177	
Salary expenses (including pensions)	32,545	96,728	70,272	199,545	
Cost of services	27,594	32,765	4	60,363	
Depreciation expense	420	25,302	8,973	34,695	
Storage fee	53,099	-	-	53,099	
Testing fee	1,536	-	23,988	25,524	
Commission expenses	72,713	-	-	72,713	
Import/export expense	137,645	-	-	137,645	
Other expenses	41,999	108,530	49,643	200,172	The balance of each customer has not exceeded 5% of the operating expense
	$ 566,390	$ 264,487	$ 153,056	$ 983,933	

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF NET AMOUNT OF OTHER REVENUES AND GAINS AND EXPENSES AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note

Information on other gains and losses is provided in Note 6(26).

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 14

Item	Description	Amount	Note

Information on finance costs is provided in Note 6(27).

SUPERALLOY INDUSTRIAL CO., LTD

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in New Taiwan dollars)

Statement 15

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary expenses	$ 749,994	$ 178,018	$ 928,012	$ 711,220	$ 168,453	$ 879,673
Labour and health insurance fees	73,346	17,135	90,481	67,477	16,986	84,463
Pension costs	22,934	7,178	30,112	22,677	7,334	30,011
Directors' remuneration	-	14,349	14,349	-	14,505	14,505
Other personnel expenses	53,264	13,163	66,427	50,251	12,693	62,944
Depreciation expense	872,759	34,695	907,454	858,486	38,339	896,825
Amortisation charge	924	10,026	10,950	924	11,087	12,011

Note:

A. As at December 31, 2023 and 2022, the Company had 1,524 and 1,532 employees, including 9 and 8 non-employee directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(a) The average employee benefit expense of current year was $ 736 (in dollars) ((Total employee benefit expense of current year-Total directors' compensation of current year)/(Number of employees of current year-Number of non-employee directors of current year)).

The average employee benefit expense of prior year was $694 (in dollars) ((Total employee benefit expense of prior year-Total directors' compensation of prior year)/(Number of employees of prior year-Number of non-employee directors of prior year)).

Statement 15

(b) The average wages and salaries of current year were $613 (in dollars) (Total wages and salaries of current year/(Number of employees of current year-Number employee of non- directors of current year)).
The average wages and salaries of prior year were $577 (in dollars) (Total wages and salaries of prior year/(Number of employees of prior year-Number of non-employee directors of prior year)).

(c) The adjustment on the average salary expenses in 2023 is approximately (6.2%) ((Average wages and salaries of current year-Average wages and salaries of prior year)/Average wages and salaries of prior year).

(d) The Company set up an audit committee and therefore, it has no supervisors.

(e) The Company’s Salary and Compensation Policy (including directors, managers and employees) is as follows:

i. The Company set up an audit committee and therefore, it has no supervisors.

ii. Reward, remuneration and transportation allowance of directors (including independent directors), functional committee members and managers are paid in accordance with reward and remuneration payments regulations for directors, independent directors, functional committee members and managers.

iii. Reward of Chairman and managers includes salary and bonus, etc., of which salary is made based on their participation in the operation and contribution, referring to the general pay levels of the industry, and takes into consideration education and work experience, professional skill and job responsibility. In addition, bonus is made based on individual performance achievements and degree of contribution.

SUPERALLOY INDUSTRIAL CO., LTD

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in New Taiwan dollars)

Statement 15

iv. Chairman's and managers' emoluments will be reviewed by the Remuneration Committee and resolved by the Board of Directors.

v. Compensation of employees includes salary and bonus, of which salary is referred by market quotes taking into consideration personal work experience, performance and prior salary conditions, and considers employees' position and job responsibility. In addition, bonus is made based on individual performance assessment.

vi. Annual salary adjustment of employees is implemented based on the Company's operating conditions, referring Economic Growth Rate in Taiwan, Consumer Price Index and salary adjustments in industry, accordingly, to determine the adjustment degree of employees' salary based on personal working performance and performance assessment.

vii. In accordance with the Company's Articles of Incorporation, employees' compensation is contributed based on annual profit. Profit to managers is accrued based on operating performance and profit to employee is accrued according to personal performance assessment.

viii. Year-end bonus is distributed to managers and employees based on personal performance assessment at end of year.