

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

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, 2024 AND 2023 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

| <u>Contents</u> | <u>Page/Number/Index</u> |
|--|--------------------------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 ~ 4 |
| 3. Independent Auditors' Report | 5 ~ 13 |
| 4. Parent Company Only Balance Sheets | 14 ~ 15 |
| 5. Parent Company Only Statements of Comprehensive Income | 16 |
| 6. Parent Company Only Statements of Changes in Equity | 17 |
| 7. Parent Company Only Statements of Cash Flows | 18 ~ 19 |
| 8. Notes to the Parent Company Only Financial Statements | 20 ~ 78 |
| (1) History and Organization | 20 |
| (2) The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation | 20 |
| (3) Application of New Standards, Amendments and Interpretations | 20 ~ 21 |
| (4) Summary of Material Accounting Policies | 21 ~ 31 |
| (5) Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty | 31 ~ 32 |
| (6) Details of Significant Accounts | 32 ~ 60 |

| | |
|---|--------------|
| (7) Related Party Transactions | 60 ~ 62 |
| (8) Pledged Assets | 62 |
| (9) Significant Contingent Liabilities and Unrecognised Contract Commitments | 62 ~ 63 |
| (10) Significant Disaster Loss | 63 |
| (11) Significant Events after the Balance Sheet Date | 63 |
| (12) Others | 63 ~ 77 |
| (13) Supplementary Disclosures | 77 ~ 78 |
| (14) Operating Segment Information | 78 |
| 9. Statements of Major Accounting Items | |
| STATEMENT OF CASH AND CASH EQUIVALENTS | Statement 1 |
| STATEMENT OF ACCOUNTS RECEIVABLE,NET | Statement 2 |
| STATEMENT OF INVENTORIES | Statement 3 |
| STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD | Statement 4 |
| STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION | Statement 5 |
| STATEMENT OF SHORT-TERM BORROWINGS | Statement 6 |
| STATEMENT OF OTHER PAYABLES | Statement 7 |
| STATEMENT OF LONG-TERM BORROWINGS | Statement 8 |
| STATEMENT OF SALES REVENUE | Statement 9 |
| STATEMENT OF OPERATING COSTS | Statement 10 |

| | |
|---|--------------|
| STATEMENT OF MANUFACTURING EXPENSES | Statement 11 |
| STATEMENT OF OPERATING EXPENSES | Statement 12 |
| STATEMENT OF NET AMOUNT OF OTHER REVENUES AND GAINS | Statement 13 |
| AND EXPENSES AND LOSSES | |
| STATEMENT OF FINANCE COSTS | Statement 14 |
| SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE | Statement 15 |
| BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION | |
| EXPENSES BY FUNCTION | |

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, 2024 and 2023, 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, 2024 and 2023, 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 2024 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 2024 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, 2024, the Company's operating revenue amounted to NTD 7,469,668 thousand.

The Company is primarily engaged in the 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 62.76% of operating

revenue. Distribution warehouse sales revenue is recognised when customers pick-up the goods (i.e. 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, 2024, the total inventory and allowance for inventory valuation loss amounted to NTD 6,484,242 thousand and NTD 518,063 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 3, 2025

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| Assets | | | December 31, 2024 | | December 31, 2023 | |
|--------------------|--|---------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,082,496 | 12 | \$ 1,224,211 | 7 |
| 1110 | Financial assets at fair value through | 6(2) | | | | |
| | profit or loss - current | | 19,315 | - | - | - |
| 1150 | Notes receivable, net | 6(4) | 930 | - | 4,475 | - |
| 1170 | Accounts receivable, net | 6(4) | 1,034,738 | 6 | 1,013,252 | 6 |
| 1200 | Other receivables | | 27,629 | - | 76,704 | - |
| 1210 | Other receivables - related parties | 7(2) | 135,281 | 1 | 123,009 | 1 |
| 130X | Inventories | 5(2) and 6(5) | 5,966,179 | 34 | 6,205,054 | 36 |
| 1479 | Other current assets, others | 7(2) | 111,402 | 1 | 98,655 | 1 |
| 11XX | Current Assets | | 9,377,970 | 54 | 8,745,360 | 51 |
| Non-current assets | | | | | | |
| 1510 | Non-current financial assets at fair | 6(2) | | | | |
| | value through profit or loss | | 35,941 | - | - | - |
| 1535 | Non-current financial assets at | 6(3) and 8 | | | | |
| | amortised cost | | 35,480 | - | 32,947 | - |
| 1550 | Investments accounted for using | 6(6) | | | | |
| | equity method | | 53,575 | - | 52,863 | - |
| 1600 | Property, plant and equipment | 6(7) and 8 | 7,504,946 | 44 | 7,988,421 | 47 |
| 1755 | Right-of-use assets | 6(8) | 11,414 | - | 8,425 | - |
| 1780 | Intangible assets | 6(9) | 8,253 | - | 13,643 | - |
| 1840 | Deferred income tax assets | 6(28) | 174,900 | 1 | 194,928 | 1 |
| 1900 | Other non-current assets | 6(10) | 104,524 | 1 | 127,030 | 1 |
| 15XX | Non-current assets | | 7,929,033 | 46 | 8,418,257 | 49 |
| 1XXX | Total assets | | \$ 17,307,003 | 100 | \$ 17,163,617 | 100 |

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2024 | | December 31, 2023 | |
|--------------------------------|--|-----------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(11) | \$ 907,943 | 5 | \$ 870,000 | 5 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) | 66 | - | 9,824 | - |
| 2130 | Current contract liabilities | 6(22) | 27,573 | - | 29,978 | - |
| 2150 | Notes payable | 6(12) | 330,397 | 2 | 369,672 | 2 |
| 2170 | Accounts payable | | 78,512 | 1 | 79,793 | 1 |
| 2180 | Accounts payable to related parties | 7(2) | 2,521 | - | 3,310 | - |
| 2200 | Other payables | 6(13) | 744,603 | 4 | 674,669 | 4 |
| 2220 | Other payables to related parties | 7(2) | 21,686 | - | 3,096 | - |
| 2230 | Current income tax liabilities | | 71,423 | 1 | 193,040 | 1 |
| 2250 | Current provisions | 6(17) | 26,002 | - | 77,959 | 1 |
| 2280 | Current lease liabilities | | 5,375 | - | 5,191 | - |
| 2320 | Long-term liabilities, current portion | 6(14) | 1,016,917 | 6 | 1,220,729 | 7 |
| 2399 | Other current liabilities, others | 6(14)(24) | 48,810 | - | 51,605 | - |
| 21XX | Current Liabilities | | <u>3,281,828</u> | <u>19</u> | <u>3,588,866</u> | <u>21</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(14) | 4,182,929 | 24 | 5,808,984 | 34 |
| 2570 | Deferred income tax liabilities | 6(28) | 679 | - | 52 | - |
| 2580 | Non-current lease liabilities | | 6,139 | - | 3,307 | - |
| 2640 | Non-current net defined benefit liability | 6(15) | 19,538 | - | 22,670 | - |
| 2670 | Other non-current liabilities, others | 6(14) | 552 | - | 4,403 | - |
| 25XX | Non-current liabilities | | <u>4,209,837</u> | <u>24</u> | <u>5,839,416</u> | <u>34</u> |
| 2XXX | Total Liabilities | | <u>7,491,665</u> | <u>43</u> | <u>9,428,282</u> | <u>55</u> |
| Equity | | | | | | |
| | Share capital | 6(18) | | | | |
| 3110 | Common stock | | 2,377,841 | 14 | 2,142,551 | 12 |
| | Capital surplus | 6(19) | | | | |
| 3200 | Capital surplus | | 2,559,546 | 14 | 1,013,145 | 6 |
| | Retained earnings | 6(20) | | | | |
| 3310 | Legal reserve | | 977,146 | 6 | 916,325 | 5 |
| 3320 | Special reserve | | 8,607 | - | 10,151 | - |
| 3350 | Unappropriated retained earnings | | 3,995,169 | 23 | 3,724,967 | 22 |
| | Other equity interest | 6(21) | | | | |
| 3400 | Other equity interest | 6(21) | (8,414) | - | (8,607) | - |
| 3500 | Treasury stocks | 6(18) | (94,557) | - | (63,197) | - |
| 3XXX | Total equity | | <u>9,815,338</u> | <u>57</u> | <u>7,735,335</u> | <u>45</u> |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 17,307,003</u> | <u>100</u> | <u>\$ 17,163,617</u> | <u>100</u> |

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

| | | | Year ended December 31 | | | |
|---|-------------------|--|------------------------|-----------|-------------------|-----------|
| | | | 2024 | | 2023 | |
| Items | Notes | | AMOUNT | % | AMOUNT | % |
| 4000 Sales revenue | 6(22) | | \$ 7,469,668 | 100 | \$ 7,774,392 | 100 |
| 5000 Operating costs | 6(5)(27) and 7(2) | | (5,462,510) | (73) | (6,037,227) | (78) |
| 5900 Net operating margin | | | <u>2,007,158</u> | <u>27</u> | <u>1,737,165</u> | <u>22</u> |
| Operating expenses | 6(27) and 7(2) | | | | | |
| 6100 Selling expenses | | | (602,092) | (8) | (566,390) | (7) |
| 6200 General and administrative expenses | | | (280,854) | (4) | (264,487) | (3) |
| 6300 Research and development expenses | | | (151,096) | (2) | (153,056) | (2) |
| 6450 Expected credit impairment gain(loss) | 12(2) | | <u>9,192</u> | <u>-</u> | <u>427</u> | <u>-</u> |
| 6000 Total operating expenses | | | (1,024,850) | (14) | (983,506) | (12) |
| 6900 Operating profit | | | <u>982,308</u> | <u>13</u> | <u>753,659</u> | <u>10</u> |
| Non-operating income and expenses | | | | | | |
| 7100 Interest income | 6(23) and 7(2) | | 11,179 | - | 17,597 | - |
| 7010 Other income | 6(24) | | 44,105 | 1 | 49,955 | 1 |
| 7020 Other gains and losses | 6(25) | | 55,115 | 1 | 107,538 | 1 |
| 7050 Finance costs | 6(26) | | (149,658) | (2) | (167,850) | (2) |
| 7070 Share of profit of associates and joint ventures accounted for using equity method | 6(6) | | <u>471</u> | <u>-</u> | <u>1,011</u> | <u>-</u> |
| 7000 Total non-operating income and expenses | | | (38,788) | - | 8,251 | - |
| 7900 Profit before income tax | | | 943,520 | 13 | 761,910 | 10 |
| 7950 Income tax expense | 6(28) | | (188,036) | (3) | (153,474) | (2) |
| 8200 Profit for the year | | | <u>\$ 755,484</u> | <u>10</u> | <u>\$ 608,436</u> | <u>8</u> |
| 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(15) | | \$ 3,132 | - | (\$ 287) | - |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(28) | | (627) | - | 57 | - |
| 8310 Components of other comprehensive income that will not be reclassified to profit or loss | | | <u>2,505</u> | <u>-</u> | <u>(230)</u> | <u>-</u> |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | |
| 8361 Other comprehensive income, before tax, exchange differences on translation | 6(21) | | 241 | - | 1,930 | - |
| 8399 Income tax relating to the components of other comprehensive income | 6(21)(28) | | (48) | - | (386) | - |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | | <u>193</u> | <u>-</u> | <u>1,544</u> | <u>-</u> |
| 8300 Other comprehensive income for the year | | | <u>\$ 2,698</u> | <u>-</u> | <u>\$ 1,314</u> | <u>-</u> |
| 8500 Total comprehensive income for the year | | | <u>\$ 758,182</u> | <u>10</u> | <u>\$ 609,750</u> | <u>8</u> |
| Basic earnings per share | | | | | | |
| 9750 Basic earnings per share | 6(29) | | <u>\$ 3.30</u> | | <u>\$ 2.88</u> | |
| Diluted earnings per share | | | | | | |
| 9850 Diluted earnings per share | 6(29) | | <u>\$ 3.29</u> | | <u>\$ 2.88</u> | |

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | Capital surplus | | | | Retained earnings | | | Financial statements translation differences of foreign operations | Treasury stocks | Total equity |
|---|--------------|----------------------------|-----------------------------|-------------------------|---------------|-------------------|----------------------------------|-------------|--|-----------------|--------------|
| Notes | Common stock | Additional paid-in capital | Treasury stock transactions | Donated assets received | Legal reserve | Special reserve | Unappropriated retained earnings | | | | |
| <u>Year ended December 31, 2023</u> | | | | | | | | | | | |
| 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(20) | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 58,528 | - | (58,528) | - | - | - |
| Special reserve | | - | - | - | - | - | (1,755) | 1,755 | - | - | - |
| Cash dividends | | - | - | - | - | - | - | (416,892) | - | - | (416,892) |
| Retirement of treasury shares | | (40,600) | (18,914) | (18,494) | - | - | - | (189,951) | - | 267,959 | - |
| Treasury shares transferred to employees | | - | - | 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 |
| <u>Year ended December 31, 2024</u> | | | | | | | | | | | |
| Balance at January 1, 2024 | | \$2,142,551 | \$ 998,112 | \$ 15,033 | \$ - | \$ 916,325 | \$ 10,151 | \$3,724,967 | (\$ 8,607) | (\$ 63,197) | \$7,735,335 |
| Profit for the year | | - | - | - | - | - | - | 755,484 | - | - | 755,484 |
| Other comprehensive income for the year | | - | - | - | - | - | - | 2,505 | 193 | - | 2,698 |
| Total comprehensive income | | - | - | - | - | - | - | 757,989 | 193 | - | 758,182 |
| Appropriation and distribution of 2023 earnings: | 6(20) | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 60,821 | - | (60,821) | - | - | - |
| Special reserve | | - | - | - | - | - | (1,544) | 1,544 | - | - | - |
| Cash dividends | | - | - | - | - | - | - | (428,510) | - | - | (428,510) |
| Issuance of shares | 6(18) | 235,290 | 1,492,091 | - | - | - | - | - | - | - | 1,727,381 |
| Purchase of treasury shares | 6(18) | - | - | - | - | - | - | - | - | (94,557) | (94,557) |
| Disgorgement exercised by the Company according to the related laws | | - | - | - | 7 | - | - | - | - | - | 7 |
| Treasury shares transferred to employees | | - | - | 54,303 | - | - | - | - | - | 63,197 | 117,500 |
| Balance at December 31, 2024 | | \$2,377,841 | \$2,490,203 | \$ 69,336 | \$ 7 | \$ 977,146 | \$ 8,607 | \$3,995,169 | (\$ 8,414) | (\$ 94,557) | \$9,815,338 |

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|---|-------|------------------------|-------------|
| | Notes | 2024 | 2023 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 943,520 | \$ 761,910 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense-property, plant and equipment | 6(7) | 859,064 | 900,035 |
| Depreciation expense-right-of-use assets | 6(8) | 6,229 | 7,419 |
| Amortization expense | 6(9) | 8,875 | 10,950 |
| Expected credit impairment (gain) loss | 12(2) | (9,192) | (427) |
| Share-based payments | 6(16) | 38,331 | 9,782 |
| Loss (gain) on financial assets or liabilities at fair value through profit or loss | 6(2) | (45,801) | 125,742 |
| Government grants income | 6(24) | (7,047) | (7,548) |
| Interest income | 6(23) | (11,179) | (17,597) |
| Interest expense | 6(26) | 149,658 | 167,850 |
| Share of (profit) loss of associates and joint ventures accounted for using equity method | 6(6) | (471) | (1,011) |
| Gain on disposal of property, plant and equipment | 6(25) | (1,077) | (4,293) |
| Unfinish construction and equipment transferred to expense | | - | 475 |
| Unrealized foreign exchange gain | | - | (6,784) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss - current | | 16,728 | - |
| Notes receivable | (| 930) | - |
| Accounts receivable | (| 12,294) | (185,725) |
| Other receivables | | 41,705 | 14,347 |
| Inventories | | 265,522 | 448 |
| Prepayments | (| 16,164) | 43,901 |
| Other current assets | | 3,417 | (4,174) |
| Other non-current assets | (| 3,445) | 5,833 |
| Changes in operating liabilities | | | |
| Current contract liabilities | (| 2,405) | 17,329 |
| Notes payable | (| 43,304) | 15,852 |
| Accounts payable | (| 1,281) | 16,461 |
| Accounts payable to related parties | (| 789) | (611) |
| Other payables | | 84,169 | (143,601) |
| Other payables to related parties | | 18,590 | 3,028 |
| Provisions | (| 56,610) | 56,610 |
| Other current liabilities | | 401 | (959) |
| Net defined benefit liabilities | | - | (254) |
| Cash inflow generated from operations | | 2,224,220 | 1,784,988 |
| Interest received | | 11,207 | 17,605 |
| Interest paid | (| 139,580) | (136,217) |
| Income taxes paid | (| 289,673) | (129,182) |
| Net cash flows from operating activities | | 1,806,174 | 1,537,194 |

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|---|--------------|------------------------|---------------------|
| | Notes | 2024 | 2023 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of non-current financial assets at fair value | | | |
| through profit or loss | | (\$ 35,941) | \$ - |
| Acquisition of financial assets at amortised cost | | (2,533) | (8,192) |
| Increase in other receivables-related parties | | (12,272) | (3,375) |
| Acquisition of property, plant and equipment | 6(31) | (473,488) | (720,403) |
| Proceeds from disposal of property, plant and equipment | 6(31) | 16,377 | 77,199 |
| Acquisition of intangible assets | | (3,315) | (1,724) |
| Increase in refundable deposits | | 9,656 | 13,563 |
| Capitalized interest payments | 6(7)(26)(31) | (6,044) | (9,317) |
| Net cash flows used in investing activities | | (507,560) | (652,249) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term loans | 6(32) | 1,398,153 | 1,305,484 |
| Decrease in short-term loans | 6(32) | (1,360,210) | (1,670,437) |
| Proceeds from long-term debt | 6(32) | 90,000 | 565,000 |
| Repayments of long-term debt | 6(32) | (1,926,914) | (557,478) |
| Payments of lease liabilities | 6(32) | (6,189) | (7,401) |
| Payments to acquire treasury shares | 6(16)(31) | (13,216) | - |
| Treasury shares transferred to employees | 6(16) | 89,245 | 251,343 |
| Proceeds from issuing shares | | 1,717,305 | - |
| Disgorgement exercised | | 7 | - |
| Cash dividends paid | 6(32) | (428,510) | (416,892) |
| Net cash flows used in financing activities | | (440,329) | (530,381) |
| Effects of foreign exchange rates | | - | 6,784 |
| Net increase in cash and cash equivalents | | 858,285 | 361,348 |
| Cash and cash equivalents at beginning of year | | 1,224,211 | 862,863 |
| Cash and cash equivalents at end of year | | <u>\$ 2,082,496</u> | <u>\$ 1,224,211</u> |

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, 2024 AND 2023

(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, and the shares of the Company were officially listed on the Taiwan Stock Exchange in May 2024. 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 3, 2025.

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 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.

(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 2025 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| 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.

(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 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments' | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity' | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by 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 |
| IFRS 18, 'Presentation and disclosure in financial statements' | January 1, 2027 |
| IFRS 19, 'Subsidiaries without public accountability: disclosures' | January 1, 2027 |
| Annual Improvements to IFRS Accounting Standards—Volume 11 | January 1, 2026 |

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The quantitative impact will be disclosed when the assessment is complete.

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) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(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.
- D. The Group recognises the dividend income when the right to receive payment is established, future

economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(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, 2024, the carrying amount of inventories was \$5,966,179 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | December 31, 2024 | December 31, 2023 |
|----------------------------------|---------------------|---------------------|
| Cash on hand and revolving funds | \$ 320 | \$ 392 |
| Demand deposits | 1,347,526 | 1,223,819 |
| Time deposits | 734,650 | - |
| | <u>\$ 2,082,496</u> | <u>\$ 1,224,211</u> |

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, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| -Fund | \$ 22,280 | \$ - |
| Valuation adjustment | (2,965) | - |
| | <u>\$ 19,315</u> | <u>\$ -</u> |
| Financial liabilities mandatorily measured at fair value through profit or loss | | |
| -Derivative instruments | <u>\$ 66</u> | <u>\$ 9,824</u> |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| -Unlisted stocks | <u>\$ 35,941</u> | <u>\$ -</u> |

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

| | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Net gains on financial assets and liabilities at fair value through profit or loss | \$ 45,801 | \$ 115,633 |

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

| | December 31, 2024 | |
|----------------------------------|-----------------------------|-----------------------|
| Derivative financial instruments | Contract notional principal | Contract period |
| Current items: | | |
| Forward exchange contracts | EUR 2,000 thousand | 2024.12.17~2025.12.19 |

| | December 31, 2023 | |
|----------------------------------|-----------------------------|-----------------------|
| Derivative financial instruments | 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 |

The Company entered into cross currency swaps to hedge exchange rate risk of fund transferring demand. However, these cross currency swaps are not accounted for under hedge accounting.

C. 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, 2024 | December 31, 2023 |
|-----------------------|-------------------|-------------------|
| Non-current items: | | |
| Pledged time deposits | \$ 35,480 | \$ 32,947 |

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

| | Year ended December 31 | |
|-----------------|------------------------|----------|
| | 2024 | 2023 |
| Interest income | \$ 1,501 | \$ 1,028 |

B. As at December 31, 2024 and 2023, 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 \$35,480 thousand and \$32,947 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, 2024 | December 31, 2023 |
|--|---------------------|---------------------|
| Notes receivable | \$ 930 | \$ - |
| Other notes receivable | \$ - | \$ 4,475 |
| Accounts receivable | \$ 1,035,415 | \$ 1,023,786 |
| Less: Allowance for uncollectible accounts | (677) | (10,534) |
| | <u>\$ 1,034,738</u> | <u>\$ 1,013,252</u> |

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

| | December 31, 2024 | | December 31, 2023 | |
|-----------------|---------------------|------------------|---------------------|------------------------|
| | Accounts receivable | Notes receivable | Accounts receivable | Other notes receivable |
| Not past due | \$ 992,699 | \$ 930 | \$ 949,685 | \$ 4,475 |
| Up to 30 days | 34,622 | - | 53,296 | - |
| 31 to 90 days | 4,186 | - | 9,509 | - |
| 91 to 180 days | 3,192 | - | 2,791 | - |
| 181 to 365 days | 421 | - | 1,285 | - |
| Over 1 year | 295 | - | 7,220 | - |
| | <u>\$ 1,035,415</u> | <u>\$ 930</u> | <u>\$ 1,023,786</u> | <u>\$ 4,475</u> |

The above ageing analysis was based on past due date.

B. As at December 31, 2024, December 31 and January 1, 2023, the balances of receivables from contracts with customers (including other notes receivable) amounted to \$1,036,345 thousand, \$1,028,261 thousand and \$838,061 thousand, respectively.

C. As at December 31, 2024 and 2023, 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 \$930 thousand and \$4,475thousand; \$1,034,738 thousand and \$1,013,252 thousand, respectively.

D. The Company has no notes and accounts receivable pledged to others.

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, 2024 | | | |
|-------------------|---------------------|---------------------------------|---------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 3,780,229 | (\$ 128,356) | \$ 3,651,873 |
| Work in progress | 1,362,524 | (159,685) | 1,202,839 |
| Finished goods | 1,341,489 | (230,022) | 1,111,467 |
| | <u>\$ 6,484,242</u> | <u>(\$ 518,063)</u> | <u>\$ 5,966,179</u> |

| 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 |
| | <u>\$ 6,784,923</u> | <u>(\$ 579,869)</u> | <u>\$ 6,205,054</u> |

The cost of inventories recognised as expense for the year:

| Year ended Decemebr 31 | | | |
|---|---------------------|---------------------|--|
| | 2024 | 2023 | |
| Cost of goods sold | \$ 5,248,106 | \$ 5,718,601 | |
| Unallocated fixed overhead expense | 247,526 | 252,405 | |
| (Gain on reversal of) loss on slow-moving inventories and decline in market value | (61,806) | (11,231) | |
| Others | 28,684 | 77,452 | |
| | <u>\$ 5,462,510</u> | <u>\$ 6,037,227</u> | |

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, 2024 | December 31, 2023 |
|-----------------------------|-------------------|-------------------|
| Subsidiary: | | |
| SuperAlloy Manufaktur GmbH. | <u>\$ 53,575</u> | <u>\$ 52,863</u> |

A. Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 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 | 2024 | 2023 |
| SuperAlloy Manufaktur GmbH. | <u>\$ 471</u> | <u>\$ 1,011</u> |

(7) Property, plant and equipment

| Year ended December 31, 2024 | Beginning balance | Additions | Decreases | Transfers | Ending balance |
|--|----------------------|-------------------|-----------------------|--------------------|----------------------|
| <u>Cost</u> | | | | | |
| Land | \$ 2,525,853 | \$ - | \$ - | \$ - | \$ 2,525,853 |
| Land improvements | 31,191 | - | - | - | 31,191 |
| Buildings and structures | 2,588,151 | 3,005 | - | 1,333 | 2,592,489 |
| Machinery and equipment | 5,537,888 | 81,978 | (1,280,042) | 363,756 | 4,703,580 |
| Utilities equipment | 855,257 | 5,607 | - | 826 | 861,690 |
| Other equipment | 694,926 | 69,720 | (95,652) | (25,220) | 643,774 |
| Unfinished construction and equipment under acceptance | 379,430 | 245,813 | - | (367,746) | 257,497 |
| | <u>\$ 12,612,696</u> | <u>\$ 406,123</u> | <u>(\$ 1,375,694)</u> | <u>(\$ 27,051)</u> | <u>\$ 11,616,074</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Land improvements | \$ 28,276 | \$ 1,445 | \$ - | \$ - | \$ 29,721 |
| Buildings and structures | 860,169 | 77,395 | - | - | 937,564 |
| Machinery and equipment | 2,869,197 | 585,293 | (1,276,559) | - | 2,177,931 |
| Utilities equipment | 495,598 | 61,912 | - | - | 557,510 |
| Other equipment | 371,035 | 133,019 | (95,652) | - | 408,402 |
| | <u>\$ 4,624,275</u> | <u>\$ 859,064</u> | <u>(\$ 1,372,211)</u> | <u>\$ -</u> | <u>\$ 4,111,128</u> |
| Book value | <u>\$ 7,988,421</u> | | | | <u>\$ 7,504,946</u> |

| Year ended December 31, 2023 | Beginning balance | Additions | Decreases | Transfers | Ending balance |
|--|----------------------|-------------------|---------------------|-------------------|----------------------|
| <u>Cost</u> | | | | | |
| 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 |
| | <u>\$ 12,747,846</u> | <u>\$ 363,464</u> | <u>(\$ 680,045)</u> | <u>\$ 181,431</u> | <u>\$ 12,612,696</u> |
| <u>Accumulated depreciation</u> | | | | | |
| 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 |
| | <u>\$ 4,386,179</u> | <u>\$ 900,035</u> | <u>(\$ 661,939)</u> | <u>\$ -</u> | <u>\$ 4,624,275</u> |
| Book value | <u>\$ 8,361,667</u> | | | | <u>\$ 7,988,421</u> |

- 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 | |
|--|------------------------|-------------|
| | 2024 | 2023 |
| Amount capitalised | \$ 6,044 | \$ 9,317 |
| Range of the interest rates for capitalisation | 1.55%~2.07% | 1.56%~1.92% |

- B. The amount of transfers for the years ended December 31, 2024 and 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.
- 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, that 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, 2024 | December 31, 2023 |
|--------------------------------------|-------------------|-------------------|
| | Carrying amount | Carrying amount |
| Land | \$ 2,272 | \$ 3,409 |
| Buildings | 3,982 | 2,452 |
| Transportation equipment (forklifts) | 5,160 | 2,564 |
| | <u>\$ 11,414</u> | <u>\$ 8,425</u> |

| | Year ended December 31 | |
|--------------------------------------|------------------------|---------------------|
| | 2024 | 2023 |
| | Depreciation charge | Depreciation charge |
| Land | \$ 1,136 | \$ 1,136 |
| Buildings | 1,152 | 2,142 |
| Transportation equipment (forklifts) | 3,941 | 4,141 |
| | <u>\$ 6,229</u> | <u>\$ 7,419</u> |

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$10,961 thousand and \$4,303 thousand, respectively.

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

| | Year ended December 31 | |
|---------------------------------------|------------------------|-----------------|
| | 2024 | 2023 |
| | | |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 184 | \$ 146 |
| Expense on short-term lease contracts | 10,146 | 6,221 |
| | <u>\$ 10,330</u> | <u>\$ 6,367</u> |

F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$16,519 thousand and \$13,768 thousand, respectively.

(9) Intangible assets

| Year ended December 31, 2024 | Beginning balance | Additions | Amortisations | Transfers | Ending balance |
|------------------------------|-------------------|-----------------|--------------------|-----------------|------------------|
| Computer software | \$ 12,596 | \$ 3,304 | (\$ 8,635) | \$ 150 | \$ 7,415 |
| Other intangible assets | 1,047 | 11 | (240) | 20 | 838 |
| Book value | <u>\$ 13,643</u> | <u>\$ 3,315</u> | <u>(\$ 8,875)</u> | <u>\$ 170</u> | <u>\$ 8,253</u> |
| 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 | <u>\$ 19,122</u> | <u>\$ 1,704</u> | <u>(\$ 10,950)</u> | <u>\$ 3,767</u> | <u>\$ 13,643</u> |

Details of amortisation on intangible assets are as follows:

| | Year ended December 31 | |
|-------------------------------------|------------------------|------------------|
| | 2024 | 2023 |
| Operating costs | \$ 719 | \$ 924 |
| Selling expenses | 863 | 732 |
| General and administrative expenses | 4,758 | 5,467 |
| Research and development expenses | 2,535 | 3,827 |
| | <u>\$ 8,875</u> | <u>\$ 10,950</u> |

(10) Other non-current assets

| | December 31, 2024 | December 31, 2023 |
|-------------------------------------|-------------------|-------------------|
| Prepayments for business facilities | \$ 59,135 | \$ 75,664 |
| Guarantee deposits paid | 35,861 | 45,517 |
| Others | 9,528 | 5,849 |
| | <u>\$ 104,524</u> | <u>\$ 127,030</u> |

(11) Short-term borrowings

| Type of borrowings | December 31, 2024 | Interest rate range | Collateral |
|----------------------|-------------------|---------------------|------------|
| Unsecured borrowings | <u>\$ 907,943</u> | 1.78%~5.40% | None |
| Type of borrowings | December 31, 2023 | Interest rate range | Collateral |
| Unsecured borrowings | <u>\$ 870,000</u> | 1.67%~1.75% | None |

Information about interest expense recognised in profit or loss for the years ended December 31, 2024 and 2023 is provided in Note 6(26).

(12) Notes payable

| | December 31, 2024 | December 31, 2023 |
|---------------------------------------|-------------------|-------------------|
| Notes payable – general | \$ 305,738 | \$ 349,042 |
| Notes payable – payment for equipment | 24,659 | 20,630 |
| | <u>\$ 330,397</u> | <u>\$ 369,672</u> |

(13) Other payables

| | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Wages and salaries payable | \$ 183,742 | \$ 179,992 |
| Freight payable | 91,768 | 71,349 |
| Treasury shares payable | 81,341 | - |
| Employees' compensation and directors' and supervisors' remuneration payable | 63,092 | 47,551 |
| Processing fees payable | 51,373 | 39,118 |
| Payable on machinery and equipment | 37,837 | 131,804 |
| Utilities expense payable | 35,872 | 33,377 |
| Environmental protection expense payable | 29,184 | 10,469 |
| Labour and health insurance payable | 22,125 | 22,165 |
| Commission payable | 10,426 | 11,978 |
| Interest payable | 6,164 | 7,773 |
| Other payables, others | 131,679 | 119,093 |
| | <u>\$ 744,603</u> | <u>\$ 674,669</u> |

(14) Long-term borrowings

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | December 31, 2024 |
|---|--|---------------------|-------------------------------|---------------------|
| Long-term bank borrowings | | | | |
| Secured borrowings | Borrowings are repayable in installments before March 2040 | 1.38% ~ 1.88% | Property, plant and equipment | \$ 3,051,079 |
| Unsecured borrowings | Borrowings are repayable in installments before March 2028 | 1.33% ~ 1.89% | None | |
| | | | | <u>2,153,056</u> |
| | | | | 5,204,135 |
| Less: Gains on deferred government grants | | | | (4,289) |
| Less: Current portion | | | | <u>(1,016,917)</u> |
| | | | | <u>\$ 4,182,929</u> |

| 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 | 1.25% ~ 1.80% | Property, plant and equipment | \$ 4,153,775 |
| Unsecured borrowings | Borrowings are repayable in installments before March 2028 | 1.20% ~ 2.10% | None | |
| | | | | <u>2,887,222</u> |
| | | | | 7,040,997 |
| Less: Gains on deferred government grants | | | | (11,284) |
| Less: Current portion | | | | (<u>1,220,729</u>) |
| | | | | <u>\$ 5,808,984</u> |

Information about interest expense recognised in profit or loss for the years ended December 31, 2024 and 2023 is provided in Note 6(26).

(15) 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, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Present value of defined benefit obligations | \$ 39,861 | \$ 41,367 |
| Fair value of plan assets | (20,323) | (18,697) |
| Net defined benefit liability | <u>\$ 19,538</u> | <u>\$ 22,670</u> |

(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 |
|-----------------------------------|--|------------------------------|----------------------------------|
| 2024 | | | |
| At January 1 | \$ 41,367 | (\$ 18,697) | \$ 22,670 |
| Current service cost | 86 | - | 86 |
| Interest expense (income) | 511 | (236) | 275 |
| | <u>41,964</u> | <u>(18,933)</u> | <u>23,031</u> |
| Remeasurements: | | | |
| Return on plan assets | - | (1,794) | (1,794) |
| Change in demographic assumptions | (1) | - | (1) |
| Change in financial assumptions | (1,621) | - | (1,621) |
| Experience adjustments | 284 | - | 284 |
| | <u>(1,338)</u> | <u>(1,794)</u> | <u>(3,132)</u> |
| Pension fund contribution | - | (361) | (361) |
| Paid pension | (765) | 765 | - |
| At December 31 | <u>\$ 39,861</u> | <u>(\$ 20,323)</u> | <u>\$ 19,538</u> |
| | | | |
| | 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) |
| | <u>43,731</u> | <u>(20,991)</u> | <u>22,740</u> |
| Remeasurements: | | | |
| Return on plan assets | - | (173) | (173) |
| Change in demographic assumptions | 3 | - | 3 |
| Change in financial assumptions | 440 | - | 440 |
| Experience adjustments | 18 | - | 18 |
| | <u>461</u> | <u>(173)</u> | <u>288</u> |
| Pension fund contribution | - | (358) | (358) |
| Paid pension | (2,825) | 2,825 | - |
| At December 31 | <u>\$ 41,367</u> | <u>(\$ 18,697)</u> | <u>\$ 22,670</u> |

- (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, 2024 and 2023 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 | |
|-------------------------|------------------------|-------|
| | 2024 | 2023 |
| Discount rate | 1.65% | 1.25% |
| 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 | Decrease | Increase | Decrease |
| | 0.25% | 0.25% | 0.25% | 0.25% |
| December 31, 2024 | | | | |
| Effect on present value of defined benefit obligation | (\$ 967) | \$ 1,002 | \$ 996 | (\$ 966) |
| December 31, 2023 | | | | |
| Effect on present value of defined benefit obligation | (\$ 1,080) | \$ 1,122 | \$ 1,111 | (\$ 1,075) |

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, 2025 amount to \$1,391 thousand.

(g) As of December 31, 2024, 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 | \$ | 1,113 |
| 1 - 2 year(s) | | 1,487 |
| 2 - 5 years | | 7,798 |
| Over 5 years | | 36,288 |
| | \$ | <u>46,686</u> |

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 \$31,807 thousand and \$30,009 thousand for the years ended December 31, 2024 and 2023, respectively.

(16) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company’s share-based payment arrangements were as follows:

| Year ended December 31, 2024 | | | | |
|--|------------|-----------------------|-----------------|--------------------|
| Type of arrangement | Grant date | Quantity granted | Contract period | Vesting conditions |
| Treasury stock transferred to employees | 2024.3.7 | 1,373 thousand shares | 0.06 year | Vested immediately |
| Cash capital increase reserved for employee preemption | 2024.4.26 | 1,106 thousand shares | 0.03 year | Vested immediately |
| 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 |

Treasury stock transferred to employee plan issued by the Company shall not be disposed within one year after the stocks are subscribed. Employees are not required to return the stocks received

and related dividends distributed if they resign during the aforementioned period.

B. Details of the share-based payment arrangements are as follows:

| | 2024 | | 2023 | |
|------------------------------------|----------|------------------|----------|------------------|
| | No. of | Weighted-average | No. of | Weighted-average |
| | options | exercise price | options | exercise price |
| | | (in dollars) | | (in dollars) |
| Options outstanding at January 1 | - | \$ - | - | \$ - |
| Options granted | 2,479 | - | 4,436 | - |
| Options exercised | (2,479) | 65.00~70.00 | (4,436) | 56.66 |
| Options outstanding at December 31 | - | - | - | - |
| Options exercisable at December 31 | - | - | - | - |

C. 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, 2024 | | | | | | | | | |
|--|------------|-------------|----------------|---------------------------|----------------------|--------------------|-------------------------|-----------------------------------|--------------------------|
| 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 | 2024.3.7 | 96.10 | 65.00 | 40.52% | 0.06 | - | 1.09% | 20.5787 | 85.53 |
| Cash capital increase reserved for employee preemption | 2024.4.26 | 86.7 | 70.00 | 45.94% | 0.03 | - | 1.22% | 9.1141 | 78.92 |

| 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 |

- (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.

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

| | Year ended December 31 | |
|----------------|------------------------|----------|
| | 2024 | 2023 |
| Equity-settled | \$ 38,331 | \$ 9,782 |

(17) Provisions

| | Provision for litigation | |
|-----------------------|--------------------------|-------------------|
| | December 31, 2024 | December 31, 2023 |
| Beginning of period | \$ 77,959 | \$ - |
| Additional provisions | 17,186 | 77,959 |
| Decrease provisions | (69,143) | - |
| End of Period | \$ 26,002 | \$ 77,959 |

Analysis of total provisions:

| | December 31, 2024 | December 31, 2023 |
|---------|-------------------|-------------------|
| Current | \$ 26,002 | \$ 77,959 |

For the Company's litigations relating to business matters, it is assessed that the Company shall compensate for the litigations based on the arbitral award result. Details are provided in Note 9.

(18) Share capital

- A. As of December 31, 2024, 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 \$2,337,841 thousand with a par value of \$10 (in dollars) per share. As of December 31, 2024, the number of ordinary shares outstanding amounted to 236,214 thousand shares.
- B. Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

| | 2024 | 2023 |
|-----------------------------------|----------|---------|
| At January 1 | 212,882 | 208,446 |
| Add: Cash capital increase | 23,529 | - |
| Add: Transfer of treasury shares | 1,373 | 4,436 |
| Less: Purchase of treasury shares | (1,570) | - |
| At December 31 | 236,214 | 212,882 |

C. In order to cooperate with the public underwriting before the initial listing on the Taipei Exchange, the Board of Directors of the Company during its meeting on March 7, 2024 adopted a resolution to increase the Company's capital by issuing 23,529 thousand ordinary shares with a par value of NT\$10 (in dollars) per share. The paid-in capital was \$1,720,485 thousand, and the effective date of the capital increase was set on May 9, 2024. The registration for the capital increase had been completed.

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, 2024 | |
|---------------------------------------|----------------------|------------------------------|------------------------|
| <u>Reason for share reacquisition</u> | | <u>Number of shares</u> | <u>Carrying amount</u> |
| To be reissued to employees | At January 1 | 1,373 | \$ 63,197 |
| | Shares transferred (| 1,373) (| 63,197) |
| | Shares increased | 1,570 | 94,557 |
| | At December 31 | <u>1,570</u> | <u>\$ 94,557</u> |

| | | Year ended December 31, 2023 | |
|---------------------------------------|----------------------|------------------------------|------------------------|
| <u>Reason for share reacquisition</u> | | <u>Number of shares</u> | <u>Carrying amount</u> |
| 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 | <u>1,373</u> | <u>\$ 63,197</u> |

(b) On March 7, 2024, the Board of Directors of the Company resolved to transfer 1,373 thousand shares of treasury shares purchased in 2022 to employees at NT\$65 (in dollars) per share. The capital verification was completed on April 1, 2024 (the payment had been settled on March 28, 2024).

(c) On December 26, 2024, the Board of Directors of the Company resolved to repurchase the Company's ordinary shares and transfer them to employees. The Company expects to repurchase 10,000 thousand shares during the period from December 27, 2024 to February 26, 2025, and the price range is between \$40 and \$86. As of December 31, 2024, the unpaid amount of \$81,341 thousand was shown as other payables.

(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, 2024 and 2023, the balance of the treasury shares repurchased and transferred to employees amounted to \$94,557 thousand and \$63,197 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. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(19) Capital surplus

| | 2024 | | |
|--|---------------------|--------------------------------|----------------------------|
| | Issue premium | Treasury share transactions | Donated assets received |
| At January 1 | \$ 998,112 | \$ 15,033 | \$ - |
| Cash capital increase | 1,492,091 | - | - |
| Disgorgement exercised by the Company according to the related laws | - | - | 7 |
| Treasury shares transferred to employees | - | 54,303 | - |
| At December 31 | <u>\$ 2,490,203</u> | <u>\$ 69,336</u> | <u>\$ 7</u> |
| | 2023 | | |
| | Issue premium | Treasury share transactions | Donated assets received |
| At January 1 | \$ 1,017,026 | \$ 360 | \$ - |
| Retirement of treasury shares | (18,914) | (18,494) | - |
| Treasury shares transferred to employees | - | 33,167 | - |
| At December 31 | <u>\$ 998,112</u> | <u>\$ 15,033</u> | <u>\$ -</u> |

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.

(20) Retained earnings

- A. Under 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 2023 and 2022 earnings as resolved by the shareholders' meeting on May 7, 2024 and June 26, 2023, respectively, were as follows:

| | <u>Year ended December 31, 2023</u> | | <u>Year ended December 31, 2022</u> | |
|--------------------------------|-------------------------------------|--|-------------------------------------|--|
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 60,821 | | \$ 58,528 | |
| Reversal of special reserve | (1,544) | | (1,755) | |
| Cash dividends | 428,510 | \$ 2.01 | 416,892 | \$ 2.00 |
| | <u>\$ 487,787</u> | | <u>\$ 473,665</u> | |

- (b) The appropriation of 2024 earnings as proposed by the Board of Directors on March 3, 2025, are as follows:

| | Year ended December 31, 2024 | |
|-----------------------------|------------------------------|-------------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 75,799 | |
| Reversal of special reserve | (193) | |
| Cash dividends | 504,381 | \$ 2.20 |
| | <u>\$ 579,987</u> | |

(21) Other equity items

| | Year ended December 31 | |
|-----------------------------------|------------------------|-------------------|
| | 2024 | 2023 |
| At January 1 | (\$ 8,607) | (\$ 10,151) |
| Currency translation differences: | | |
| - Group | 241 | 1,930 |
| - Tax on Group | (48) | (386) |
| At December 31 | <u>(\$ 8,414)</u> | <u>(\$ 8,607)</u> |

(22) Sales revenue

| | December 31, 2024 | December 31, 2023 |
|---------------------------------------|---------------------|---------------------|
| Revenue from contracts with customers | <u>\$ 7,469,668</u> | <u>\$ 7,774,392</u> |

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, 2024 | | | | | |
|--|------------------------------|---------------------|---------------------|------------------|---------------------|---------------------|
| | Wheels | | | | Other products | Total |
| | America | Europe | Asia | Other | | |
| Revenue from external customer contracts | <u>\$ 1,099,766</u> | <u>\$ 4,076,681</u> | <u>\$ 1,501,336</u> | <u>\$ 6,746</u> | <u>\$ 785,139</u> | <u>\$ 7,469,668</u> |
| | Year ended December 31, 2023 | | | | | |
| | Wheels | | | | Other products | Total |
| | America | Europe | Asia | Other | | |
| Revenue from external customer contracts | <u>\$ 1,755,608</u> | <u>\$ 3,877,072</u> | <u>\$ 974,978</u> | <u>\$ 22,485</u> | <u>\$ 1,144,249</u> | <u>\$ 7,774,392</u> |

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, 2024 | December 31, 2023 | January 1, 2023 |
|----------------------|-------------------|-------------------|-----------------|
| Contract liabilities | \$ 27,573 | \$ 29,978 | \$ 12,649 |
| Refund liabilities | \$ 34,002 | \$ 37,196 | \$ 39,040 |

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

| | Year ended December 31 | |
|---|------------------------|----------|
| | 2024 | 2023 |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | \$ 25,091 | \$ 8,188 |

(23) Interest income

| | Year ended December 31 | |
|--|------------------------|-----------|
| | 2024 | 2023 |
| Interest income from bank deposits | \$ 7,619 | \$ 14,716 |
| Interest income from financial assets measured at amortised cost | 1,501 | 1,028 |
| Other interest income | 2,059 | 1,853 |
| | \$ 11,179 | \$ 17,597 |

(24) Other income

| | Year ended December 31 | |
|----------------------|------------------------|-----------|
| | 2024 | 2023 |
| Grant income | \$ 21,087 | \$ 16,051 |
| Compensation income | 1,138 | 5,669 |
| Other income, others | 21,880 | 28,235 |
| | \$ 44,105 | \$ 49,955 |

A. The Company had obtained 8 loans totalling \$1,236,493 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, 2024. 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 \$1,232,204 thousand in total. The differences between the obtained amount and the fair value of the loans amounting to \$4,289 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 \$7,047 thousand and \$7,548 thousand transferred to other income - government grant

income for the years ended December 31, 2024 and 2023, 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 recognized government grant income amounting to \$1,054 thousand for the year ended December 31, 2023.
- 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 year 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 \$1,000 thousand and \$6,450 thousand for the years ended December 31, 2024 and 2023, respectively.
- E. The Company had obtained the government grants from the project of ‘SUPERALLOY Smart Dynamic Management Optimisation Platform’ under the ‘Low-Carbon and Smart Upgrading and Transformation Subsidy (Smartisation) for Big-Leads-Small Manufacturing Industries’ provided by the Ministry of Economic Affairs for the year ended December 31, 2024. The Company recognised government grant income amounting to \$13,040 thousand for the year ended December 31, 2024.
- F. The Company had obtained the government grants amounting to \$5,452 thousand from the ‘Energy-Saving Manufacturing Technology Integration and Development Program for the Next-Generation Aluminum Alloys of Electric Vehicles’ of the Science and Technology Research and Development Project of the Ministry of Economic Affairs for the year ended December 31, 2024. These grants were drawn on a pay-as-you-go basis. As of December 31, 2024, no expenses had been incurred, and thus the grants amounting to \$5,452 thousand were recognised as gain on deferred government grants - current (shown as other current liabilities).

(25) Other gains and losses

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2024 | 2023 |
| Foreign exchange gains | 59,695 | 18,697 |
| Net gains on financial assets and liabilities at fair value through profit or loss | \$ 45,801 | \$ 115,633 |
| Gains on disposals of property, plant and equipment | 1,077 | 4,293 |
| Other losses | (51,458) | (31,085) |
| | <u>\$ 55,115</u> | <u>\$ 107,538</u> |

For the Company’s litigations relating to business matters, it is assessed that the Company shall compensate for the litigations based on the arbitral award result. Details are provided in Note 9.

(26) Finance costs

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2024 | 2023 |
| Interest expense - bank borrowings | \$ 120,991 | \$ 155,672 |
| Interest expense - lease liabilities | 184 | 146 |
| Interest expense - others | 34,527 | 21,349 |
| Less: Capitalisation of qualifying assets | (6,044) | (9,317) |
| | <u>\$ 149,658</u> | <u>\$ 167,850</u> |

For the Company's litigations relating to business matters, it is assessed that the Company shall compensate for the litigations based on the arbitral award result. Details are provided in Note 9.

(27) Expenses by nature

| | Year ended December 31, 2024 | | |
|----------------------------------|----------------------------------|-------------------------------------|---------------------|
| | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 707,733 | \$ 179,121 | \$ 886,854 |
| Labour and health insurance fees | 75,287 | 18,029 | 93,316 |
| Pension costs | 24,296 | 7,872 | 32,168 |
| Directors' remuneration | - | 17,651 | 17,651 |
| Share-based payment | 13,667 | 24,664 | 38,331 |
| Other personnel expenses | 54,506 | 13,959 | 68,465 |
| | <u>\$ 875,489</u> | <u>\$ 261,296</u> | <u>\$ 1,136,785</u> |
| Depreciation charges | <u>\$ 824,441</u> | <u>\$ 40,852</u> | <u>\$ 865,293</u> |
| Amortisation charges | <u>\$ 719</u> | <u>\$ 8,156</u> | <u>\$ 8,875</u> |
| | Year ended December 31, 2023 | | |
| | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 749,994 | \$ 168,236 | \$ 918,230 |
| 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 |
| Share-based payment | - | 9,782 | 9,782 |
| Other personnel expenses | 53,264 | 13,163 | 66,427 |
| | <u>\$ 899,538</u> | <u>\$ 229,843</u> | <u>\$ 1,129,381</u> |
| Depreciation charges | <u>\$ 872,759</u> | <u>\$ 34,695</u> | <u>\$ 907,454</u> |
| Amortisation charges | <u>\$ 924</u> | <u>\$ 10,026</u> | <u>\$ 10,950</u> |

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, 2024 and 2023, 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 | |
|-------------------------|------------------------|-----------|
| | 2024 | 2023 |
| Employees' compensation | \$ 39,811 | \$ 27,938 |
| Accrued ratio | 4.00% | 3.50% |
| Directors' remuneration | \$ 11,943 | \$ 8,381 |
| Accrued ratio | 1.20% | 1.50% |

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.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Year ended December 31 | |
|---|------------------------|------------|
| | 2024 | 2023 |
| Current tax: | | |
| Current tax on profits for the year | \$ 168,754 | \$ 194,543 |
| Prior year income tax (over) under estimation | (698) | 1,201 |
| Total current tax | 168,056 | 195,744 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 19,980 | (42,270) |
| Total deferred tax | 19,980 | (42,270) |
| Income tax expense | \$ 188,036 | \$ 153,474 |

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

| | Year ended December 31 | |
|---------------------------------------|------------------------|----------|
| | 2024 | 2023 |
| Remeasurement of defined benefit plan | (\$ 627) | \$ 57 |
| Currency translation differences | (48) | (386) |
| | (\$ 675) | (\$ 329) |

B. Reconciliation between income tax expense and accounting profit:

| | Year ended December 31 | |
|--|------------------------|-------------------|
| | 2024 | 2023 |
| Tax calculated based on profit before tax and statutory tax rate | \$ 188,703 | \$ 152,382 |
| Effects from items disallowed by the regulation | 31 (| 109) |
| Prior year income tax (over) under estimation | (698) | 1,201 |
| Income tax expense | <u>\$ 188,036</u> | <u>\$ 153,474</u> |

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, 2024 | | | |
|--|------------------------------|------------------------------|--|-------------------|
| | 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 | \$ 115,974 | (\$ 12,362) | \$ - | \$ 103,612 |
| Allowance for bad debts that exceeds the limit for tax purpose | 2,320 | (1,838) | - | 482 |
| Unused compensated absences for employees | 6,411 | 191 | - | 6,602 |
| Loss on long-term foreign investments | 56,498 | (94) | - | 56,404 |
| Unrealised loss on valuation of financial assets and liabilities | 1,965 | (1,359) | - | 606 |
| Accumulated translation adjustment of long-term equity investments | 2,152 | - (| 48) | 2,104 |
| Unrealised exchange loss | 1,777 | 867 | - | 2,644 |
| Unrealised provisions | 7,831 | (7,831) | - | - |
| Others | - | 2,446 | - | 2,446 |
| | <u>\$ 194,928</u> | <u>(\$ 19,980)</u> | <u>(\$ 48)</u> | <u>\$ 174,900</u> |
| Temporary differences: | | | | |
| Deferred tax liabilities: | | | | |
| Remeasurement of defined benefit obligations | (\$ 52) | \$ - | (\$ 627) | (\$ 679) |
| | <u>(\$ 52)</u> | <u>\$ -</u> | <u>(\$ 627)</u> | <u>(\$ 679)</u> |
| | | <u>(\$ 19,980)</u> | <u>(\$ 675)</u> | |

| | 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 |
| | <u>\$ 186,201</u> | <u>\$ 9,113</u> | <u>(\$ 386)</u> | <u>\$ 194,928</u> |
| 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) |
| | <u>(\$ 33,266)</u> | <u>\$ 33,157</u> | <u>\$ 57</u> | <u>(\$ 52)</u> |
| | | <u>\$ 42,270</u> | <u>(\$ 329)</u> | |

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(29) Earnings per share

| | Year ended December 31, 2024 | | |
|---|------------------------------|---|---------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders | <u>\$ 755,484</u> | <u>229,096</u> | <u>\$ 3.30</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders | 755,484 | 229,096 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | <u>-</u> | <u>741</u> | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 755,484</u> | <u>229,837</u> | <u>\$ 3.29</u> |
| | | | |
| | Year ended December 31, 2023 | | |
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders | <u>\$ 608,436</u> | <u>210,999</u> | <u>\$ 2.88</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders | 608,436 | 210,999 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | <u>-</u> | <u>468</u> | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 608,436</u> | <u>211,467</u> | <u>\$ 2.88</u> |

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.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

| | Year ended December 31 | |
|--|------------------------|-------------------|
| | 2024 | 2023 |
| Purchase of property, plant and equipment | \$ 406,123 | \$ 363,464 |
| Add: Opening balance of payable on equipment | 131,804 | 369,600 |
| Add: Opening balance of notes payable on equipment | 20,630 | 96,958 |
| Add: Ending balance of prepayments for business facilities | 59,135 | 75,664 |
| Less: Ending balance of payable on equipment | (37,837) | (131,804) |
| Less: Ending balance of notes payable on equipment | (24,659) | (20,630) |
| Less: Opening balance of prepayments for business facilities | (75,664) | (23,532) |
| Less: Cash from capitalised interest payments | (6,044) | (9,317) |
| Cash paid during the year | <u>\$ 473,488</u> | <u>\$ 720,403</u> |

| | Year ended December 31 | |
|---|------------------------|------------------|
| | 2024 | 2023 |
| Disposal of property, plant and equipment | \$ 4,560 | \$ 22,399 |
| Add: Opening balance of receivable on equipment | 7,342 | 66,617 |
| Add: Opening balance of other notes receivable | 4,475 | - |
| Less: Ending balance of receivable on equipment | - (7,342) | |
| Less: Ending balance of other notes receivable | - (4,475) | |
| Cash received during the year | <u>\$ 16,377</u> | <u>\$ 77,199</u> |

B. Net cash paid for repurchase of treasury shares:

| | Year ended December 31 | |
|-----------------------------|------------------------|-------------|
| | 2024 | 2023 |
| Purchase of treasury shares | \$ 94,557 | \$ - |
| Less: Unpaid shares (Note) | (81,341) | - |
| Cash paid during the year | <u>\$ 13,216</u> | <u>\$ -</u> |

(Note: shown as 'other payables')

(31) Changes in liabilities from financing activities

| | Short-term borrowings | Long-term borrowings (including current portion) | Lease liabilities | Dividends payable | Liabilities from financing activities-gross |
|--|--------------------------|---|-------------------|-------------------|--|
| At January 1, 2024 | \$ 870,000 | \$ 7,029,713 | \$ 8,498 | \$ - | \$ 7,908,211 |
| Changes in cash flow from financing activities | 37,943 | (1,836,914) | (6,189) | (428,510) | (2,233,670) |
| Changes in other non- cash items | - | 7,047 | 9,205 | 428,510 | 444,762 |
| At December 31, 2024 | <u>\$ 907,943</u> | <u>\$ 5,199,846</u> | <u>\$ 11,514</u> | <u>\$ -</u> | <u>\$ 6,119,303</u> |

| | Short-term borrowings | 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 | <u>\$ 870,000</u> | <u>\$ 7,029,713</u> | <u>\$ 8,498</u> | <u>\$ -</u> | <u>\$ 7,908,211</u> |

7. Related Party Transactions

(1) Names of related parties and relationship

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|-------------------------------------|--------------------------------------|
| SuperAlloy Manufaktur GmbH. (SAMF.) | Subsidiary of the Company |

(2) Significant related party transactions

A. Operating costs

| | <u>Year ended December 31</u> | |
|-------|-------------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| SAMF. | <u>\$ 296,621</u> | <u>\$ 239,092</u> |

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

B. Receivables from related parties

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------|--------------------------|--------------------------|
| Other receivables: | | |
| SAMF. | <u>\$ 10,688</u> | <u>\$ -</u> |

Receivables from related parties mainly refer to tax refund generated from operations, which was collected by the subsidiary on behalf of the Company.

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

| | December 31, 2024 | December 31, 2023 |
|-------|-------------------|-------------------|
| SAMF. | \$ 32,775 | \$ 23,766 |

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

D. Payables to related parties

| | December 31, 2024 | December 31, 2023 |
|-----------------------|-------------------|-------------------|
| (a) Accounts payable: | | |
| SAMF. | \$ 2,521 | \$ 3,310 |
| (b) Other payables: | | |
| SAMF. | \$ 21,686 | \$ 3,096 |

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.

E. Operating expenses

| | Year ended December 31 | |
|-------|------------------------|-----------|
| | 2024 | 2023 |
| SAMF. | \$ 17,451 | \$ 19,478 |

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

F. Endorsements and guarantees provided to related parties

| | Year ended December 31 | | | |
|-------|------------------------|------------------|-----------------------|------------------|
| | 2024 | | 2023 | |
| | Guaranteed facilities | Facilities drawn | Guaranteed facilities | Facilities drawn |
| SAMF. | \$ 315,697 | \$ 186,151 | \$ 225,522 | \$ 190,183 |

G. Loans to/from related parties

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

(a) Outstanding balance:

| | December 31, 2024 | December 31, 2023 |
|-------|-------------------|-------------------|
| SAMF. | \$ 124,593 | \$ 123,009 |

(b) Interest income:

| | Year ended December 31 | |
|-------|------------------------|----------|
| | 2024 | 2023 |
| SAMF. | \$ 2,059 | \$ 1,853 |

The loans to SAMF. carry interest at 1.64% per annum for the years ended December 31, 2024 and 2023.

(3) Key management compensation

| | Year ended December 31 | |
|------------------------------|------------------------|------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 28,087 | \$ 23,335 |
| Post-employment benefits | 128 | 216 |
| Share-based payments | 1,476 | 1,295 |
| | <u>\$ 29,691</u> | <u>\$ 24,846</u> |

8. Pledged Assets

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

| Pledged asset | Book value | | Purpose |
|-------------------------------|---------------------|---------------------|---|
| | December 31, 2024 | December 31, 2023 | |
| Property, plant and equipment | \$ 4,056,108 | \$ 4,159,703 | Long-term borrowings |
| Pledged time deposits (Note) | 35,480 | 32,947 | Guarantee deposits for CPC corporation and purchases of materials |
| | <u>\$ 4,091,588</u> | <u>\$ 4,192,650</u> | |

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Commitments

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

| | December 31, 2024 | December 31, 2023 |
|-------------------------------|-------------------|-------------------|
| Property, plant and equipment | <u>\$ 102,180</u> | <u>\$ 372,426</u> |

(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 in advance of 90 days 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 were flaws that made the Agreement entered into invalid and notified LCTec to terminate 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.

The Company received an arbitral award in September 2024, which ruled that the Company shall propose related commission reports in accordance with the agreement, and shall pay the commissions and interests to LCTec based on the commission reports, as well as pay the agent compensation amounting to EUR 1,343 thousand and its interests. In September 2024, the Company had paid related agent compensation and interest expense amounting to \$74,154 thousand based on the result of arbitral award, which were recognised as other losses and finance costs, respectively. Additionally, in October 2024, the Company proposed the commission reports and paid the commissions amounting to EUR 1,993 thousand (\$69,143 thousand) in accordance with the agreement. As of December 31, 2024, the amount paid based on the commission reports which were proposed by the Company in accordance with the agreement is yet to be confirmed by LCTec. However, the interests arising from the related commissions have been estimated and accrued as provision based on the basic interest rate in accordance with Article 247 of the German Commercial Law.

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) Refer to Note 6(20)E.(b) for the details of the appropriation of 2024 earnings.

(2) On March 3, 2025, the Board of Directors of the Company resolved to repurchase its own outstanding ordinary shares in order to enhance its credit rating and the stockholders' equity. The Company expected to repurchase 8,000 thousand shares within 2 months, starting from March 4, 2025, which accounted for 3.36% of the Company's issued shares.

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 its own capital on the basis of the gearing ratio.

(2) Financial instruments

A. Financial instruments by category

| Financial assets | December 31, 2024 | December 31, 2023 |
|---|---------------------|---------------------|
| Financial assets at fair value through profit or loss | | |
| Financial assets held for trading | \$ 55,256 | \$ - |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | \$ 2,082,496 | \$ 1,224,211 |
| Financial assets at amortised cost (including non-current) | 35,480 | 32,947 |
| Notes receivable | 930 | 4,475 |
| Accounts receivable | 1,034,738 | 1,013,252 |
| Other receivables | 27,629 | 76,704 |
| Other receivables due from related parties | 135,281 | 123,009 |
| Guarantee deposits paid (shown as other non-current assets) | 35,861 | 45,517 |
| | <u>\$ 3,352,415</u> | <u>\$ 2,520,115</u> |
| Financial liabilities | December 31, 2024 | December 31, 2023 |
| Financial liabilities at fair value through profit or loss | | |
| Financial liabilities held for trading | \$ 66 | \$ 9,824 |
| Financial liabilities at amortised cost | | |
| Short-term borrowings | \$ 907,943 | \$ 870,000 |
| Notes payable | 330,397 | 369,672 |
| Accounts payable | 78,512 | 79,793 |
| Accounts payable to related parties | 2,521 | 3,310 |
| Other accounts payable | 744,603 | 674,669 |
| Other accounts payable to related parties | 21,686 | 3,096 |
| Long-term borrowings (including current portion) | 5,199,846 | 7,029,713 |
| | <u>\$ 7,285,508</u> | <u>\$ 9,030,253</u> |
| Lease liability | <u>\$ 11,514</u> | <u>\$ 8,498</u> |

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, 2024 | | |
|--|-------------------|---------------|------------|
| | Foreign currency | | |
| | amount | | Book value |
| | (In thousands) | Exchange rate | (NTD) |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| Bank deposits | | | |
| USD:NTD | \$ 1,611 | 32.7850 | \$ 52,805 |
| EUR:NTD | 1,525 | 34.1400 | 52,049 |
| JPY:NTD | 8,116,229 | 0.2099 | 1,703,605 |
| Non-current financial assets at amortised cost | | | |
| USD:NTD | \$ 1,070 | 32.7850 | \$ 35,080 |
| Receivables | | | |
| USD:NTD | \$ 18,023 | 32.7850 | \$ 590,884 |
| EUR:NTD | 9,165 | 34.1400 | 312,893 |
| JPY:NTD | 1,269,319 | 0.2099 | 266,430 |
| Current financial assets at fair value through profit or loss | | | |
| JPY:NTD | \$ 100,752 | 0.2099 | \$ 21,148 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| EUR:NTD | \$ 1,569 | 34.1400 | \$ 53,575 |
| Financial liabilities | | | |
| Monetary items | | | |
| Payables | | | |
| USD:NTD | \$ 725 | 32.7850 | \$ 23,769 |
| EUR:NTD | 711 | 34.1400 | 24,274 |
| Current financial liabilities at fair value through profit or loss | | | |
| USD:NTD | \$ 12,443 | 32.7850 | \$ 407,944 |

| (Foreign currency: functional currency) | December 31, 2023 | | | |
|---|--------------------------|---------------|------------|---------|
| | Foreign currency | | Book value | |
| | amount (In thousands) | Exchange rate | (NTD) | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| <u>Bank deposits</u> | | | | |
| 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 |
| <u>Non-current financial assets at amortised cost</u> | | | | |
| USD:NTD | \$ 1,060 | 30.7050 | \$ | 32,947 |
| <u>Receivables</u> | | | | |
| 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 |
| <u>Current financial assets at fair value through profit or loss</u> | | | | |
| EUR:NTD | \$ 49 | 33.9800 | \$ | 1,670 |
| <u>Non-monetary items</u> | | | | |
| <u>Investments accounted for using the equity method</u> | | | | |
| EUR:NTD | \$ 1,556 | 33.9800 | \$ | 52,863 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| <u>Payables</u> | | | | |
| USD:NTD | \$ 459 | 30.7050 | \$ | 14,094 |
| EUR:NTD | 2,308 | 33.9800 | | 78,426 |
| <u>Current financial liabilities at fair value through profit or loss</u> | | | | |
| USD:NTD | \$ 374 | 30.7050 | \$ | 11,494 |

- 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, 2024 and 2023, amounted to \$59,695 thousand and \$18,697 thousand, respectively.

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

| | Year ended December 31, 2024 | | |
|---|------------------------------|--------------------------|--------------------------------------|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| <u>Cash in banks</u> | | | |
| USD:NTD | 1% | \$ 528 | \$ - |
| EUR:NTD | 1% | 520 | - |
| JPY:NTD | 1% | 17,036 | - |
| <u>Non-current financial assets at amortised cost</u> | | | |
| USD:NTD | 1% | \$ 351 | \$ - |
| <u>Receivables</u> | | | |
| USD:NTD | 1% | \$ 5,909 | \$ - |
| EUR:NTD | 1% | 3,129 | - |
| JPY:NTD | 1% | 2,664 | - |
| <u>Current financial assets at fair value through profit or loss</u> | | | |
| USD:NTD | 1% | \$ 211 | \$ - |
| <u>Non-monetary items</u> | | | |
| <u>Investments accounted for using the equity method</u> | | | |
| EUR:NTD | 1% | \$ - | Not applicable |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| <u>Payables</u> | | | |
| USD:NTD | 1% | \$ 238 | \$ - |
| EUR:NTD | 1% | 243 | - |
| <u>Current financial liabilities at fair value through profit or loss</u> | | | |
| USD:NTD | 1% | \$ 4,079 | \$ - |

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

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in financial instruments comprise funds and unlisted stocks issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit or loss for the years ended December 31, 2024 and 2023 would have increased/decreased by \$442 thousand and \$0 thousand, respectively, as a result of gains/losses on financial instruments classified as at fair value through profit or loss.

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, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. On December 31, 2024 and 2023, if the borrowing interest rate had changed by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$15,269 thousand and \$19,749 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, 2024 and December 31, 2023, the provision matrix is as follows:

| <u>At December 31, 2024</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|-----------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0.01% | \$ 992,699 | \$ 100 |
| Up to 30 days | 0.20% | 34,622 | 69 |
| 31 to 90 days | 0.86% | 4,186 | 36 |
| 91 to 180 days | 4.29% | 3,192 | 137 |
| 181 to 365 days | 9.50% | 421 | 40 |
| Over 1 year | 100.00% | 295 | 295 |
| | | <u>\$ 1,035,415</u> | <u>\$ 677</u> |

| <u>At December 31, 2023</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|-----------------------------|---------------------------|-------------------------|-----------------------|
| 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 |
| 181 to 365 days | 62.33% | 1,285 | 801 |
| Over 1 year | 100.00% | 7,220 | 7,220 |
| | | <u>\$ 1,023,786</u> | <u>\$ 10,534</u> |

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

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|----------------------------|
| | <u>Accounts receivable</u> | <u>Accounts receivable</u> |
| At January 1 | \$ 10,534 | \$ 10,961 |
| Write-offs of allowance for uncollectible accounts | (665) | (427) |
| Reversal allowance of impairment loss | (9,192) | - |
| At December 31 | <u>\$ 677</u> | <u>\$ 10,534</u> |

(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:

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------------|--------------------------|--------------------------|
| Floating rate | | |
| Expiring within one year | <u>\$ 2,592,057</u> | <u>\$ 2,000,000</u> |

- 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, 2024 | 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 |
|--|-----------------------|-----------------------------------|----------------------------|--------------------------|-----------------|------------|
| <u>Non-derivative financial liabilities</u> | | | | | | |
| Short-term borrowings (Note) | \$ 356,250 | \$ 560,170 | \$ - | \$ - | \$ - | \$ 916,420 |
| Notes payable | 329,256 | 1,141 | - | - | - | 330,397 |
| Accounts payable | 75,664 | 2,848 | - | - | - | 78,512 |
| Accounts payable to related parties | 2,521 | - | - | - | - | 2,521 |
| Other payables | 744,603 | - | - | - | - | 744,603 |
| Other payables to related parties | 21,686 | - | - | - | - | 21,686 |
| Long-term borrowings (including current portion) (Note) | 285,267 | 816,226 | 1,037,022 | 1,508,704 | 1,983,487 | 5,630,706 |
| Lease liability (Note) | 1,379 | 4,136 | 3,035 | 1,440 | 1,920 | 11,910 |
| <u>Derivative financial liabilities</u> | | | | | | |
| Forward exchange contract | \$ - | \$ 66 | \$ - | \$ - | \$ - | \$ 66 |
| Note: The amount includes expected future interest payments. | | | | | | |

| 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 |
|---|-----------------------|-----------------------------------|----------------------------|--------------------------|-----------------|------------|
| <u>Non-derivative financial liabilities</u> | | | | | | |
| 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) | 551,338 | 774,882 | 1,743,472 | 2,290,084 | 2,222,567 | 7,582,343 |
| Lease liability (Note) | 1,882 | 3,382 | 2,170 | 1,170 | - | 8,604 |
| <u>Derivative financial liabilities</u> | | | | | | |
| Forward exchange contract | \$ - | \$ 9,824 | \$ - | \$ - | \$ - | \$ 9,824 |

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, guarantee deposits paid (shown as other non-current assets), short-term borrowings, notes payable, accounts payable (including related parties), 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, 2024 and 2023 are as follows:

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

| December 31, 2024 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|------------------|----------------|------------------|------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| -Funds | \$ 19,315 | \$ - | \$ - | \$ 19,315 |
| -Financial instruments | <u>-</u> | <u>-</u> | <u>35,941</u> | <u>35,941</u> |
| | <u>\$ 19,315</u> | <u>\$ -</u> | <u>\$ 35,941</u> | <u>\$ 55,256</u> |
| Liabilities | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities mandatorily measured at fair value through profit or loss | | | | |
| -Derivative instruments | <u>\$ -</u> | <u>\$ 66</u> | <u>\$ -</u> | <u>\$ 66</u> |

| December 31, 2023 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Liabilities | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities mandatorily measured at fair value through profit or loss | | | | |
| -Derivative instruments | \$ - | \$ 9,824 | \$ - | \$ 9,824 |

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

- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | <u>Open-end fund</u> |
|---------------------|----------------------|
| Market quoted price | Net asset value |

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- (c) 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.
- (d) 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.
- (e) For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- (f) The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|----------------------|------------------|-------------|
| At January 1 | \$ - | \$ - |
| Purchase this period | 35,941 | - |
| At December 31 | <u>\$ 35,941</u> | <u>\$ -</u> |

(g) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value as of December 31, 2024 | Valuation technique | Significant unobservable inputs | Range (weighted average) | Relationship of inputs to fair value |
|---|--|--------------------------------|---|--------------------------------|---|
| Non-derivative equity instrument: Unlisted shares | \$ 35,941 | Discounted Cash Flow method | Weighted Average Cost of Capital | 7.08% | The higher the discount for weighted average cost, the lower the fair value; |
| | | | long-term pre- tax operating margin | - | The higher the long- term pre-tax operating margin, the higher the fair value |

December 31, 2023: Not applicable.

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): Please refer to table 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- 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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(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, 2024

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

| No. | | | | Is a | Maximum outstanding balance during the year ended | Balance at | Actual amount | | | Amount of transactions with the | Reason for | Allowance for | Collateral | | Limit on loans granted to | Ceiling on total loans | |
|----------|---------------------------------------|-------------------------------|------------------------|---------------|---|-------------------|---------------|---------------|----------------|---------------------------------------|---------------|-------------------|------------|-------|------------------------------|---------------------------|----------|
| (Note 1) | Creditor | Borrower | General ledger account | related party | December 31, 2024 | December 31, 2024 | drawn down | Interest rate | Nature of loan | borrower | financing | doubtful accounts | Item | Value | a single party | granted | Footnote |
| 0 | SUPERALLOY INDUSTRIAL CO., LTD. | SuperAlloy Manufaktur GmbH | Other receivables | Y | \$ 122,904 | \$ 122,904 | \$ 122,904 | 1.64% | Note 2 | 296,621 | Not applicabl | - | None | - | \$ 296,621 | \$ 1,963,068 | |

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, 2024.

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, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Endorser/guarantor | Party being endorsed/ guaranteed | | 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 |
|--------------------|---------------------------------------|----------------------------------|---|--|---|---|---|-----------------------------|--|---|--|---|---|--|----------|
| | | Company name | | | | | | | | | | | | | |
| 0 | SUPERALLOY INDUSTRIAL CO., LTD. | SuperAlloy Manufaktur GmbH | 2 | \$ 2,944,601 | \$ 315,697 | \$ 315,697 | \$ 186,151 | \$ - | 3.22% | \$ 2,944,601 | 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.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | As of December 31, 2024 | | | | |
|---------------------------------|--|--|--|-------------------------|------------|---------------|------------|----------|
| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | Number of shares | Book value | Ownership (%) | Fair value | Footnote |
| SUPERALLOY INDUSTRIAL CO., LTD. | Funds-Franklin Stable Monthly Income Fund (JPY Hedged Class A) | None | Financial assets at fair value through profit or loss - current, mandatory | | \$ 13,545 | - | \$ 11,897 | |
| SUPERALLOY INDUSTRIAL CO., LTD. | Stocks-GlobalX Japan Semiconductor ETF | None | Financial assets at fair value through profit or loss - current, mandatory | | 8,735 | - | 7,418 | |
| SUPERALLOY INDUSTRIAL CO., LTD. | Kai-Hong Energy Co., Ltd. | None | Financial assets at fair value through profit or loss - non-current, mandatory | 3,594 | 35,941 | 4.16% | 35,941 | |
| | | | | | \$ 58,221 | | \$ 55,256 | |
| | | | | valuation adjustment | (2,965) | | | |
| | | | | | \$ 55,256 | | | |

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, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | Differences in transaction terms compared to third party transactions (Note 1) | | Notes/accounts receivable (payable) | | Footnote |
|----------------------------|---------------------------------|---------------------------------------|----------------------|------------|---|---|--|-------------|-------------------------------------|---|----------|
| | | | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| SuperAlloy Manufaktur GmbH | SUPERALLOY INDUSTRIAL CO., LTD. | The Company's subsidiary | Outsourcing expenses | \$ 296,621 | 3.97% | Payment term is 30 days after monthly billings. | Note 1 | Note 1 | \$ 21,686 | 2.05% | 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, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2024 | | | Overdue receivables | | Amount collected subsequent to the balance sheet date (Note 1) | Allowance for doubtful accounts | Footnote |
|------------------------------------|----------------------------|---------------------------------------|---------------------------------|------------|---------------|---------------------|--------------|---|------------------------------------|------------|
| | | | General ledger account | Amount | Turnover rate | Amount | Action taken | | | |
| SUPERALLOY INDUSTRIAL CO., LTD. | SuperAlloy Manufaktur GmbH | The Company's subsidiary | Other receivables | \$ 124,593 | - | \$ - | - | \$ - | \$ - | Notes 2, 3 |

Note 1: Amounts have been collected as of March 3, 2025.

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, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---------------------------------|----------------------------|--------------------------|------------------------|------------|---|--|
| | | | | General ledger account | Amount | Transaction terms | |
| 0 | SUPERALLOY INDUSTRIAL CO., LTD. | SuperAlloy Manufaktur GmbH | 1 | Outsourcing expenses | \$ 296,621 | Payment term is 30 days after monthly billings. | 3.97% |
| 0 | SUPERALLOY INDUSTRIAL CO., LTD. | SuperAlloy Manufaktur GmbH | 1 | Other receivables | 124,593 | 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, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor | Investee (Note 1) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2024 | | | Net profit (loss) of the investee for the year ended December 31, 2024 (Note 2) | Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 2) | Footnote |
|---------------------------------|----------------------------|----------|-----------------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|---|--|----------|
| | | | | Balance as at December 31, 2024 | Balance as at December 31, 2023 | Number of shares | Ownership (%) | Book value | | | |
| SUPERALLOY INDUSTRIAL CO., LTD. | SuperAlloy Manufaktur GmbH | Germany | Coating and manufacturing of rims | \$ 358,258 | \$ 358,258 | - | 100.00 | \$ 53,575 | \$ 471 | \$ 471 | |

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, 2024' 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, 2024' 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, 2024' 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, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 1

| Item | Description | Amount |
|---------------------------|--|---------------------|
| Petty cash | | \$ 320 |
| Cash in banks: | | |
| Demand deposits | | 273,540 |
| Foreign currency deposits | JPY 4,616,271 thousand, an exchange rate of \$0.21 | 968,955 |
| | USD 1,611 thousand, an exchange rate of \$32.79 | 52,805 |
| | EUR 1,525 thousand, an exchange rate of \$34.14 | 52,049 |
| | Other Currencies | 177 |
| Time deposits | JPY 3,500,000 thousand, an exchange rate of \$0.21 | 734,650 |
| | | <u>\$ 2,082,496</u> |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 2

| Client Name | Amount | Note |
|-------------------------------|--------------|---|
| A customer | \$ 282,161 | |
| B customer | 231,393 | |
| C customer | 96,440 | |
| D customer | 88,391 | |
| E customer | 62,366 | |
| F customer | 50,745 | |
| | | The balance of each customer has not exceeded 5% of the accounts receivable |
| Others | 223,919 | |
| | 1,035,415 | |
| Less: Allowance for bad debts | (677) | |
| | \$ 1,034,738 | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 3

| Item | Amount | | Note |
|--|---------------------|---------------------|--|
| | Cost | Market Price | |
| Raw materials | \$ 3,780,229 | \$ 3,912,259 | Use replacement cost as market price |
| Work in progress | 1,362,524 | 1,852,650 | Use net realisable value as market price |
| Finished goods | <u>1,341,489</u> | <u>2,131,826</u> | Use net realisable value as market price |
| | \$ 6,484,242 | <u>\$ 7,896,735</u> | |
| Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories | (<u>518,063</u>) | | |
| | <u>\$ 5,966,179</u> | | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 4

| Name | Beginning Balance | | Addition | | Decrease | | Ending Balance | | | Market Value or Net Assets | | Valuation basis | Collateral |
|-----------------------------|-------------------|------------------|----------|---------------|----------|-------------|----------------|-------|------------------|----------------------------|------------------|-----------------|------------|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Ratio | Amount | Unit Price (in dollars) | Total Amount | | |
| SuperAlloy Manufaktur Gmbh. | - | <u>\$ 52,863</u> | - | <u>\$ 712</u> | - | <u>\$ -</u> | - | 100 | <u>\$ 53,575</u> | - | <u>\$ 53,575</u> | Equity method | None |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 5

| | Beginning | | | | Ending | |
|-------------|----------------|-----------------|-----------------|------------------|----------------|-------------|
| <u>Item</u> | <u>Balance</u> | <u>Addition</u> | <u>Decrease</u> | <u>Transfers</u> | <u>Balance</u> | <u>Note</u> |

Information on cost and accumulated depreciation of property, plant and equipment is provided in Notes 6(7) and 8.

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 6

| Institutions | Nature | Ending Balance | Loan Period | Range of Interest Rate | Credit Line | Collateral |
|-------------------------------|----------------------|-------------------|----------------------|---------------------------|-------------|------------|
| The Export-Import Bank of ROC | Unsecured borrowings | \$ 150,000 | 2024/4/16~2025/4/16 | 1.89% | TWD 400,000 | None |
| Bank of Taiwan | Unsecured borrowings | 150,000 | 2024/10/11~2025/1/13 | 1.78% | TWD 250,000 | None |
| Cathay United Bank | Unsecured borrowings | 347,561 | 2024/10/14~2025/6/6 | 5.12%-5.32% | USD 15,000 | None |
| Bangkok Bank | Unsecured borrowings | 200,000 | 2024/12/18~2025/1/24 | 1.79% | TWD 300,000 | None |
| Chang Hwa Bank | Unsecured borrowings | 60,382 | 2024/12/2~2025/5/31 | 5.40% | USD 10,000 | None |
| | | <u>\$ 907,943</u> | | | | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2024
(Expressed in thousands of 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, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 8

| Creditor | Amount | Contract Period | Interest Rate | Credit Line | Collateral |
|---------------------------------------|---------------------|-----------------------|---------------|-------------|----------------------|
| Taiwan Cooperative Bank | \$ 290,000 | 2015/2/12~2035/2/12 | 1.78% | \$ 542,000 | Land and plant |
| Taiwan Cooperative Bank | 97,500 | 2021/3/15~2028/3/15 | 1.33% | 120,000 | Unsecured borrowings |
| Taiwan Cooperative Bank | 700,000 | 2022/6/15~2028/6/29 | 1.78% | 1,300,000 | Land and plant |
| Chang Hwa Bank | 1,752,642 | 2019/12/30~2040/3/10 | 1.78% | 2,660,000 | Land and plant |
| Chang Hwa Bank | 525,000 | 2020/12/25~2027/12/15 | 1.72% | 700,000 | Unsecured borrowings |
| Bank of Taiwan | 325,000 | 2023/8/16~2026/8/16 | 1.76% | 325,000 | Unsecured borrowings |
| Bank of Taiwan | 305,555 | 2021/10/05~2026/10/5 | 1.88% | 500,000 | Unsecured borrowings |
| Bank of Taiwan | 308,438 | 2021/11/08~2028/11/8 | 1.38%~1.88% | 800,000 | Machinery |
| Hua Nan Commercial Bank, Ltd. | 350,000 | 2024/2/26~2027/2/26 | 1.89% | 350,000 | Unsecured borrowings |
| Shanghai Commercial and Savings Bank | 250,000 | 2022/3/07~2025/9/5 | 1.77% | 300,000 | Unsecured borrowings |
| Yuanta Commercial Bank Co., Ltd. | 300,000 | 2024/2/5~2027/2/5 | 1.85% | 300,000 | Unsecured borrowings |
| | <u>5,204,135</u> | | | | |
| Less: Deferred government grant gains | (4,289) | | | | |
| Less: current portion | (1,016,917) | | | | |
| | <u>\$ 4,182,929</u> | | | | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 9

| Item | Volume | Amount | Note |
|-----------------------------------|--------------------|--------------|--|
| Forging wheel | 654,302 pcs | \$ 6,827,578 | |
| Aluminium material | 6,554,010 Kilogram | 464,162 | |
| | | | The balance of each customer has not exceeded 10% of the operating revenue |
| Others | | 331,351 | |
| | | 7,623,091 | |
| Less: Sales returns and discounts | | (153,423) | |
| Operating revenue, net | | \$ 7,469,668 | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 10

| | <u>Amount</u> |
|---|---------------------|
| Direct material | |
| Raw materials at beginning of year | \$ 4,029,775 |
| Add: Purchases in the year | 2,491,514 |
| Gain on physical inventory for raw materials | 39,953 |
| Warehouse-in of foundry returns | 1,530,688 |
| Less: Raw materials at end of year | (3,780,229) |
| Scrapping of raw materials | (2,893) |
| Cost of raw materials sold | (440,933) |
| Transferred to expenses | (421,404) |
| Warehouse-out of foundry returns | (1,530,688) |
| Consumption of materials for the year | 1,915,783 |
| Direct labor | 725,710 |
| Manufacturing expense | 2,204,982 |
| Manufacturing cost | 4,846,475 |
| Add: Work in progress at beginning of year | 1,376,760 |
| Less: Work in progress at end of year | 1,701 |
| Loss on physical inventory for work in progress | (1,362,524) |
| Scrapping of work in progress | (70,724) |
| Transferred to expenses | (6,640) |
| Cost of finished goods | 4,785,048 |
| Add: Finished goods at beginning of year | 1,378,388 |
| Processing costs | 790,967 |
| Less: Finished goods at end of year | (1,341,489) |
| Loss on physical inventory for finish goods | (3,700) |
| Scrapping of finish goods | (11,689) |
| Transferred to other equipment and equipment under acceptance | (149,066) |
| Transferred to expenses | (226,253) |
| Cost of goods manufactured and sold | 5,222,206 |
| Cost of mould sold | 25,900 |
| Cost of goods sold | 5,248,106 |
| Underapplied overhead | 247,526 |
| Gain on reversal of market value decline and obsolete and slow-moving inventory | (61,806) |
| Scrapping of inventory | 85,306 |
| Gains from scrapping inventory | (19,069) |
| Revenue from sales of scraps | (440,532) |
| Cost of raw materials sold | 440,933 |
| Gain on physical inventory | (37,954) |
| Total cost of sales | <u>\$ 5,462,510</u> |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 11

| Item | Amount | Note |
|---------------------------------|---------------------|---|
| Depreciation expense | \$ 824,441 | |
| Utilities expense | 401,725 | |
| Consumables expense | 294,978 | |
| Repairs and maintenance expense | 258,520 | |
| Salary expenses | 123,590 | |
| Other expenses | 549,254 | The balance of each customer has not exceeded 5% of the manufacturing expense |
| Actual manufacturing overhead | 2,452,508 | |
| Less: Underapplied overhead | (247,526) | |
| Standard manufacturing overhead | <u>\$ 2,204,982</u> | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 12

| Item | Selling expenses | General & administrative expenses | Research and development expense | Total | Note |
|---|---------------------|---|--|---------------------|--|
| Freight | \$ 248,074 | \$ 873 | \$ 229 | \$ 249,176 | |
| Salary expenses (including pensions) | 32,441 | 116,013 | 80,854 | 229,308 | |
| Import/export expense | 126,822 | - | - | 126,822 | |
| Commission expenses | 62,601 | - | - | 62,601 | |
| Storage fee | 57,888 | - | - | 57,888 | |
| Cost of services | 26,373 | 17,102 | - | 43,475 | |
| Depreciation expense | 614 | 31,486 | 8,752 | 40,852 | |
| Information System Maintenance Expense | 1 | 15,752 | 6,247 | 22,000 | |
| Insurance expense | 3,783 | 9,915 | 7,566 | 21,264 | |
| Testing fee | 526 | - | 14,604 | 15,130 | |
| | | | | | The balance of each customer has not exceeded 5% of the operating expense |
| Other expenses | <u>42,969</u> | <u>89,713</u> | <u>32,844</u> | <u>165,526</u> | |
| | <u>\$ 602,092</u> | <u>\$ 280,854</u> | <u>\$ 151,096</u> | <u>\$ 1,034,042</u> | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF NET AMOUNT OF OTHER REVENUES AND GAINS AND EXPENSES AND
LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 13

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--|--------------------|---------------|-------------|
| Information on other gains and losses is provided in Note 6(25). | | | |

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 14

| Item | Description | Amount | Note |
|---|-------------|--------|------|
| Information on finance costs is provided in Note 6(26). | | | |

SUPERALLOY INDUSTRIAL CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 15

| Function Nature | Year ended December 31, 2024 | | | Year ended December 31, 2023 | | |
|----------------------------------|----------------------------------|--|------------|----------------------------------|--|------------|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee benefit expense | | | | | | |
| Salary expenses | \$ 707,733 | \$ 179,121 | \$ 886,854 | \$ 749,994 | \$ 168,236 | \$ 918,230 |
| Labour and health insurance fees | 75,287 | 18,029 | 93,316 | 73,346 | 17,135 | 90,481 |
| Pension costs | 24,296 | 7,872 | 32,168 | 22,934 | 7,178 | 30,112 |
| Directors' remuneration | - | 17,651 | 17,651 | - | 14,349 | 14,349 |
| Share-based payments | 13,667 | 24,664 | 38,331 | - | 9,782 | 9,782 |
| Other personnel expenses | 54,506 | 13,959 | 68,465 | 53,264 | 13,163 | 66,427 |
| Depreciation expense | 824,441 | 40,852 | 865,293 | 872,759 | 34,695 | 907,454 |
| Amortisation charge | 719 | 8,156 | 8,875 | 924 | 10,026 | 10,950 |

Note:

A. As at December 31, 2024 and 2023, the Company had 1,474 and 1,533 employees, including 9 and 9 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 \$ 764 (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 \$ 732 (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)).

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, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 15

- (b) The average wages and salaries of current year were \$605 (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 \$603 (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 2024 is approximately 0.33% ((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, 2024
(Expressed in thousands of 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.