

OFCO Industrial Corp. and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Review Report
For the Nine Months Ended September 30,
2024 and 2023
Stock Code: 5011

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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.

Independent Auditors' Review Report Translated From Chinese

Foreword

We have reviewed the accompanying consolidated balance sheets of OFCO Industrial Corp. and subsidiaries (hereinafter collectively referred to as "OFCO Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2024 and 2023, changes in equity and cash flows for the nine-month periods ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. The preparation of consolidated financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission, is the responsibility of the Company's management. Our responsibility is to express the conclusion of the financial statements based on our review.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of September 30, 2024 and 2023, its consolidated financial performance for the three-month and nine-month periods ended September 30, 2024 and 2023 and its consolidated cash flows for the nine-month periods ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan Certified Public Accountant

Chung-Yu Tien

Tzu-Yu Lin

November 6, 2024

OFCO Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2024 and December 31 and September 30, 2023

September 30, 2024 and December 31 and September 30, 2023							Unit: NT\$ thousand	
Assets		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 613,918	11	\$ 844,894	16	\$ 1,037,081	24
1110	Financial assets at fair value through profit or loss - current	6(2)	59,897	1	66,999	1	108,136	3
1120	Financial assets at fair value through other comprehensive income or loss - current	6(3)	57,786	1	95,707	2	87,976	2
1136	Financial Assets Carried at Cost-current	6(1)(4) & 8	196,005	4	74,245	2	95,595	2
1140	Current contract assets	6(24)	3,103	-	5,881	-	5,881	-
1150	Notes receivable, net	6(5)	159	-	74	-	336	-
1170	Accounts receivable, net	6(5)	343,261	6	567,419	11	237,991	6
1180	Accounts receivable, net - related parties	6(5) & 7	130,634	2	113,734	2	100,144	2
1200	Other receivables		13,622	-	20,844	1	10,023	-
1210	Other receivables - related parties	7	2,407	-	-	-	-	-
1220	Current tax assets	6(31)	14,616	-	5,423	-	6,489	-
130X	Inventories	6(6)	449,772	8	261,953	5	261,211	6
1410	Pre-payments	6(7)	552,723	10	312,833	6	402,138	9
11XX	Total current assets		2,437,903	43	2,370,006	46	2,353,001	54
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)(17)	233,916	4	127,466	3	420	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)(8)	21,842	1	21,842	-	19,642	-
1535	Financial Assets Carried at Cost - non-current	6(1)(4) & 8	123,888	2	155,184	3	155,929	4
1600	Property, Plant and Equipment	6(9)(13), 7&8	1,087,944	19	1,091,951	21	1,084,575	25
1755	Right-of-use assets	6(10)	115,075	2	113,382	2	112,599	3
1760	Investment property, net	6(11) & 8	32,452	1	32,452	1	32,452	1
1780	Intangible Assets	6(12)	837,261	15	813,977	16	230,083	5
1840	Deferred tax assets	6(31)	267,248	5	228,682	4	125,276	3
1915	Prepayments for equipment	6(9)	148,408	3	118,645	2	106,669	3
1920	Refundable deposits	8	20,329	-	15,224	-	16,178	-
1975	Net defined benefit assets - non-current	6(19)	7,435	-	7,397	-	4,169	-
1990	Other non-current assets - others	7	280,513	5	107,090	2	99,570	2
15XX	Total non-current assets		3,176,311	57	2,833,292	54	1,987,562	46
1XXX	Total Assets		\$ 5,614,214	100	\$ 5,203,298	100	\$ 4,340,563	100

(Continued)

OFCO Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2024 and December 31 and September 30, 2023

September 30, 2024 and December 31 and September 30, 2023							Unit: NT\$ thousand	
Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term loans	6(14) &8	\$ 655,130	12	\$ 156,144	3	\$ 154,618	4
2110	Short-term notes and bills payable	6(15) &8	135,713	3	70,007	1	71,402	2
2130	Contract liability - current	6(24)	57,851	1	98,183	2	123,829	3
2150	Notes payable		8,511	-	19,068	1	16,123	-
2160	Notes Payable - related parties	7	-	-	10,761	-	28,473	1
2170	Accounts payable		375,027	7	824,434	16	262,097	6
2180	Accounts payable - related parties	7	62,369	1	93,100	2	77,340	2
2200	Other payables	6(16) &7	181,833	3	175,497	3	134,925	3
2230	Current tax liabilities	6(31)	5,265	-	3,909	-	3,490	-
2280	Lease liabilities - current	6(10)	19,038	-	15,946	-	15,828	-
2310	Unearned receipts		-	-	-	-	528	-
2320	Current portion of long-term liabilities	6(18) &8	107,717	2	306,331	6	62,735	1
21XX	Total current liabilities		1,608,454	29	1,773,380	34	951,388	22
Non-current liabilities								
2527	Contract liability - non-current	6(24)	-	-	108,000	2	-	-
2530	Bonds payable	6(17)	346,412	6	340,843	7	342,168	8
2540	Long-term loans	6(18) &8	789,897	14	216,427	4	402,112	9
2570	Deferred tax liabilities	6(31)	13,931	-	13,923	-	13,922	-
2580	Lease liabilities - non-current	6(10)	102,536	2	102,316	2	101,044	3
2645	Guarantee deposits received		41,235	1	33,628	1	43,079	1
2670	Other non-current liabilities - other		564	-	564	-	564	-
25XX	Total Non-Current Liabilities		1,294,395	23	815,701	16	902,889	21
2XXX	Total liabilities		2,902,849	52	2,589,081	50	1,854,277	43
Equity attributed to the stockholders of the parent								
	Share capital	6(17)(20)(22)						
3110	Common stock		1,005,097	18	1,000,587	19	1,000,587	23
3130	Certificate of entitlement to new shares from convertible bonds		-	-	1,320	-	-	-
3140	Capital collected in advance		166	-	2,076	-	-	-
3200	Additional paid-in capital	6(17)(20)(21)(22)	1,109,408	19	1,095,632	20	1,108,958	25
	Retained earnings	6(3)(23)						
3310	Legal reserve		51,123	1	35,725	1	35,725	1
3320	Special reserve		14,827	-	44,211	1	44,211	1
3350	Unappropriated earnings		114,627	2	154,689	3	51,084	1
3400	Other equity interest	6(3)(8)	(22,631)	-	(14,827)	-	(22,816)	-
31XX	Equity attributable to owners of the parent		2,272,617	40	2,319,413	44	2,217,749	51
36XX	Non-controlling interest	4(3)	438,748	8	294,804	6	268,537	6
3XXX	Total equity		2,711,365	48	2,614,217	50	2,486,286	57
	Significant contingent liabilities and unrecognized contract commitments	6(12) &9						
3X2X	Total liabilities and equity		\$ 5,614,214	100	\$ 5,203,298	100	\$ 4,340,563	100

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.
Please read together.

Chairman: James Huang

President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to September 30, 2024 and 2023

		Unit: NT\$ thousand (In addition to the loss per share of NT\$)							
Items	Note	July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(12) (24) & 7	\$ 1,128,229	100	\$ 729,538	100	\$ 3,057,905	100	\$ 2,635,216	100
5000 Operating costs	6(6)(10) (12)(19) (29)(30) & 7	(1,137,930)	(101)	(718,149)	(98)	(3,098,583)	(101)	(2,534,763)	(96)
5900 Gross profit (loss)		(9,701)	(1)	11,389	2	(40,678)	(1)	100,453	4
Operating Expenses	6(10)(12)(19) (22)(29)(30) & 7								
6100 Marketing expenses		(9,043)	-	(7,678)	(1)	(22,829)	(1)	(32,071)	(1)
6200 Administrative Expenses		(32,600)	(3)	(23,775)	(3)	(104,174)	(3)	(95,776)	(4)
6300 R&D Expenses		(735)	-	(20)	-	(1,302)	-	(76)	-
6000 Total operating expenses		(42,378)	(3)	(31,473)	(4)	(128,305)	(4)	(127,923)	(5)
6900 Operating loss		(52,079)	(4)	(20,084)	(2)	(168,983)	(5)	(27,470)	(1)
Non-operating income & expenses									
7100 Interest income	6(4)(25)	547	-	1,909	-	5,514	-	9,139	-
7010 Other income	6(3)(26)	2,363	-	2,827	1	36,070	1	13,715	1
7020 Other gains or losses	4(3), 6(2)(10) (27), 7&12	2,864	-	9,331	1	130,027	4	29,778	1
7050 Financial costs	6(10)(28)	(14,694)	(1)	(6,312)	(1)	(35,720)	(1)	(15,667)	(1)
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(8)	-	-	-	-	-	-	335	-
7000 Total non-operating Income and expenses		(8,920)	(1)	7,755	1	135,891	4	37,300	1
7900 Net income (loss) before tax		(60,999)	(5)	(12,329)	(1)	(33,092)	(1)	9,830	-
7950 Income tax benefits	6(31)	12,859	1	8,374	1	34,570	1	28,589	1
8200 Net gain (loss)		(\$ 48,140)	(4)	(\$ 3,955)	-	(\$ 1,478)	-	(\$ 38,419)	1
Other comprehensive income items that will not be re-classified into profit and loss									
8316 Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)	\$ 432	-	\$ 1,345	-	(\$ 7,649)	-	\$ 21,993	1
8320 Share of other comprehensive income of joint ventures recognized by using equity method - Items that will not be reclassified to profit or loss	6(8)	-	-	-	-	-	-	(2)	-
8300 Other comprehensive income(net)		\$ 432	-	\$ 1,345	-	(\$ 7,649)	-	\$ 21,991	1
8500 Total comprehensive income		(\$ 47,708)	(4)	(\$ 2,610)	-	(\$ 6,171)	-	(\$ 60,410)	2
Net profit (loss) attributed to:									
8610 Stockholders of the parent company		(\$ 24,168)	(2)	\$ 744	1	\$ 46,307	1	\$ 49,813	2
8620 Non-controlling interest		(23,972)	(2)	(4,699)	(1)	(44,829)	(1)	(11,394)	(1)
		(\$ 48,140)	(4)	(\$ 3,955)	-	(\$ 1,478)	-	(\$ 38,419)	1

Total comprehensive income

attributed to:

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.
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Chairman: James Huang

President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to September 30, 2024 and 2023

		Unit: NT\$ thousand														
		(In addition to the loss per share of NT\$)														
8710	Stockholders of the parent company	(\$	23,736)	(2)	\$	2,089	1	\$	38,658	1	\$	71,804	2		
8720	Non-controlling interest	(23,972)	(2)	(4,699)	(1)	(44,829)	(1)	(11,349)	-
		<u>(\$</u>	<u>47,708)</u>	<u>(</u>	<u>4)</u>	<u>(\$</u>	<u>2,610)</u>	<u>-</u>		<u>(\$</u>	<u>6,171)</u>	<u>-</u>	<u>\$</u>	<u>60,410</u>	<u>2</u>	
	(Losses) earnings per share				6(32)											
9750	Basic	(\$	0.24)			\$	0.01			\$	0.46		\$	0.50		
9850	Diluted	(\$	0.24)			\$	0.01			\$	0.44		\$	0.48		

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President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2024 and 2023

Unit: NT\$ thousand

Equity attributed to the owners of parent-company												
Share capital					Retained earnings			Other components of equity				
Note	Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
January 1 to September 30, 2023												
Balance as of January 1, 2023	\$ 994,101	\$ -	\$ 3,366	\$ 1,102,214	\$ 12,997	\$ 38,566	\$ 228,494	\$ 373	(\$ 44,584)	\$ 2,335,527	\$ 279,811	\$ 2,615,338
Net income (loss) for January to September 2023	-	-	-	-	-	-	49,813	-	-	49,813	(11,394)	38,419
Other comprehensive income for January to September 2023 6(3)	-	-	-	-	-	-	-	-	21,991	21,991	-	21,991
Total consolidated profit and loss for January to September 2023	-	-	-	-	-	-	49,813	-	21,991	71,804	(11,394)	60,410
Appropriations of earnings 2022:												
Legal reserve	-	-	-	-	22,728	-	(22,728)	-	-	-	-	-
Special reserve	-	-	-	-	-	5,645	(5,645)	-	-	-	-	-
Cash dividends 6(23)	-	-	-	-	-	-	(199,417)	-	-	(199,417)	-	(199,417)
Disposal of financial assets at fair value through other comprehensive income 6(3)	-	-	-	-	-	-	567	-	(567)	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	(29)	(29)	-	(29)
Price from employee stock options exercised 6(20)	-	-	8,695	-	-	-	-	-	-	8,695	-	8,695
Employee Stock Options into capital stock 6(20)	6,449	-	(12,061)	5,612	-	-	-	-	-	-	-	-
Conversion of bonds into capital stock 6(17)(21)	37	-	-	59	-	-	-	-	-	96	-	96
Employee Stock Options Compensation Costs 6(21)(22)(30)	-	-	-	1,073	-	-	-	-	-	1,073	120	1,193
Balance as of September 30, 2023	\$ 1,000,587	\$ -	\$ -	\$ 1,108,958	\$ 35,725	\$ 44,211	\$ 51,084	\$ 373	(\$ 23,189)	\$ 2,217,749	\$ 268,537	\$ 2,486,286
January 1 to September 30, 2024												
Balance as of January 1, 2024	\$ 1,000,587	\$ 1,320	\$ 2,076	\$ 1,095,632	\$ 35,725	\$ 44,211	\$ 154,689	\$ 373	(\$ 15,200)	\$ 2,319,413	\$ 294,804	\$ 2,614,217
Net income (loss) for January to September 2024	-	-	-	-	-	-	46,307	-	-	46,307	(44,829)	1,478
Other comprehensive income for January to September 2024 6(3)	-	-	-	-	-	-	-	-	(7,649)	(7,649)	-	(7,649)
Total consolidated profit and loss for January to September 2024	-	-	-	-	-	-	46,307	-	(7,649)	38,658	(44,829)	(6,171)
Appropriation of earnings 2023:												

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President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2024 and 2023

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital				Retained earnings			Other components of equity				
	Note	Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid- in capital	Legal reserve	Special reserve	Unappropriated earnings	The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Legal reserve		-	-	-	-	15,398	-	(15,398)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(29,384)	29,384	-	-	-	-	-
Cash dividends	6(23)	-	-	-	-	-	-	(100,510)	-	-	(100,510)	-	(100,510)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	155	-	(155)	-	-	-
Price from employee stock options exercised	6(20)	-	-	3,470	-	-	-	-	-	-	3,470	-	3,470
Employee stock options into capital stock	6(20)	3,110	-	(5,380)	2,270	-	-	-	-	-	-	-	-
Conversion of bonds into capital stock	6(17)(21)	1,400	(1,320)	-	118	-	-	-	-	-	198	-	198
Adjustments for cash capital increase in subsidiaries not based on shareholding ratio	4(3) & 6(21)	-	-	-	11,388	-	-	-	-	-	11,388	(11,388)	-
Non-controlling interests participate in cash capital increase of subsidiaries	4(3)	-	-	-	-	-	-	-	-	-	-	201,300	201,300
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,139)	(1,139)
Balance as of September 30, 2024		\$ 1,005,097	\$ -	\$ 166	\$ 1,109,408	\$ 51,123	\$ 14,827	\$ 114,627	\$ 373	(\$ 23,004)	\$ 2,272,617	\$ 438,748	\$ 2,711,365

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Chairman: James Huang

President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2024 and 2023

Unit: NT\$ thousand
January 1 to
September 30, 2023

	Note	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Cash flows from operating activities</u>			
Net (loss) income before tax		(\$ 33,092)	\$ 9,830
Adjustments			
Income charges (credits)			
(Gain) on financial assets and liabilities measured at fair value through profit or loss		(102,999)	(6,964)
Write-down (reversal) of inventories	6(6)	(195)	(2,017)
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	-	(335)
(Gain) loss on disposal of investments accounted	6(27)	(490)	3,684
Depreciation expense	6(9)(10)(29)	109,908	103,244
Net (gain) on disposal of property, plant and equipment	6(27)	(854)	(11,774)
(Gain) on lease modification	6(10)(27)	(1)	(5)
Amortization expense	6(12)(29)	34,810	6,729
Prepayments for equipment reclassified to expense		-	266
Unrealized concession revenue	6(12)	(58,058)	(125,044)
Option compensation cost of employee stock	6(21)(22)(30)	-	1,193
Interest (income)	6(25)	(5,514)	(9,139)
Dividend (income)	6(3)(26)	(1,049)	(849)
Interest expense	6(28)	35,720	15,667
Changes in assets/liabilities related to operating activities			
Changes in assets relating to operating activities net			
Financial assets at fair value through profit or loss - current		3,651	(65,692)
Contract asset - current		2,778	6,830
Notes receivable		(85)	(192)
Accounts receivable		223,258	187,363
Accounts receivable - related parties		(16,900)	(12,926)
Other receivables		7,347	(7,173)
Other receivables - related parties		(2,407)	-
Inventories		(187,624)	102,643
Pre-payments		(236,890)	(231,883)
Net defined benefit assets - non-current		(38)	(16)
Changes in liabilities relating to operating activities net			
Contract liability		(148,332)	(3,356)
Notes payable		(14,022)	(11,574)
Notes Payable - related parties		(1,714)	(4,349)
Accounts payable		(454,048)	(26,783)

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

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President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2024 and 2023

Unit: NT\$ thousand

	Note	January 1 to September 30, 2024	January 1 to September 30, 2023
Accounts payable- related parties		(30,731)	39,616
Other payables		28,043	(56,942)
Unearned receipts		-	528
Cash (outflows) of business operations		(849,528)	(99,420)
Interest received		5,514	9,139
Dividends received		1,049	849
Interest paid		(28,451)	(9,387)
Income tax paid		(11,825)	(54,429)
Net cash (outflows) inflows from operating activities		(883,241)	(153,248)
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through other comprehensive income - current		\$ -	(\$ 12,139)
Disposal of financial assets at fair value through other comprehensive income - current		30,272	25,727
Increase in Financial Assets Carried at Cost - current		(121,760)	(51,811)
Decrease (increase) in financial Assets Carried at Cost - non-current		31,296	(54,303)
Cash receipts from disposal of subsidiary	6(33)	1,733	-
Cash paid for acquisition of property, plant and equipment	6(33)	(65,325)	(98,845)
Cash receipts from disposal of property, plant and equipment	6(33)	3,677	152,287
Purchase intangible assets	6(12)	(36)	-
Increase in prepayments for equipment		(86,089)	(121,809)
Refundable deposits (increase)		(5,118)	(2,036)
Other non-current assets - other increase		(173,423)	(70,006)
Net cash (outflows) from investing activities		(384,773)	(232,935)
<u>Cash flows from financial activities</u>			
Increase in short-term loans	6(34)	2,085,493	419,483
Decrease in short-term loans	6(34)	(1,586,507)	(327,865)
Short-term bills payable	6(34)	342,200	557,600
Redemption of short-term bills payable	6(34)	(276,400)	(582,000)
Repayments of lease liabilities principal	6(34)	(13,332)	(11,952)
Increase in long-term loans	6(34)	1,234,504	492,271
Decrease in long-term loans	6(34)	(859,648)	(163,486)

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: James Huang

President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2024 and 2023

	Note	January 1 to September 30, 2024	Unit: NT\$ thousand January 1 to September 30, 2023
Increase in guarantee deposit received	6(34)	7,607	7,889
Advance receipt from employee stock options exercised	6(20)	3,470	8,695
Cash dividend	6(23)	(100,510)	(199,417)
Non-controlling interests participate in cash capital increase of subsidiaries	4(3)	201,300	-
Changes in non-controlling interests		(1,139)	-
Net cash inflows from financing activities		<u>1,037,038</u>	<u>201,218</u>
(Decrease) in cash and cash equivalents		(230,976)	(184,965)
Cash and cash equivalents at beginning of period	6(1)	<u>844,894</u>	<u>1,222,046</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 613,918</u>	<u>\$ 1,037,081</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: James Huang

President: James Huang

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Notes to consolidated financial statements
For the Nine Months Ended September 30, 2024 and 2023

Unit: NT\$ thousand
(Unless otherwise specified)

1. Organization and operations

(1) OFCO Industrial Corp. (hereinafter referred to as “the Company”) was established on November 21, 1984 in accordance with the provisions of the Company Act. The main business scope includes the manufacturing of fastener screws and related products, metal heat treatment OEM and trading. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as “the Group”), please refer to Note 4, (3) for the description of the basis of consolidation.

(2) The Company's shares have been traded on the Taipei Exchange (TPEX) since May 1999.

2. The Authorization of Financial Statements

These consolidated financial statements were submitted to the Board of Directors and issued on November 6, 2024.

3. Application of New and Revised International Financial Reporting Standards

(1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC)

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) became effective and recognized by the Financial Supervisory Commission in 2024:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 16 - “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendment to IAS 1 - “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 - “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and Amendment to IFRS 7 - “Supplier Finance Arrangements”	January 1, 2024

The Group has assessed that the above standards and interpretations do not have a material impact on the Group’s financial position and financial performance.

(2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) will become effective and recognized by the Financial Supervisory Commission in 2025:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 21 - “Lack of Exchangeability”	January 1, 2025

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(3) IFRSs issued by the IASB but not yet recognized by the FSC

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) but not yet recognized by the FSC:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 - "Sales or contributions of assets between an investor and its associate/joint venture"	To be determined by the IASB
IFRS 17 - "Insurance contracts"	January 1, 2023
Amendment 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

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

IFRS 18 - "Presentation and Disclosure in Financial Statements":

IFRS 18 - "Presentation and Disclosure in Financial Statements" will replace IAS 1, renew the architecture of statement of comprehensive income, new the disclosures of management-defined performance measures and strengthen and use on the summary and segmentation principles of major financial statements and notes.

4. Summary of significant accounting policies

Except for the declaration of compliance, basis of preparation, basis of consolidation and applicable parts of interim financial statements, the major accounting policies are the same as those in Note 4 to the consolidated financial statements in 2023. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

- A. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting", as approved by the FSC.
- B. This consolidated financial report should be read together with the 2023 Consolidated Financial Report.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- ① Financial assets at fair value through profit or loss (including derivatives).
- ② Financial assets at fair value through other comprehensive income.

③ The defined benefit asset is recognized as the net of the present value of the defined benefit obligation of the pension fund.

B. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Pronouncements as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. The application of the Company’s accounting policies also requires management to exercise its judgment in the process of applying those policies that involve a higher degree of judgment or complexity, or items that involve significant assumptions and estimates in the consolidated financial statements. Please refer to Note 5 for a description of significant accounting judgments, estimates and key sources of assumption uncertainty.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements

The preparation principle of this consolidated financial report is the same as that of the consolidated financial report of the 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
OFCO Industrial Corp.	TSG Transport Corp.	Container rental, transportation and packing services	100.00	100.00	100.00	-
OFCO Industrial Corp.	TSG Environmental Technology Corp.	Recycling of materials, waste disposal services, etc.	100.00	100.00	100.00	-
OFCO Industrial Corp.	TSG POWER Corp.	Energy technology services	100.00	100.00	-	(Note 1)
OFCO Industrial Corp.	TSG Engineering Corp	Comprehensive construction, etc.	-	100.00	-	(Note 2) (Note 3)
OFCO Industrial Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	54.89	67.15	67.15	(Note 4)

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
TSG Transport Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	0.27	0.34	0.34	(Note 4)
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	0.42	0.51	0.51	(Note 4)
Yung Fu Co., Ltd.	TSG POWER Corp.	Energy technology services	-	-	100.00	(Note 1)

(Note 1) To effectively manage the Group and increase investment profit, the Board of Directors of the Company resolved to acquire 100% equity interest of TSG Power Corp. (formerly named TSG Power and Engineering Corp.) from the subsidiary, Yung Fu Co., Ltd., in cash amounting to \$194,554 on November 8, 2023, and the effective date for the transfer was set on November 30, 2023. As the transaction is considered a group organizational restructuring, the Company recognized this transaction based on the carrying amount of the shares of TSG Power Corp. held by the subsidiary, Yung Fu Co., Ltd., at the effective date of the transfer, and accordingly, capital surplus-additional paid-in capital decreased by \$15,334 (including the difference between the acquisition price and investment accounted amount of \$47,919 and adjustments on capital surplus of the subsidiary, Yung Fu Co., Ltd., accounted for under equity method arising from the transaction amounting to \$32,585).

(Note 2) To seek business diversification and lower investment risk, the Board of Directors of the Company resolved to acquire 100% equity interest in TSG Engineering Corp. from TSG United Co., Ltd. in cash amounting to \$20,070 on November 8, 2023, and the Company participated in the cash capital increase of TSG Engineering Corp. amounting to \$2,400.

(Note 3) Based on the overall development plan of the group, the Board of Directors of the Company resolved to sell 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. in cash amounting to \$23,480 on May 7, 2024, and recognized as disposal of investment gains of \$490 (listed as “Other gains or losses”), transfer date is on June 30, 2024.

(Note 4) The Shareholders’ Extraordinary Meeting of the subsidiary, Yung Fu Co., Ltd resolved to increase cash capital by \$201,300 through private placement on July 31, 2024, the Group did not recognize by shareholding percentage cause the percentage decreased and recognized the difference \$11,388 as additional paid-in capital (relative account “non-controlling interest”). Non-controlling interest increase \$201,300 due to cash capital increase.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustment and treatment of different accounting periods of subsidiaries: None.

E. Significant limitations: None.

F. Subsidiaries with non - controlling interests that are significant to the Group:

- ① The total non-controlling interests of the Group as of September 30, 2024, December 31, 2023 and September 30, 2023 were \$438,748, \$294,804 and \$268,537, respectively. Information about non-controlling interests and subsidiaries that are material to the Group is as follows:

Name of Subsidiary	Main place of business	Non-controlling interests			
		September 30, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$438,748	44.42%	\$294,804	32.00%

Name of Subsidiary	Main place of business	Non-controlling interests	
		September 30, 2023	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$268,537	32.00%

② Subsidiary - Yung Fu Co., Ltd. summary financial information:

Balance Sheet

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current assets	\$ 859,078	\$ 893,909	\$ 756,575
Non-current assets	1,728,385	1,552,104	1,130,928
Current liabilities	(886,916)	(1,300,448)	(596,766)
Non-current liabilities	(699,552)	(213,435)	(440,694)
Total net assets	<u>\$ 1,000,995</u>	<u>\$ 932,130</u>	<u>\$ 850,043</u>

Statement of Comprehensive Income

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Revenue	<u>\$ 194,542</u>	<u>\$ 205,617</u>
Net loss before tax	(\$ 81,029)	(\$ 24,206)
Income tax benefit	<u>17,242</u>	<u>9,522</u>
Net loss	<u>(\$ 63,787)</u>	<u>(\$ 14,684)</u>
Total comprehensive income	<u>(\$ 63,787)</u>	<u>(\$ 14,684)</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 23,972)</u>	<u>(\$ 4,699)</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Revenue	<u>\$ 637,017</u>	<u>\$ 634,718</u>
Net loss before tax	(\$ 168,313)	(\$ 33,026)
Income tax benefit	<u>39,346</u>	<u>37,415</u>
Net (loss) income	<u>(\$ 128,967)</u>	<u>\$ 4,389</u>
Total comprehensive income	<u>(\$ 128,967)</u>	<u>\$ 4,389</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 44,829)</u>	<u>(\$ 11,394)</u>

Statements of Cash Flows

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Net cash out-flow from operation activities	(\$ 676,811)	(\$ 317,591)
Net cash out-flow from investing activities	(412,391)	(130,563)
Net cash in-flow from financing activities	<u>1,042,915</u>	<u>382,012</u>
(Decrease) in cash and cash equivalents	(46,287)	(66,142)
Balance of cash and cash equivalents, beginning of period	<u>242,372</u>	<u>260,654</u>
Balance of cash and cash equivalents, end of period	<u>\$ 196,085</u>	<u>\$ 194,512</u>

(4) Employee benefits

Pension - Defined Benefit Plan

The pension cost for the interim period is calculated using the actuarially determined pension cost rate from the beginning of the year to the end of the current period as of the end of the previous financial year. If there are significant market changes and material curtailments, liquidations or other significant one-time events after such closing, they will be adjusted and the relevant information will be disclosed in accordance with the aforementioned policy.

(5) Income tax

Income tax expense for the interim period is calculated by applying the estimated average annual effective tax rate to the income before income tax for the interim period and disclosing the related information in accordance with the accounting policies.

5. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

There is no significant change in the current period, please refer to Note 5 to the consolidated financial statements in 2023.

6. Summary of Significant Accounting Items

(1) Cash and Cash Equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash:			
Cash on hand	\$ 961	\$ 1,905	\$ 2,111
Checking accounts and demand deposits	<u>569,449</u>	<u>504,083</u>	<u>518,933</u>
	<u>570,410</u>	<u>505,988</u>	<u>521,044</u>
Cash Equivalents:			
Time deposits	-	145,125	476,108
Commercial paper	<u>43,508</u>	<u>193,781</u>	<u>39,929</u>
	<u>43,508</u>	<u>338,906</u>	<u>516,037</u>
	<u>\$ 613,918</u>	<u>\$ 844,894</u>	<u>\$ 1,037,081</u>

A. The Group associates 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 Group transferred demand deposits, time deposits and repurchase bonds which items are the pledged collateral, \$319,893, \$229,429 and \$251,524 on September 30, 2024, December 31, 2023 and September 30, 2023 respectively under the headings of “Financial Assets at Amortized Cost - Current” and “Financial Assets at Amortized Cost - Non-current”.

C. The Group pledged cash and cash equivalents as collateral (listed as “Financial Assets at Amortized Cost - Current” and “Financial Assets at Amortized Cost - Non-current”), please refer to Note 8 statements on pledged assets.

(2) Financial Assets at Fair Value through Profit or Loss

<u>Item</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current item:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 17,283	\$ 59,921	\$ 88,366
Emerging stocks	40,500	-	-
Beneficiary certificates	<u>1,514</u>	<u>3,027</u>	<u>12,612</u>
	59,297	62,948	100,978
Valuation adjustment	<u>600</u>	<u>4,051</u>	<u>7,158</u>
	<u>\$ 59,897</u>	<u>\$ 66,999</u>	<u>\$ 108,136</u>

<u>Item</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current item:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks - Private placement	\$ 36,000	\$ 36,000	\$ -
Call options of bonds	<u>416</u>	<u>416</u>	<u>420</u>
	36,416	36,416	420
Valuation adjustment	<u>197,500</u>	<u>91,050</u>	<u>-</u>
	<u>\$ 233,916</u>	<u>\$ 127,466</u>	<u>\$ 420</u>

A. The Group recognized net income(loss) of (\$1,454) and \$5,611 and \$113,142 and \$6,672 for July to September of 2024 and 2023 and January to September of 2024 and 2023, respectively. (listed as “Other Gains and Losses”)

B. The Group recognized call options of bonds measured at fair value through profit and loss of \$- for July to September of 2024 and 2023 and January to September of 2024 and 2023, respectively.

C. In November 2023, the Group subscribed a total 5,000 of thousand shares of King House Co., Ltd. (formerly named Ensure Global Corp., Ltd.) through private placement, and the transfer of the private placement stock is restricted within three years.

D. The Group has not pledged any financial assets at fair value through profit or loss.

E. For related credit risk information, please refer to Note 12, (2) Financial Instruments.

(3) Financial Assets at Fair Value through other Comprehensive Income or Loss

<u>Item</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current item:			
Equity instrument			
Listed stocks	\$ 84,303	\$ 114,420	\$ 112,478

Valuation adjustment	(26,517)	(18,713)	(24,502)
	<u>\$ 57,786</u>	<u>\$ 95,707</u>	<u>\$ 87,976</u>

Non-current item:

Equity instrument

Unlisted stocks	\$ 18,361	\$ 18,361	\$ 18,332
Valuation adjustment	<u>3,481</u>	<u>3,481</u>	<u>1,310</u>
	<u>\$ 21,842</u>	<u>\$ 21,842</u>	<u>\$ 19,642</u>

- A. The Group has chosen to invest in equity instruments that are strategic investments. Investments are classified as financial assets measured at fair value through other comprehensive income or loss. The Group's maximum exposure to credit risk is its book value without taking into account collateral held or other credit enhancements.
- B. The breakdown of FVOCI recognized in profit or loss and comprehensive income or loss is as follows:

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Dividend income recognized in profit or loss	(\$ 418)	\$ -
Changes in fair value recognized in other comprehensive income	<u>\$ 432</u>	<u>\$ 1,345</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 567)</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Dividend income recognized in profit or loss	(\$ 1,049)	\$ -
Changes in fair value recognized in other comprehensive income	<u>(\$ 7,649)</u>	<u>\$ 21,993</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>(\$ 155)</u>	<u>(\$ 567)</u>

- C. The Group not pledged financial assets measured at fair value through other comprehensive income.
- D. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (2) Financial Instruments.

(4) Financial Assets Carried at Cost

<u>Item</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
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Current items:

Pledged demand deposits	<u>\$ 196,005</u>	<u>\$ 74,245</u>	<u>\$ 95,595</u>
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Non-current items:

Pledged demand deposits	<u>\$ 123,888</u>	<u>\$ 155,184</u>	<u>\$ 155,929</u>
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- A. The Group interest income recognized in profit or loss due to financial assets measured by amortized cost from July to September of 2024 and 2023 and January to September of 2024 and 2023 were \$210 and \$70 and \$745 and \$345, respectively. (Listed as “interest income”)
- B. Financial assets held at amortized cost that best represent the Group, without regard to collateral held or other credit enhancements, as at September 30, 2024, December 31, 2023 and September 30, 2023, the amount of the risk exposure with the largest credit risk was its book value.
- C. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group provided financial assets measured by amortized cost as pledge guarantees. Please refer to Note 8 illustrate.
- D. For information on credit risk of financial assets measured by amortized cost, please refer to Note 12, (2) Description of Financial Instruments. The Group’s investment in time deposit certificates is a financial institution with good credit quality, and the possibility of default is expected to be low.

(5) Notes and Accounts Receivable - Net

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes Receivable	<u>\$ 159</u>	<u>\$ 74</u>	<u>\$ 336</u>
Accounts Receivable	<u>\$ 343,284</u>	<u>\$ 567,442</u>	<u>\$ 238,014</u>
Less: Loss Allowance	<u>(23)</u>	<u>(23)</u>	<u>(23)</u>
	<u>\$ 343,261</u>	<u>\$ 567,419</u>	<u>\$ 237,991</u>

- A. The aging analysis of Notes and Accounts Receivable (including related parties) is as follows:

	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	<u>\$ 159</u>	<u>\$ 408,810</u>	<u>\$ 74</u>	<u>\$ 656,678</u>
Within 60 days past due	<u>-</u>	<u>50,376</u>	<u>-</u>	<u>24,121</u>
61-180 days past due	<u>-</u>	<u>14,729</u>	<u>-</u>	<u>31</u>
Within 181-365 days past due	<u>-</u>	<u>3</u>	<u>-</u>	<u>346</u>
	<u>\$ 159</u>	<u>\$ 473,918</u>	<u>\$ 74</u>	<u>\$ 681,176</u>

	September 30, 2023	
	Notes Receivable	Accounts Receivable
Not Past Due	\$ 336	\$ 321,973
Within 60 days past due	-	16,154
61-180 days past due	-	31
	<u>\$ 336</u>	<u>\$ 338,158</u>

The above is an aging analysis based on the number of overdue days.

- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances of Notes Receivable and Accounts Receivable were generated from customer contracts, and the balance of accounts receivable from customer contracts was \$512,739 as of January 1, 2023.
- C. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that the best represents the Group's notes receivable and accounts receivable were book value.
- D. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not hold any collaterals as guarantees for Notes and Accounts Receivable.
- E. Please refer to Note 12, (2) for the credit risk information of the related Notes and Accounts Receivable.
- F. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had not pledged any Notes and Accounts Receivable as collateral.

(6) Inventories

	September 30, 2024		
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 222,351	(\$ 23,984)	\$ 198,367
Work in Process	196,630	(12,154)	184,476
Finished Goods	<u>70,769</u>	<u>(3,840)</u>	<u>66,929</u>
	<u>\$ 489,750</u>	<u>(\$ 39,978)</u>	<u>\$ 449,772</u>

	December 31, 2023		
	Cost	Allowance to reduce inventory to market	Carrying Value
Merchandise	\$ 77	\$ -	\$ 77
Raw Materials	90,990	(24,403)	66,587
Work in Process	148,099	(11,382)	136,717
Finished Goods	<u>62,960</u>	<u>(4,388)</u>	<u>58,572</u>
	<u>\$ 302,126</u>	<u>(\$ 40,173)</u>	<u>\$ 261,953</u>

	September 30, 2023		
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 74,589	(\$ 23,672)	\$ 50,917
Work in Process	148,294	(12,160)	136,134
Finished Goods	<u>78,552</u>	<u>(4,392)</u>	<u>74,160</u>
	<u>\$ 301,435</u>	<u>(\$ 40,224)</u>	<u>\$ 261,211</u>

The cost of inventories recognized as losses by the Corporate Group:

	July to September of 2024	July to September of 2023
Cost Of Goods Sold	\$ 584,842	\$ 303,379
Gain from price recovery of inventory (Note)	(49)	(22)
Gain or Loss on Physical Inventory	1,535	(438)
Revenue from Sale of Scraps	<u>(3,970)</u>	<u>(2,490)</u>
	<u>\$ 582,358</u>	<u>\$ 300,429</u>

	January to September of 2024	January to September of 2023
Cost Of Goods Sold	\$ 1,558,914	\$ 1,137,059
Gain from price recovery of inventory (Note)	(195)	(2,017)
Loss on Physical Inventory	3,940	661
Revenue from Sale of Scraps	<u>(11,417)</u>	<u>(7,851)</u>
	<u>\$ 1,551,242</u>	<u>\$ 1,127,852</u>

(Note) From July to September of 2024 and 2023 and January to September of 2024 and 2023, the recognized gain from price recovery of inventory is caused by the Group's sale of some inventories that were originally listed as loss for market price decline and obsolete and slow-moving inventories.

(7) Prepaid Expenses

	September 30, 2024	December 31, 2023	September 30, 2023
Advance payment	\$ 217,814	\$ 110,949	\$ 210,758
Prepaid expenses	146,232	80,371	68,439
Supplies inventory	74,694	71,472	83,798
Tax credit	67,213	46,536	31,872
Prepaid insurance	14,951	2,300	5,911
Others	<u>31,819</u>	<u>1,205</u>	<u>1,360</u>
	<u>\$ 552,723</u>	<u>\$ 312,833</u>	<u>\$ 402,138</u>

(8) Equity method investment

A. Changes in investments using the equity method are as follows:

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
January 1	\$ -	\$ 21,712
Share of profit of associates & joint ventures accounted for using equity method	-	335
Other comprehensive income of associates & joint ventures accounted for using equity method	-	(2)
Transfer to financial assets at fair value through other comprehensive income (Note)	-	(22,045)
September 30	<u>\$ -</u>	<u>\$ -</u>

(Note) As of September 2023, the Group didn't participate in capital increase of the invested company to lose a material impact, transfer the residual investment of its investee to "financial assets at fair value through other comprehensive income".

B. The share of the operating results of Taiwan Steel Insurance Broker Co., Ltd. (formerly named Titan Insurance Broker Co., Ltd.), an individual insignificant affiliate of the Group, is as follows:

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Net profit of continuing business units for the current period	\$ -	\$ -
Other comprehensive income (net of tax)	-	-
Total comprehensive income	<u>\$ -</u>	<u>\$ -</u>

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Net profit of continuing business units for the current period	\$ -	\$ 304
Other comprehensive income (net of tax)	-	(2)
Total comprehensive income	<u>\$ -</u>	<u>\$ 302</u>

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not provide the investment using the equity method as a pledge.

(9) Property, Plant and Equipment

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2024</u>									
Cost	\$ 107,155	\$ 83,392	\$ 1,124,459	\$ 117,278	\$ 20,990	\$ 158,348	\$ 196,850	\$ 12,145	\$ 1,820,617
Accumulated Depreciation	-	(61,469)	(408,690)	(18,165)	(15,106)	(110,190)	(107,712)	-	(721,332)
Cumulative Impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	<u>\$ 107,155</u>	<u>\$ 21,923</u>	<u>\$ 714,515</u>	<u>\$ 99,113</u>	<u>\$ 4,862</u>	<u>\$ 43,507</u>	<u>\$ 88,731</u>	<u>\$ 12,145</u>	<u>\$ 1,091,951</u>
<u>January to September of 2024</u>									
January 1	\$ 107,155	\$ 21,923	\$ 714,515	\$ 99,113	\$ 4,862	\$ 43,507	\$ 88,731	\$ 12,145	\$ 1,091,951
Add - Cost	-	1,470	5,970	1,001	673	10,290	16,870	1,477	37,751
Transferred from prepayments for equipment	-	3,430	8,367	38,560	-	711	5,258	-	56,326
Transferred after acceptance inspection	-	-	13,622	-	-	-	-	(13,622)	-
Depreciation Expense	-	(3,340)	(48,977)	(9,384)	(835)	(8,964)	(23,636)	-	(95,136)
Disposal-Cost	-	(1,452)	(9,181)	(4,530)	(87)	(874)	(7,346)	-	(23,470)
Disposal- Accumulated Depreciation	-	1,452	7,030	4,530	36	874	6,600	-	20,522
September 30	<u>\$ 107,155</u>	<u>\$ 23,483</u>	<u>\$ 691,346</u>	<u>\$ 129,290</u>	<u>\$ 4,649</u>	<u>\$ 45,544</u>	<u>\$ 86,477</u>	<u>\$ -</u>	<u>\$ 1,087,944</u>

September 30, 2024

Cost	\$ 107,155	\$ 86,840	\$ 1,143,237	\$ 152,309	\$ 21,576	\$ 168,475	\$ 211,632	\$ -	\$ 1,891,224
Accumulated Depreciation	-	(63,357)	(450,637)	(23,019)	(15,905)	(118,280)	(124,748)	-	(795,946)
Cumulative Impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	<u>\$ 107,155</u>	<u>\$ 23,483</u>	<u>\$ 691,346</u>	<u>\$ 129,290</u>	<u>\$ 4,649</u>	<u>\$ 45,544</u>	<u>\$ 86,477</u>	<u>\$ -</u>	<u>\$ 1,087,944</u>

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2023</u>									
Cost	\$ 181,182	\$ 165,220	\$ 1,002,873	\$ 71,136	\$ 20,984	\$ 149,633	\$ 193,728	\$ 45,481	\$ 1,830,237
Accumulated Depreciation	-	(74,001)	(350,094)	(10,738)	(14,079)	(99,910)	(93,244)	-	(642,066)
Cumulative Impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	<u>\$ 181,182</u>	<u>\$ 91,219</u>	<u>\$ 651,525</u>	<u>\$ 60,398</u>	<u>\$ 5,883</u>	<u>\$ 45,072</u>	<u>\$ 100,077</u>	<u>\$ 45,481</u>	<u>\$ 1,180,837</u>
<u>January to September of 2023</u>									
January 1	\$ 181,182	\$ 91,219	\$ 651,525	\$ 60,398	\$ 5,883	\$ 45,072	\$ 100,077	\$ 45,481	\$ 1,180,837
Add - Cost	-	-	56,289	3,803	87	3,060	7,925	2,240	73,404
Transferred from prepayments for equipment	-	-	31,806	18,055	-	-	10,300	-	60,161
Transferred after acceptance inspection	-	-	35,576	-	-	-	-	(35,576)	-

Depreciation Expense	-	(4,154)	(47,445)	(6,066)	(799)	(7,451)	(23,399)	-	(89,314)
Disposal-Cost	(74,027)	(81,828)	(5,143)	(2,263)	(55)	-	(16,520)	-	(179,836)
Disposal-Accumulated Depreciation	<u>-</u>	<u>17,639</u>	<u>5,143</u>	<u>162</u>	<u>12</u>	<u>-</u>	<u>16,367</u>	<u>-</u>	<u>39,323</u>
September 30	<u>\$ 107,155</u>	<u>\$ 22,876</u>	<u>\$ 727,751</u>	<u>\$ 74,089</u>	<u>\$ 5,128</u>	<u>\$ 40,681</u>	<u>\$ 94,750</u>	<u>\$ 12,145</u>	<u>\$ 1,084,575</u>
<u>September 30, 2023</u>									
Cost	\$ 107,155	\$ 83,392	\$ 1,121,401	\$ 90,731	\$ 21,016	\$ 152,693	\$ 195,433	\$ 12,145	\$ 1,783,966
Accumulated Depreciation	-	(60,516)	(392,396)	(16,642)	(14,866)	(107,361)	(100,276)	-	(692,057)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>(1,254)</u>	<u>-</u>	<u>(1,022)</u>	<u>(4,651)</u>	<u>(407)</u>	<u>-</u>	<u>(7,334)</u>
	<u>\$ 107,155</u>	<u>\$ 22,876</u>	<u>\$ 727,751</u>	<u>\$ 74,089</u>	<u>\$ 5,128</u>	<u>\$ 40,681</u>	<u>\$ 94,750</u>	<u>\$ 12,145</u>	<u>\$ 1,084,575</u>

- A. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's property, plant and equipment were assets for own use.
- B. The Group's did not capitalize any borrowing costs from January to September 2024 and 2023.
- C. Information on the pledge of property, plant and equipment by the Group is described in Note 8.
- D. Please refer to Note 6, (13) for the accumulated impairment loss on non - financial assets.

(10) Leasing arrangements - lessee

- A. The subject assets of the Group's leases are buildings and business vehicles and print machine and land, and the lease contracts are usually for periods ranging from 2 to 20 years. Lease agreements are individually negotiated and contain various terms and conditions without any special restrictions.
- B. The lease period of the Group's leased underlying assets such as business vehicles, parking spaces, stackers and staff dormitories does not exceed 12 months, and the leased assets with low value are air cleaners and print machines, etc.
- C. The book value of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 156	\$ 187	\$ 171
Buildings	112,492	109,661	108,304
Transport Equipment (business vehicles)	<u>2,427</u>	<u>3,534</u>	<u>4,124</u>
	<u>\$ 115,075</u>	<u>\$ 113,382</u>	<u>\$ 112,599</u>

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 10	\$ 100
Buildings	4,495	4,063
Transport Equipment (business vehicles)	<u>530</u>	<u>564</u>
	<u>\$ 5,035</u>	<u>\$ 4,727</u>

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 31	\$ 292
Buildings	13,031	11,903
Transport Equipment (business vehicles)	<u>1,710</u>	<u>1,735</u>
	<u>\$ 14,772</u>	<u>\$ 13,930</u>

D. The additions to the Group's right-of-use assets were \$657 and (\$928) and \$16,602 and \$28,710 for July to September of 2024 and 2023 and January to September of 2024 and 2023, respectively.

E. The information on profit or loss items related to lease contracts is as follows:

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 535	\$ 521
Expenses for short-term lease contracts	2,112	3,005
Lease of low-value assets	148	266
Fees for variable lease payments	1,350	1,151
Lease modification benefit	(1)	-
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 1,734	\$ 1,551
Expenses for short-term lease contracts	21,058	4,923
Lease of low-value assets	800	662
Fees for variable lease payments	3,786	3,221
Lease modification benefit	(1)	(5)

F. The Group's total rental cash outflows for January to September 2024 and 2023 were \$40,710 and \$22,309, respectively.

G. When the Group determines the lease period, it takes into consideration all the facts and circumstances that will generate economic incentives for exercising or not exercising the right to renew the lease. The lease period will be re-estimated when a major event occurs in the assessment of the exercise or non-exercise of the right to renew the lease. Based on the assessment of exercising or not exercising the right to renew the lease, the Group's right-of-use assets and lease liabilities from January to September 2024 and 2023 were reduced by \$137, \$1,063, \$138 and \$1,068 respectively, and lease modification benefits of \$1 and \$5 were recognized (listed as "Other gains and losses").

H. The effect of changing lease payments on the lease liability:

In the lease contract of the subsidiary company Yung Fu Co., Ltd., the subject matter of the variable lease payment clause is linked to the power generation income generated by the power plant and the announced land price. basis and are recognized as an expense in the period in which these payment terms are triggered.

(11) Investment property - net

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
	<u>Land</u>	<u>Land</u>
Balance of beginning and ending period	<u>\$ 32,452</u>	<u>\$ 32,452</u>

- A. The investment real estate of the Group's is the lands of Sushuangziping Section in Dingzhonggu Section of Jinshan District, New Taipei City and Shancheng Section of Jinshan District. As of September 30, 2024, December 31, 2023 and September 30, 2023 for the situation of providing pledge of investment property, please refer to Note 8. for the explanation of pledged assets.
- B. The fair value of investment properties held by the Group were all \$63,960 as of September 30, 2024, December 31, 2023 and September 30, 2023, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was determined to be Level 3 fair value.

(12) Intangible Assets

	Concession	Computer software	Goodwill	Total
<u>January 1, 2024</u>				
Cost	\$ 809,385	\$ 2,326	\$ 19,003	\$ 830,714
Accumulated amortization	(15,618)	(1,119)	-	(16,737)
	<u>\$ 793,767</u>	<u>\$ 1,207</u>	<u>\$ 19,003</u>	<u>\$ 813,977</u>
<u>January to September of 2024</u>				
January 1	\$ 793,767	\$ 1,207	\$ 19,003	\$ 813,977
Additions - acquired separately	-	36	-	36
Service concession agreement obtained	58,058	-	-	58,058
Amortization expense	(34,476)	(334)	-	(34,810)
September 30	<u>\$ 817,349</u>	<u>\$ 909</u>	<u>\$ 19,003</u>	<u>\$ 837,261</u>
<u>September 30, 2024</u>				
Cost	\$ 867,443	\$ 2,362	\$ 19,003	\$ 888,808
Accumulated amortization	(50,094)	(1,453)	-	(51,547)
	<u>\$ 817,349</u>	<u>\$ 909</u>	<u>\$ 19,003</u>	<u>\$ 837,261</u>
	Concession	Computer software	Goodwill	Total
<u>January 1, 2023</u>				
Cost	\$ 91,638	\$ 2,176	\$ 19,003	\$ 112,817
Accumulated amortization	(400)	(649)	-	(1,049)
	<u>\$ 91,238</u>	<u>\$ 1,527</u>	<u>\$ 19,003</u>	<u>\$ 111,768</u>
<u>January to September of 2023</u>				
January 1	\$ 91,238	\$ 1,527	\$ 19,003	\$ 111,768
Service concession agreement obtained	125,044	-	-	125,044
Amortization expense	(6,349)	(380)	-	(6,729)
September 30	<u>\$ 209,933</u>	<u>\$ 1,147</u>	<u>\$ 19,003</u>	<u>\$ 230,083</u>

September 30, 2023

Cost	\$ 216,682	\$ 2,176	\$ 19,003	\$ 237,861
Accumulated amortization	(6,749)	(1,029)	-	(7,778)
	<u>\$ 209,933</u>	<u>\$ 1,147</u>	<u>\$ 19,003</u>	<u>\$ 230,083</u>

A. The information on amortization of intangible assets are as follows:

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Operating costs	\$ 11,813	\$ 2,729
Amortization expense	4	4
Administrative expenses	<u>84</u>	<u>39</u>
	<u>\$ 11,901</u>	<u>\$ 2,772</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Operating costs	\$ 34,612	\$ 6,572
Amortization expense	12	11
Administrative expenses	<u>186</u>	<u>146</u>
	<u>\$ 34,810</u>	<u>\$ 6,729</u>

B. The subsidiary - Yung Fu signed the “Rehabilitate, Operate and Transfer of Waste Incineration Plant in Kanding Pingtung County” with the Pingtung County Government (hereinafter collectively referred to as “both parties”) in the form of ROT (Rehabilitate, Operate and Transfer) for construction and labor services. Both parties agreed to follow the Act for Promotion of Private Participation in Infrastructure Projects and regulations formulated by the relevant competent authorities to have the subsidiary Yung Fu handle the construction and operation. The operation period is 20 years, and the operating assets and operating rights are returned to Pingtung County Government when the operation period expires. The important information is summarized as follows:

- ① The subsidiary - Yung Fu shall be responsible for the construction of the incineration plant and the maintenance and management of various facilities and equipment during the operation period, and promises to properly dispose of waste within the scope of processing capacity.
- ② During the operation period, the subsidiary - Yung Fu shall calculate the remuneration for operation and maintenance to be collected from the Pingtung County Government and the land rent, waste disposal fee, price change royalties, electricity sales increase royalties and other fees payable to the county government based on the contract terms.
- ③ The subsidiary - Yung Fu should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than \$967,382. Before the deadline for renovation works (December 31, 2024), the subsidiary - Yung Fu should invest at least \$560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to the Yung Fu, the subsidiary shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government.

④ The subsidiary - Yung Fu recognizes the rights to sell electricity and dispose of waste from the provision of construction and service upgrades and the renovation cost to be committed in the future as intangible assets and revenue (listed as “operating revenue”) from service concession, respectively in accordance with the provisions of IFRIC 12 “Service Concession Arrangements”.

⑤ As of September 30, 2024, the subsidiary - Yung Fu has invested \$731,022, with an achievement rate of 75.57%.

C. The Group did not capitalize any interests of the intangible assets from January to September, 2024 and 2023.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Corporate Group had not provided intangible asset as pledged collaterals.

(13) Impairment of non-financial assets

The Group did not recognize or reverse any impairment loss from January to September, 2024 and 2023. As of September 30, 2024, December 31, 2023 and September 30, 2023, the accumulated impairment loss recognized on the Group’s non-financial assets were all \$7,334.

(14) Short-term loans

<u>Type of borrowings</u>	<u>September 30, 2024</u>	<u>Interest Rate</u>	<u>Collateral</u>
Guaranteed bank loans	\$ 551,718	2.33%~2.97%	Demand deposits, land, buildings & construction and Investment property
Unsecured bank loans	103,412	2.29%~2.54%	None
	<u>\$ 655,130</u>		
<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Guaranteed bank loans	<u>\$ 156,144</u>	2.30%~6.74%	Demand deposits, land, buildings & construction and Investment property
<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Guaranteed bank loans	<u>\$ 154,618</u>	2.30%~2.62%	Demand deposits, land, buildings & construction and Investment property

The interest expense recognized in profit or loss from July to September of 2024 and 2023 and January to September of 2024 and 2023 is described in Note 6, (28) Financial costs.

(15) Short-term bills payable

<u>Nature of borrowing</u>	<u>September 30, 2024</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 136,000	2.44%~2.72%	Demand deposits and Machinery & equipment
Less: Unamortized discount	(287)		
	<u>\$ 135,713</u>		
<u>Nature of borrowing</u>	<u>December 31, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 70,200	2.67%	Demand deposits and Machinery & equipment
Less: Unamortized discount	(193)		
	<u>\$ 70,007</u>		

<u>Nature of borrowing</u>	<u>September 30, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 71,600	2.61%	Demand deposits and Machinery & equipment
Less: Unamortized discount	(198)		
	<u>\$ 71,402</u>		

A. The above commercial paper payable is issued by Union Bank of Taiwan and International Bills Finance Corporation under guarantee for short-term liquidity purposes.

B. Interest expense recognized in profit or loss from July to September and January to September of 2024 and 2023 is described in Note 6, (28) Financial costs.

(16) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Salary payable	\$ 71,659	\$ 71,558	\$ 60,014
Processing fees payable	23,392	13,753	10,885
Packaging costs payable	14,023	8,436	4,521
Utilities payable	7,974	11,342	5,935
Equipment payable	4,271	26,263	20,068
Others (Less than 5%)	<u>60,514</u>	<u>44,145</u>	<u>33,502</u>
	<u>\$ 181,833</u>	<u>\$ 175,497</u>	<u>\$ 134,925</u>

(17) Bonds payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unsecured convertible bonds	\$ 354,253	\$ 354,457	\$ 357,832
Less: Discount on bonds payable	(7,841)	(13,614)	(15,664)
	<u>\$ 346,412</u>	<u>\$ 340,843</u>	<u>\$ 342,168</u>

A. In September 2022, the Company issued the domestic fourth series unsecured convertible bonds, the main terms of which are as follows:

- ① The Company was approved by the competent authority to raise and issue the fourth series domestic unsecured convertible bonds with a total amount of \$351,750 (related issuance cost of \$3,695), with a coupon rate of 0% and a maturity period of 3 years from September 30, 2022 to September 30, 2025. The convertible bonds are repayable in cash at 102.2669% of the face value of the bonds upon maturity.
- ② From the day following the expiration of three months after the date of issuance of the Bonds (December 31, 2022) to the maturity date (September 30, 2025), the holders of the Bonds may request the conversion of the Bonds into common shares of the Company at any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law and the rights and obligations of the converted common shares shall be the same as those of the original issued common shares.

- ③ The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.
 - ④ In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEx), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.
- B. In 2023, the corporate bonds with a face value of \$100 were converted into 4 thousand shares of common stock. As of the date of record for the capital increase on March 22, 2023, the registration of changes has been completed (listed as "Common stock" \$37 and "Additional paid-in capital - Issue premium" \$63 and reversed "Additional paid-in capital - bonds Share Options" \$4).
 - C. In 2023, the corporate bonds with a face value of \$3,300 were converted into 132 thousand shares of common stock. As of the date of record for the capital increase on January 29, 2024, the registration of changes has been completed (listed as "Common stock" \$1,320 and reversed "Share capital - certificate of entitlement to new shares from convertible bonds" \$1,320).
 - D. In 2024, the corporate bonds with a face value of \$200 will convert into 8 thousand shares of common stock. As of the date of record for the capital increase on August 9, 2024, the registration of changes has been completed (listed as "Common stock" \$80 and "Additional paid-in capital - Issue premium" \$126 and reversed "Additional paid-in capital - bonds Share Options" \$8).
 - E. Upon the issuance of convertible bonds, the Company separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation" and recorded "Additional paid-in capital -bonds Share Options" at \$13,784. As of September 30, 2024, December 31, 2023, and September 30, 2023, the balances of the above "Additional paid-in capital - bonds Share Options" were \$13,643, \$13,651 and \$13,780, respectively, after the issue, repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. In accordance with IFRS 9, "Financial Instruments", the embedded repurchase and resale rights are separated from the economic characteristics and risks of the principal debt instruments and are recorded as "Financial assets or liabilities at fair value through profit or loss - non-current" on the net basis. The effective interest rate of the master contract debt after the separation was 2.24%.
 - F. Interest expense recognized in profit or loss for July to September and January to September, 2024 and 2023 is described in Note 6, (28) Financial costs.

(18) Long-term loans

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>September 30, 2024</u>	<u>Collateral</u>
Guaranteed bank loans	2026.3.2~2038.8.9	2.58% ~ 2.94%	\$ 232,601	Demand deposits and Machinery & equipment
Unsecured bank loans	2036.12.31	2.79% ~ 2.89%	<u>665,013</u>	None
			897,614	
Less: Portion due within one year or one business cycle			(<u>107,717</u>)	
			<u>\$ 789,897</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>December 31, 2023</u>	<u>Collateral</u>
Guaranteed bank loans	2026.3.2~2038.8.9	2.45% ~ 2.82%	\$ 277,758	Demand deposits, Machinery & equipment and construction in progress
Unsecured bank loans	2024.12.31	2.67% ~ 2.77%	<u>245,000</u>	None
			522,758	
Less: Portion due within one year or one business cycle			(<u>306,331</u>)	
			<u>\$ 216,427</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>September 30, 2023</u>	<u>Collateral</u>
Guaranteed bank loans	2026.3.2~2038.8.9	2.45% ~ 2.82%	\$ 260,847	Demand deposits, Machinery & equipment and construction in progress
Unsecured bank loans	2024.12.31	2.67% ~ 2.77%	<u>204,000</u>	None
			464,847	
Less: Portion due within one year or one business cycle			(<u>62,735</u>)	
			<u>\$ 402,112</u>	

The interest expense recognized in profit or loss from July to September of 2024 and 2023 and January to September of 2024 and 2023 is described in Note 6, (28) for the financial Costs.

(19) Pensions

A. In accordance with the “Labor Standards Act”, the Company and its subsidiaries have defined benefit pension plans that apply to all regular employees’ years of service prior to the implementation of “Labor Pension Act” on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act for subsequent years of service after the implementation of “Labor Pension Act”. For employees who meet the retirement requirements, pension payments are calculated based on the length of service and the average salary for the six months prior to retirement, with 2 bases for each year of service up to and including 15 years and one base for each year of service over 15 years, up to a maximum of 45 bases. The Company and its subsidiaries contribute 2% of salaries and wages to a monthly pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee (except that the Company suspended the contribution to the Labor Pension Fund until March 2025, as approved by the competent authority). Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by the end of March of the following fiscal year. Information regarding the above defined benefit retirement plan is disclosed below:

- ① From July to September of 2024 and 2023 and January to September of 2024 and 2023, the Group recognized pension costs of \$- in accordance with the above pension plan.
- ② The Group estimated contribution to the retirement plan for the 2025 is \$-.

B. Effective July 1, 2005, the Group has established a “Defined contribution pension plan” in accordance with the “Labor Pension Act”, which is applicable to employees of the Company. Under the New Plan, the Company contributes monthly an amount not less than 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. The Group recognized pension costs of \$3,858 and \$3,546 and \$11,380 and \$11,013 from July to September of 2024 and 2023 and January to September of 2024 and 2023, respectively, based on the above pension plan.

(20) Share capital and capital collected in advance

A. A reconciliation of the number of outstanding shares of the Company’s common stock at the beginning and end of the period is as follows: (in thousands of shares)

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Number of shares at the beginning of the period	100,059	99,410
Conversion of employee stock options	311	645
Conversion of corporate bonds	<u>140</u>	<u>4</u>
Ending balance	<u><u>100,510</u></u>	<u><u>100,059</u></u>

- B. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 180 units were exercised between November to December 2022(the proceeds from the subscription were \$3,366), 115 units were exercised between January to March 2023(the proceeds from the subscription were \$2,150) and 350 units were exercised between January to September 2023(the proceeds from the subscription were \$6,545). As of the date of record for the capital increase on January 11, 2023, March 22, 2023 and August 9, 2023, the registration of changes has been completed (listed as “Common stock” \$6,449 and “Additional paid-in capital - Issue premium” of \$5,612).
- C. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 212 units were exercised between October 2023 to January 2024 (the proceeds from the subscription were \$3,668) and 99 units were exercised between February 2024 to June 2024 (the proceeds from the subscription were \$1,712). As of the date of record for the capital increase on January 29, 2024 and August 9, 2024, had completed the change of registration (listed as “Common stock” \$3,110 and “Additional paid-in capital - Issuance Premium” \$2,270). And 10 units were exercised between September 2024 the proceeds from the subscription were \$166 (listed as “Capital collected in advance”), until September 30, 2024, the registration of changes has not been completed.
- D. Please refer to Note 6, (17) for the conversion of bonds payable from January to September, 2024 and 2023.
- E. As of September 30, 2024, the Company’s total authorized capital was \$4,000,000 (\$96,000 of the total shares were reserved for conversion of employee stock options) and the paid-in capital was \$1,005,097, divided into 100,510 thousand shares of NT\$10 each. All proceeds from shares issued have been collected.

(21) Additional Paid-in Capital

	January to September of 2024					
	Issuance Premium	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Bonds stock options	Employee stock options	Others	Total
Balance of January 1	\$ 909,815	\$ 154,160	\$ 13,651	\$ 11,265	\$ 6,741	\$ 1,095,632
Conversion of bonds into capital stock	126	-	(8)	-	-	118
Employee stock options into capital stock	2,270	-	-	-	-	2,270
Expired employee stock options	56	-	-	(56)	-	-
Adjustment from the cash capital increase of subsidiary did not participate in shareholding percentage	-	11,388	-	-	-	11,388
Balance of September 30	<u>\$ 912,267</u>	<u>\$ 165,548</u>	<u>\$ 13,643</u>	<u>\$ 11,209</u>	<u>\$ 6,741</u>	<u>\$ 1,109,408</u>

January to September of 2023

	Issuance Premium	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Bonds stock options	Employee stock options	Others	Total
Balance of January 1	\$ 915,511	\$ 154,160	\$ 13,784	\$ 12,018	\$ 6,741	\$ 1,102,214
Conversion of bonds into capital stock	63	-	(4)	-	-	59
Employee stock options into capital stock	5,612	-	-	-	-	5,612
Expired employee stock options	1,912	-	-	(1,912)	-	-
Employee Stock Options Compensation Costs	-	-	-	1,073	-	1,073
Balance of September 30	<u>\$ 923,098</u>	<u>\$ 154,160</u>	<u>\$ 13,780</u>	<u>\$ 11,179</u>	<u>\$ 6,741</u>	<u>\$ 1,108,958</u>

- A. In accordance with the Company Act, any capital reserve arising from additional paid-in capital of the 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 Securities and Exchange Act requires that the amount of additional paid-in capital to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. For “Additional paid-in capital - Issuance Premium”, “Additional paid-in capital - Bonds stock options” and “Additional paid-in capital - Employee stock options”, please refer to Note 6, (20) Share capital and capital collected in advance , Note 6, (17) Bonds payable and Note 6, (22) Share-based payment to employees.

(22) Share-based payment to employees

A. Compensation Employee Stock Option Program

On October 21, 2020, the Company issued 3,000 units of employee compensation stock options at a price of NT\$21.6 per unit, which is based on the closing price of the Company’s common stock on the date of issuance, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company’s common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of September 30, 2024, the subscription price for employee stock options has been adjusted to NT\$16.6. The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the Employee Stock Option Regulations. The compensation cost of the Company’s compensated employee stock options recognized from January to September, 2024 and 2023 (relative to the item listed as “Additional paid-in capital - Employee Stock Options”) was \$- and \$621, respectively. In addition, 913 thousand shares were granted to employees of the subsidiary over three years period. Therefore, the subsidiary recognized compensation cost (corresponding to the item listed as “Additional paid-in capital - Employee Stock Options”) was \$- and \$452 from January to September, 2024 and 2023, respectively.

- ① The number of options and the weighted-average exercise price of the stock option plan for compensated employees from January to September, 2024 and 2023 are disclosed as follows:

Share Options	January to September of 2024	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the period	730	\$ 17.3
Share options exercised this period	(201)	17.1
Options expired at the end of the period	(30)	17.1
Number of ordinary shares outstanding at the end of period	<u>499</u>	16.6
Options exercisable at the end of the period	<u>499</u>	16.6
Options approved and outstanding at the end of the period	<u>-</u>	-

Share Options	January to September of 2023	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the period	2,820	\$ 18.7
Share options exercised this period	(465)	18.3
Options expired at the end of the period	(1,505)	18.3
Number of ordinary shares outstanding at the end of period	<u>850</u>	17.3
Options exercisable at the end of the period	<u>290</u>	17.3
Options approved and outstanding at the end of the period	<u>-</u>	-

Please refer to Note 6 (20) Share capital and advance receipts for details of the Company's 2024 and 2023 collection of payment for 201 and 465 units, respectively, of employee stock options.

- ② The fair value of the Company's stock option plan was estimated using the Black-Scholes option valuation model, and the related information is as follows:

	October 21, 2020
Date of granting	
Stock Price (NT\$)	\$ 21.35
Performance Price (NT\$)	21.60
Dividend Rate	0%
Expected price volatility	27.97%
Risk-free interest rate	0.2285%
Expected duration	5 years
Fair value per unit (per share)	NT\$5.24

(23) Retained earnings

- A. Legal reserve may not be used except to offset losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of new shares or cash issued shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.
- B. In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual accounts, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% as legal reserve (except when the legal reserve has already reached the total capital), and the remainder, in addition to dividends, shall be distributed as dividends to shareholders if there is any surplus. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders' meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, authorizes the board of directors to present at least two-thirds of the directors and a resolution of more than half of the directors present to distribute all or part of the dividends and bonuses to be paid in cash, and report to the shareholders meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

C. Special reserve

- ① When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date of the year in order to distribute the earnings.
- ② When the Company first adopted IFRSs, the special reserve of NT\$7,745 was provided for in accordance with FSC No. 1090150022 dated March 31, 2021. When the Company subsequently uses, disposes of or reclassifies the related assets, the Company reverses the percentage of the special reserve originally provided for.
- D. The board meeting on March 22, 2023 resolved to distribute 2022 earnings as cash dividends of \$199,417 (NT\$2 per share). The board meeting on March 13, 2024, resolved to distribute 2023 earnings as cash dividends of \$100,413 (NT\$1 per share), due to employee stock options and conversion of bonds into capital stock cause shares outstanding increases, the company adjusted cash dividends to \$100,510 (NT\$1 per share).

(24) Operating revenue

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Customer contract revenue	\$ <u>1,128,229</u>	\$ <u>729,538</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Customer contract revenue	\$ <u>3,057,905</u>	\$ <u>2,635,216</u>

A. Segmentation of revenue from contracts with customers.

The Group's revenue is recognized when the source is shifted at a point in time and as it is provided over time, revenue can be subdivided into the following major categories of goods or services:

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Revenue from sales of screws	\$ 310,565	\$ 179,414
Revenue from scrap iron	161,695	167,727
Logistics and transport revenue	129,164	82,613
Contracting revenue	143,147	60,908
Revenue from electricity sales	87,847	76,621
Project revenue	1,397	2,886
Labor service operation revenue	13,268	12,343
Others	177,602	33,536
	<u>1,024,685</u>	<u>616,048</u>
Service concession arrangement:		
Revenue from electricity sales	44,661	38,249
Waste treatment revenue	36,953	35,528
Project revenue	17,115	32,877
Operating revenue	4,815	6,836
	<u>103,544</u>	<u>113,490</u>
	<u>\$ 1,128,229</u>	<u>\$ 729,538</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Revenue from sales of screws	\$ 754,162	\$ 826,419
Revenue from scrap iron	633,368	657,946
Logistics and transport revenue	352,780	242,493
Contracting revenue	333,275	176,073
Revenue from electricity sales	232,709	186,696
Project revenue	76,804	48,744
Labor service operation revenue	35,728	31,046
Others	313,883	98,389
	<u>2,732,709</u>	<u>2,267,806</u>
Service concession arrangement:		
Revenue from electricity sales	148,715	109,786
Waste treatment revenue	101,635	111,189
Project revenue	58,058	125,044
Operating revenue	16,788	21,391
	<u>325,196</u>	<u>367,410</u>
	<u>\$ 3,057,905</u>	<u>\$ 2,635,216</u>

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 957,241	\$ 559,727
Revenue recognized gradually over time	<u>170,988</u>	<u>169,811</u>
	<u>\$ 1,128,229</u>	<u>\$ 729,538</u>

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 2,482,268	\$ 2,112,313
Revenue recognized gradually over time	<u>575,637</u>	<u>522,903</u>
	<u>\$ 3,057,905</u>	<u>\$ 2,635,216</u>

B. The Group recognized contract liabilities related to revenue from customer contracts as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contractual Asset- current	<u>\$ 3,103</u>	<u>\$ 5,881</u>	<u>\$ 5,881</u>	<u>\$ 12,711</u>
Contractual Liabilities - current and non-current:				
Unearned receipts	<u>\$ 57,851</u>	<u>\$ 206,183</u>	<u>\$ 123,829</u>	<u>\$ 127,185</u>

① The opening contract liabilities were recognized in income of \$1,471, \$479, \$8,188 and \$18,777 for July to September, and January to September, 2024 and 2023, respectively.

② Outstanding long-term contracts

For the date ended September 30, 2024, December 31, 2023 and September 30, 2023, the amortized contract costs of the unfulfilled part of the long-term contracts signed by the subsidiary of Yung Fu and customers were all \$13,084. The management expects that the amortized transaction price of the outstanding performance obligations as of September 30, 2024, December 31, 2023 and September 30, 2023, will be recognized as revenue in 2022 to 2024.

Except for the abovementioned contracts, all other contracts of the Group are contracts of less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(25) Interest income

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Interest from bank deposits	\$ 324	\$ 1,812
Interest income from financial assets measured at amortized cost	210	70
Other interest incomes	<u>13</u>	<u>27</u>
	<u>\$ 547</u>	<u>\$ 1,909</u>

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Interest from bank deposits	\$ 4,733	\$ 8,750
Interest income from financial assets measured at amortized cost	745	345
Other interest incomes	<u>36</u>	<u>44</u>
	<u>\$ 5,514</u>	<u>\$ 9,139</u>

(26) Other income

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Lease income	\$ 640	\$ 138
Dividend income	418	849
Other income	<u>1,305</u>	<u>1,840</u>
	<u>\$ 2,363</u>	<u>\$ 2,827</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Invalidation of gains in accounts payable	\$ 23,192	\$ -
Insurance claims income	6,429	-
Fee income	1,300	-
Lease income	1,047	834
Dividend income	1,049	849
Other income	<u>3,053</u>	<u>12,032</u>
	<u>\$ 36,070</u>	<u>\$ 13,715</u>

(27) Other gains or losses

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Net gain(loss) on financial assets at fair value through profit or loss	(\$ 1,454)	\$ 5,611
Net gain on disposal of property, plant and equipment	881	258
Net foreign currency exchange gain	3,355	3,516
Gain arising from lease modifications	1	-
Other gain (loss)	<u>81</u>	<u>(54)</u>
	<u>\$ 2,864</u>	<u>\$ 9,331</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Net gain on financial assets at fair value through profit or loss	\$ 113,142	\$ 6,672
Net gain on disposal of property, plant and equipment	854	11,774
Net foreign currency exchange gain	15,475	15,116
Gain arising from lease modifications	1	5
Net gain (loss) on disposal of investments accounted for under the equity method	490	(3,684)
Other gain (loss)	<u>65</u>	<u>(105)</u>
	<u>\$ 130,027</u>	<u>\$ 29,778</u>

(28) Financial costs

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Interest expense		
Bank loans	\$ 12,226	\$ 3,882
Convertible bonds	1,932	1,909
Lease liabilities	535	521
Others	<u>1</u>	<u>-</u>
	<u>\$ 14,694</u>	<u>\$ 6,312</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Interest expense		
Bank loans	\$ 28,212	\$ 8,419
Convertible bonds	5,767	5,695
Lease liabilities	1,734	1,551
Others	<u>7</u>	<u>2</u>
	<u>\$ 35,720</u>	<u>\$ 15,667</u>

(29) Additional information on the nature of expenses

	<u>July to September of 2024</u>			<u>July to September of 2023</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits	\$ 94,322	\$ 19,681	\$ 114,003	\$ 80,949	\$ 16,477	\$ 97,426
Depreciation	\$ 33,104	\$ 4,489	\$ 37,593	\$ 31,173	\$ 4,209	\$ 35,382
Amortization expense	\$ 11,813	\$ 88	\$ 11,901	\$ 2,729	\$ 43	\$ 2,772
	<u>January to September of 2024</u>			<u>January to September of 2023</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits	\$ 266,371	\$ 62,769	\$ 329,140	\$ 228,284	\$ 65,171	\$ 293,455
Depreciation	\$ 97,228	\$ 12,680	\$ 109,908	\$ 89,120	\$ 14,124	\$ 103,244
Amortization expense	\$ 34,612	\$ 198	\$ 34,810	\$ 6,572	\$ 157	\$ 6,729

(30) Employee benefits expenses

	<u>July to September of 2024</u>			<u>July to September of 2023</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expenses	\$ 80,811	\$ 16,544	\$ 97,355	\$ 69,500	\$ 13,032	\$ 82,532
Employee compensation costs	-	-	-	-	400	400
Labor and health insurance expenses	7,787	1,687	9,474	7,091	1,803	8,894
Pension expense	3,118	740	3,858	2,770	776	3,546
Other personnel expenses	<u>2,606</u>	<u>710</u>	<u>3,316</u>	<u>1,588</u>	<u>466</u>	<u>2,054</u>
	<u>\$ 94,322</u>	<u>\$ 19,681</u>	<u>\$ 114,003</u>	<u>\$ 80,949</u>	<u>\$ 16,477</u>	<u>\$ 97,426</u>

	<u>January to September of 2024</u>			<u>January to September of 2023</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expenses	\$ 226,075	\$ 53,487	\$ 279,562	\$ 191,330	\$ 53,523	\$ 244,853
Employee compensation costs	-	-	-	-	1,193	1,193
Labor and health insurance expenses	22,581	4,367	26,948	20,949	5,130	26,079
Pension expense	9,224	2,156	11,380	8,559	2,454	11,013
Other personnel expenses	<u>8,491</u>	<u>2,759</u>	<u>11,250</u>	<u>7,446</u>	<u>2,871</u>	<u>10,317</u>
	<u>\$ 266,371</u>	<u>\$ 62,769</u>	<u>\$ 329,140</u>	<u>\$ 228,284</u>	<u>\$ 65,171</u>	<u>\$ 293,455</u>

- A. In accordance with the Company's Articles of Incorporation, the Company shall contribute 1% to 3% of the current year's profitability as compensation to employees and not more than 3% as compensation to directors. However, where there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses. Employees may be paid in stock or cash. The distribution of employees' remuneration and directors' and supervisors' remuneration shall be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of the directors present, and reported to the shareholders' meeting. The above-mentioned profit status for the year refers to the pre-tax profit prior to deducting compensation of employees and remuneration of directors.
- B. The Company's estimated amounts of employees' and directors' remuneration were \$-, (\$939), 1,223 and \$749 from July to September and January to September of 2024 and 2023. The abovementioned amounts were recognized as payroll expenses, and are estimated based on the profitability of the year and the percentage specified in the Articles of Incorporation. The board of directors resolution on March 13, 2024 approved the actual distribution of employees' and directors' remuneration were both of \$3,406, were the same as amount recognized in the 2023 financial report. Information on employees' remuneration and directors' remuneration approved by the Company's board meeting can be found on the MOPS.

(31) Income tax

A. Income tax benefit components:

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Current income tax:		
Current tax on profits for the year	\$ 4,533	\$ 2,984
Unappropriated earnings	<u>-</u>	<u>13</u>
Total current income tax	<u>4,533</u>	<u>2,997</u>
Deferred income tax:		
Generation and reversal of temporary differences	<u>(17,392)</u>	<u>(11,371)</u>
Income tax benefit	<u>(\$ 12,859)</u>	<u>(\$ 8,374)</u>

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Current income tax:		
Current tax on profits for the year	\$ 8,725	\$ 19,973
Unappropriated earnings	3,555	13
In respect of prior periods	(8,292)	(1,989)
Total current income tax	<u>3,988</u>	<u>17,997</u>
Deferred income tax:		
Generation and reversal of temporary differences	(38,558)	(46,586)
Income tax benefit	<u>(\$ 34,570)</u>	<u>(\$ 28,589)</u>

B. The Company's income tax has been approved by the tax authorities until 2022, and no administrative relief has been provided as of November 6, 2024.

(32) Earnings (loss) per share

	<u>July to September of 2024</u>		
	Amount	Weighted average share outstanding	Earnings per share
	<u>After tax</u>	<u>(thousand shares)</u>	<u>(NT\$)</u>
<u>Basic and diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>(\$ 24,168)</u>	<u>100,464</u>	<u>(\$ 0.24)</u>
	<u>July to September of 2023</u>		
	Amount	Weighted average share outstanding	Earnings per share
	<u>After tax</u>	<u>(thousand shares)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>\$ 744</u>	<u>99,910</u>	<u>\$ 0.01</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 744	99,910	
Effect of dilutive potential ordinary shares:			
Compensation of employees	-	37	
Bonds payable	-	438	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 744</u>	<u>100,385</u>	<u>\$ 0.01</u>

	January to September of 2024		
	Amount <u>After tax</u>	Weighted average share outstanding (thousand shares)	Earnings Per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ <u>46,307</u>	<u>100,388</u>	\$ <u>0.46</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 46,307	100,388	
Effect of dilutive potential ordinary shares:			
Compensation of employees	-	135	
Employee stock option	-	253	
Bonds payable	<u>4,614</u>	<u>13,859</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ <u>50,921</u>	<u>114,635</u>	\$ <u>0.44</u>

	January to September of 2023		
	Amount <u>After tax</u>	Weighted average share outstanding (thousand shares)	Earnings Per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ <u>49,813</u>	<u>99,735</u>	\$ <u>0.50</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 49,813	99,735	
Effect of dilutive potential ordinary shares:			
Compensation of employees	-	128	
Employee stock option	-	632	
Bonds payable	<u>4,557</u>	<u>12,959</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ <u>54,370</u>	<u>113,454</u>	\$ <u>0.48</u>

Compensation of employees, employee stock option and bonds payable of July to September of 2024 and bonds payable of July and September of 2023 were anti-dilution, didn't recognize by diluted earnings per share.

(33) Supplemental cash flow information

A. Investing activities with only partial cash receipts and payments:

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
① Acquisition of property, plant and equipment	\$ 37,751	\$ 73,404
Add: Notes payable at beginning of period (including related parties)	9,047	46,748
Other payables at the beginning of the period	26,263	30,780
Less: Notes payable at end of period (including related parties)	(3,465)	(32,019)
Other payables at the end of the period	(4,271)	(20,068)
Cash paid for acquisition of property, plant and equipment	<u>\$ 65,325</u>	<u>\$ 98,845</u>
② Disposal of property, plant and equipment	\$ 3,802	\$ 152,287
Less: Other receivable at the end of the period	(125)	-
Cash receipts from disposal of property, plant and equipment	<u>\$ 3,677</u>	<u>\$ 152,287</u>

B. Investing and financing activities that do not affect cash flows:

	<u>January to September of 2024</u>	<u>January to September of 2023</u>
① Reclassifications of investments accounted for using the equity method financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ 18,332</u>
② Transfer of prepayments for equipment to property, plant and equipment	<u>\$ 56,326</u>	<u>\$ 60,161</u>
③ Conversion of convertible bonds into capital stock and capital surplus	<u>\$ 198</u>	<u>\$ 96</u>

C. The Group sold the 100% equity of subsidiary - TSG Engineering Corp. to the related parties - United Fiber Optic Communication Inc. and lose the control of subsidiary on June 28, 2024 (please refer to Note 4, (3) for the description of the basis of consolidation), the following information are consideration received for the transaction and assets and liabilities of the subsidiary:

	<u>September 30, 2024</u>
Consideration for disposal of subsidiary	<u>\$ 23,480</u>
Assets and liabilities for disposal of subsidiary	
Cash and cash equivalents	21,747
Other current assets	2,541
Other non-current assets	13
Other current liabilities	(1,311)
Identifiable net asset	<u>22,990</u>
Gains on disposal of subsidiary	<u>\$ 490</u>

(34) Changes in liabilities arising from financing activities

	Short-term <u>Loans</u>	Short-term <u>Bills payable</u>	Lease <u>liabilities</u>	Bonds payable (including the <u>due 1 year</u>)	Long-term loans (including the <u>due 1 year</u>)	Guarantee <u>deposits</u>	Total liabilities arising from <u>financing activities</u>
January 1, 2024	\$ 156,144	\$ 70,007	\$ 118,262	\$ 340,843	\$ 522,758	\$ 33,628	\$ 1,241,642
Net change in financing cash flows	498,986	65,800	(13,332)	-	374,856	7,607	933,917
Other non-cash transactions	-	(94)	16,464	5,569	-	-	21,939
September 30, 2024	\$ 655,130	\$ 135,713	\$ 121,394	\$ 346,412	\$ 897,614	\$ 41,235	\$ 2,197,498

	Short-term <u>Loans</u>	Short-term <u>Bills payable</u>	Lease <u>liabilities</u>	Bonds payable (including the <u>due 1 year</u>)	Long-term loans (including the <u>due 1 year</u>)	Guarantee <u>deposits</u>	Total liabilities arising from <u>financing activities</u>
January 1, 2023	\$ 63,000	\$ 95,944	\$ 101,182	\$ 336,569	\$ 136,062	\$ 35,190	\$ 767,947
Net change in financing cash flows	91,618	(24,400)	(11,952)	-	328,785	7,889	391,940
Other non-cash transactions	-	(142)	27,642	5,599	-	-	33,099
September 30, 2023	\$ 154,618	\$ 71,402	\$ 116,872	\$ 342,168	\$ 464,847	\$ 43,079	\$ 1,192,986

7. Related party transaction

(1) Name and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Taiwan Steel Group United Co., Ltd.	Corporate director of the company
Chun Yu Works & Co., Ltd.	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co., Ltd.	Other related parties
TMP Steel Corp.	Other related parties
Gloria Material Technology Corp	Other related parties
S-TECH Corp.	Other related parties
TSG sportsmarketing company limited	Other related parties
Golden Win Steel Industrial Corp.	Other related parties
TSG Engineering Corp.	Other related parties (Note)
United Fiber Optic Communication Inc.	Other related parties

(Note) TSG Engineering Corp. was the subsidiary of the Group, therefore, the Group sold the 100% equity of the subsidiary to United Fiber Optic Communication Inc. on June 28, 2024, TSG Engineering Corp. became other related parties of the Group on the report day.

(2) Significant transactions with the related parties

A. Sale of goods

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Product sales:		
Gloria Material Technology Corp	\$ 142,934	\$ 85,797
Other related parties	<u>116,712</u>	<u>47,716</u>
	<u>\$ 259,646</u>	<u>\$ 133,513</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Product sales:		
Gloria Material Technology Corp	\$ 354,977	\$ 250,780
Other related parties	<u>307,974</u>	<u>125,637</u>
	<u>\$ 662,951</u>	<u>\$ 376,417</u>

Transaction price: Negotiated price for both related and unrelated parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for non-related parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchase of goods

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Product Purchase:		
Chun Yu Works & Co., Ltd.	\$ 165,039	\$ 100,703
Other related parties	<u>2,211</u>	<u>2,845</u>
	<u>\$ 167,250</u>	<u>\$ 103,548</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Product Purchase:		
Chun Yu Works & Co., Ltd.	\$ 432,268	\$ 327,327
Other related parties	<u>7,960</u>	<u>5,747</u>
	<u>\$ 440,228</u>	<u>\$ 333,074</u>

Transaction price: Negotiated price for both related and unrelated parties.

Payment terms (period): The terms of purchase transactions from related parties are generally similar to those of general suppliers, with an average payment period of one to three months, but the payment period may be extended by mutual agreement depending on the availability of funds.

C. Property transaction

① Acquisition of property, plant and equipment:

<u>Item</u>	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Chun Zu Machinery Industry Machine	<u>\$ 2,130</u>	<u>\$ 997</u>

	<u>Item</u>	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Chun Zu Machinery Industry	Machine	\$ 2,680	\$ 35,710
Other related parties	Machine	<u>1,762</u>	<u>87</u>
		<u>\$ 4,442</u>	<u>\$ 35,797</u>

The Group purchases property, plant and equipment from related parties through negotiated price.

② Disposal of property, plant and equipment:

		<u>July to September of 2024</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>(Losses) gains from disposal</u>
Other related parties	Machine	<u>\$ 2,075</u>	<u>(\$ 123)</u>
		<u>January to September of 2024</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>(Losses) gains from disposal</u>
Other related parties	Machine	<u>\$ 2,075</u>	<u>(\$ 123)</u>
		<u>January to September of 2023</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>(Losses) gains from disposal</u>
Other related parties	Machine	<u>\$ 684</u>	<u>\$ -</u>

There were no cases from July to September of 2023.

③ Share transaction: please refer to Note 4, (3) for the description of the basis of consolidation.

D. Tooling and repair costs (listed as “Operating costs” and “Other non-current assets - other”)

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Other related parties	<u>\$ 12,508</u>	<u>\$ 2,265</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Other related parties	<u>\$ 28,048</u>	<u>\$ 7,774</u>

E. Accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Gloria Material Technology Corp	\$ 55,867	\$ 42,331	\$ 53,749
Other related parties	<u>74,767</u>	<u>71,403</u>	<u>46,395</u>
	<u>\$ 130,634</u>	<u>\$ 113,734</u>	<u>\$ 100,144</u>

F. Other accounts receivable

	<u>September 30, 2024</u>
Chun Yu Works & Co., Ltd.	\$ 2,100
Other related parties	<u>307</u>
	<u>\$ 2,407</u>

There were no such events on December 31, 2023 and September 30, 2023.

G. Notes payable

	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Chun Zu Machinery Industry Co., Ltd.	\$ 9,047	\$ 27,108
Other related parties	<u>1,714</u>	<u>1,365</u>
	<u>\$ 10,761</u>	<u>\$ 28,473</u>

There were no such events on September 30, 2024.

H. Accounts payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Chun Yu Works & Co., Ltd.	\$ 55,879	\$ 92,640	\$ 77,188
Other related parties	<u>6,490</u>	<u>460</u>	<u>152</u>
	<u>\$ 62,369</u>	<u>\$ 93,100</u>	<u>\$ 77,340</u>

I. Other accounts payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other related parties	<u>\$ 15,716</u>	<u>\$ 2,164</u>	<u>\$ 1,147</u>

(3) Compensation of key management personnel

	<u>July to September of 2024</u>	<u>July to September of 2023</u>
Salary and other short-term employee benefits	<u>\$ 6,120</u>	<u>(\$ 4,805)</u>
	<u>January to September of 2024</u>	<u>January to September of 2023</u>
Salary and other short-term employee benefits	<u>\$ 15,875</u>	<u>\$ 13,056</u>

8. Pledged asset

The breakdown of guarantees provided for the Group's assets is as follows:

<u>Assets</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>Purpose</u>
Pledged demand deposits (Note 1)	\$ 319,893	\$ 229,429	\$ 251,524	Performance guarantee, short-term borrowings, short-term bills payable and long-term loan guarantees
Land (Note 2)	14,251	14,251	14,251	Performance guarantee and short-term borrowings
House and Building - net (Note 2)	4,544	4,665	4,747	Performance guarantee and short-term borrowings
Machinery & equipment (Note 2)	184,924	211,018	213,710	Short-term bills payable and long-term loan guarantees
Construction in progress (Note 2)	-	12,145	12,145	Long-term loan guarantees
Investment property (Note 3)	32,452	32,452	32,452	Short-term loan guarantees
Guarantee deposits paid	<u>7,820</u>	<u>2,078</u>	<u>2,078</u>	Performance guarantee
	<u>\$ 563,884</u>	<u>\$ 506,038</u>	<u>\$ 530,907</u>	

(Note 1) Listed as “Financial assets at amortized cost - current” and “Financial assets at amortized cost - non-current”.

(Note 2) Listed as “Property, plant and equipment”.

(Note 3) Listed as “Investment property - Net”.

9. Significant contingent liabilities and unrecognized commitments

- (1) As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had contracted but not yet paid capital expenditures of \$30,152, \$48,458 and \$44,837, respectively, for the acquisition of property, plant and equipment.
- (2) As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had outstanding letters of credit for the purchase of raw materials for which letters of credit had been opened and not yet pledged amounted to \$93,684, \$55,647 and \$60,978, respectively.
- (3) As of September 30, 2024, December 31, 2023 and September 30, 2023, the performance bond issued by the bank for the Group's for Yung Fu's contracting for works were \$431,883, \$534,127 and \$534,435, respectively.
- (4) As of September 30, 2024, the major contracts undertaken by the subsidiary, Yung Fu Co., Ltd are as follows:

Name of Project Owner	Construction/Service	Contract Amount	Contract Period
	Contract		
Environmental Protection Bureau of Hsinchu City	Performance and preparation enhancement turnkey project for garbage recycling plant in Hsinchu City	\$ 445,300	2023.7.3~ 2024.8.31
Environmental Protection Bureau of Hsinchu City	Contract operation and management of garbage recycling plant in Hsinchu City	Request for payment based on actual monthly volume processed	2022.2.16~ 2042.2.15
Environmental Protection Bureau of Taitung County	Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center	\$ 538,255	2021.1.1~ 2025.1.31
Environmental Protection Bureau of Pingtung County	Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note)	Request for payment based on actual monthly volume processed	2021.12.22~ 2041.12.21

(Note) Please refer to Note 6. (12) intangible assets.

10. Significant catastrophic losses

None such cases.

11. Material Events After the Balance Sheet Date

None such cases.

12. Others

(1) Capital management

The Group's capital management objectives are to protect the Company's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital, and to provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Types of financial instrument

For the types of the Group's financial instruments used, please refer to Note 6 and Note 12, (3) explanation of fair value information.

B. Risk management policies

- ① The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts to hedge the exchange rate risk.
- ② Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the Group's operating divisions.

C. Significant financial risks and degrees of financial risks

① Market risk

a. Foreign exchange risk

- (a) The Group's management has established a policy that requires the Group to manage its exposure to exchange rate risk relative to its functional currency. Hedging of its overall exchange rate risk should be performed through the Corporate Finance Department. Exchange rate risk is measured by using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of accounts receivable through highly probable expected transactions of Euro and US dollar expenses.
- (b) The Group uses forward exchange rate transactions to hedge its exposure to exchange rate risk, but does not meet all the criteria for hedge accounting and therefore accounts for financial assets or liabilities measured at fair value through profit or loss.
- (c) The Group engages in operations involving certain non-functional currencies (the functional currency of the Company and subsidiaries is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

September 30, 2024			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 1,620	31.65	\$ 51,273
EUR: NTD	5,419	35.38	191,724

December 31, 2023			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,113	30.71	\$ 95,600
EUR: NTD	5,253	33.98	178,497
<u>Financial liability</u>			
<u>Monetary items</u>			
EUR: NTD	139	33.98	4,723

September 30, 2023			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 1,043	32.27	\$ 33,658
EUR: NTD	4,322	33.91	146,559
JPY: NTD	124,429	0.2162	26,902
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	21	32.27	678
EUR: NTD	105	33.91	3,561

- a. The sensitivity analysis of foreign currency exchange rate risk is calculated mainly for foreign currency monetary items as of the end of the financial reporting period. If the New Taiwan dollar had strengthened /weakened by 1% against the U.S. dollar, the Euro and the Japanese yen, all other factors remaining constant, the Group's net income would have increased/decreased by \$1,943 and \$1,624 for January through September of 2024 and 2023, respectively.
- b. Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023 amounted to \$3,355, \$3,516, \$15,475 and \$15,116, respectively.

b. Price risk

- (a) The Group's equity instruments that are exposed to price risk are financial assets held at fair value through other comprehensive income. In order to manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.
- (b) The Group invests primarily in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, the benefit or loss to shareholders' equity from equity investments measured at fair value through other comprehensive income would have increased or decreased by \$2,934 and \$1,081 from January to September 2024 and 2023, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it have increased or decreased by \$796 and \$1,076 respectively.

c. Cash flow and fair value interest rate risk

The Group's borrowings are floating-rate financial instruments. Therefore, changes in market interest rates will cause the effective interest rates of debt-type financial instruments to change accordingly, resulting in fluctuations in their future cash flows. This risk is partially offset by cash and cash equivalents held at floating interest rates. With respect to the sensitivity analysis of interest rate risk, a 10% increase/decrease in borrowing rates, with all other factors held constant, would have increased/decreased net income by \$140 and \$426 from January to September 2024 and 2023, respectively, mainly due to the increase/decrease in interest expense as a result of floating rate borrowings.

② Credit risk

- a. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on collection terms.
- b. The management of credit risk is established with a Group perspective. In accordance with the internal credit policy, the Company and each new customer are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- c. The Group adopts IFRS 9 to provide the following premise assumptions. When a contractual payment is more than 90 days past due according to the contractual payment terms, the credit risk of the financial asset is considered to have increased significantly since the original recognition.
- d. In accordance with credit risk management, the Group starts to assess impairment when contractual payments are overdue for a certain number of days in accordance with the contractual payment terms.
- e. The Group estimates the expected credit losses based on the loss ratio method and the

allowance matrix by grouping the notes and accounts receivable of customers according to the credit terms, and adjusts the loss ratio based on historical and current information of a specific period to estimate the allowance for losses on notes and accounts receivable by taking into account the prospective future. The following is a summary of the changes in the allowance for losses on notes and accounts receivable for which the Group has adopted the simplified approach:

	January to September of 2024		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance of beginning and ending period	\$ <u>-</u>	\$ <u>23</u>	\$ <u>23</u>

	January to September of 2023		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance of beginning and ending period	\$ <u>-</u>	\$ <u>23</u>	\$ <u>23</u>

③ Liquidity risk

- a. Cash flow forecasting is a process whereby the Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times so that the Group does not breach the relevant borrowing limits or terms.
- b. In the event that the Group holds surplus cash in excess of the working capital management requirements, the Group's Finance Department invests the surplus funds in interest-bearing demand deposits and time deposits in instruments of appropriate maturity or sufficient liquidity to meet the above forecast and to provide sufficient level of dispatch. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group held money market positions of \$613,918, \$844,894 and \$1,037,081, respectively, which are expected to generate immediate cash flow to manage liquidity risk.
- c. The Group's unutilized borrowings are shown as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Floating rate			
Mature within one year	\$ 623,777	\$ 773,439	\$ 1,636,895
Maturity of more than 1 year	<u>112,236</u>	<u>787,645</u>	<u>60,064</u>
	<u>\$ 736,013</u>	<u>\$ 1,561,084</u>	<u>\$ 1,696,959</u>

- d. The following table shows the Group's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

September 30, 2024	Less than 1 year	1 to 2 Years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term loans	\$ 660,513	\$ -	\$ -	\$ -
Short-term bills payable	136,000	-	-	-
Notes payable (including related parties)	8,511	-	-	-
Accounts payable (including related parties)	437,396	-	-	-
Other payables	181,833	-	-	-
Lease liabilities	21,275	20,646	56,455	33,458
Bonds payable	-	-	362,283	-
Long-term loans (including current portion)	118,874	111,675	221,410	471,972
Guarantee deposits received	-	-	41,235	-
December 31, 2023	Less than 1 year	1 to 2 Years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term loans	\$ 158,612	\$ -	\$ -	\$ -
Short-term bills payable	70,200	-	-	-
Notes payable (including related parties)	29,829	-	-	-
Accounts payable (including related parties)	917,534	-	-	-
Other payables	175,497	-	-	-
Lease liabilities	17,667	17,048	47,769	45,175
Bonds payable	-	-	362,492	-
Long-term loans (including current portion)	319,652	70,318	86,677	77,978
Guarantee deposits received	-	-	33,628	-

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 155,849	\$ -	\$ -	\$ -
Short-term bills payable	71,600	-	-	-
Notes payable (including related parties)	44,596	-	-	-
Accounts payable (including related parties)	339,437	-	-	-
Other payables	134,925	-	-	-
Lease liabilities	17,704	16,534	47,143	43,217
Bonds payable	-	-	365,944	-
Long-term loans (including current portion)	72,374	270,133	73,009	80,599
Guarantee deposits received	-	-	43,079	-

e. The Group's non-derivative financial liabilities did not anticipate the cash flow of maturity analysis will occur significantly earlier, or actual amount will be significantly different.

(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 available to the enterprise 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. The fair value of the Group's investment in listed stocks, beneficiary certificates and others are included in Level 1.

Level 2: The observable input value of assets or liabilities, directly or indirectly, except for those included in the quoted prices in Level 1. The fair value of the Group's investment in listed stocks - private placement (liquidity discount is 20.85%) and call options of the convertible bonds are included in Level 2.

Level 3: Unobservable inputs to assets or liabilities. The fair value of the Group's investment in stock of private entity is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6, (11).

C. Expect for bonds payable (including those due within one year) paid as expected for cash flow of the balance sheet date of market interest rates discount is measured at present value, the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortized cost - non-current, refundable deposits, short-term loans, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term loans (including those due within one year) and guarantee deposit received) approximate their fair values.

D. Financial instruments carried at fair value are classified according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy. The related information is as follows:

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss				
Beneficiary certificates	\$ 1,418	\$ -	\$ -	\$ 1,418
Equity securities	58,479	233,500	-	291,979
Call options of corporate bonds	-	416	-	416
	<u>\$ 59,897</u>	<u>\$ 233,916</u>	<u>\$ -</u>	<u>\$ 293,813</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 57,786</u>	<u>\$ -</u>	<u>\$ 21,842</u>	<u>\$ 79,628</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss				
Beneficiary certificates	\$ 2,837	\$ -	\$ -	\$ 2,837
Equity securities	64,162	127,050	-	191,212
Call options of corporate bonds	-	416	-	416
	<u>\$ 66,999</u>	<u>\$ 127,466</u>	<u>\$ -</u>	<u>\$ 194,465</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 95,707</u>	<u>\$ -</u>	<u>\$ 21,842</u>	<u>\$ 117,549</u>

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 12,422	\$ -	\$ -	\$ 12,422
Equity securities	95,714	-	-	95,714
Call options of corporate bonds	<u>-</u>	<u>420</u>	<u>-</u>	<u>420</u>
	<u>\$ 108,136</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ 108,556</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 87,976</u>	<u>\$ -</u>	<u>\$ 19,642</u>	<u>\$ 107,618</u>

E. The methods and assumptions used by the Group to measure fair value are described below:

- ① The Group adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows:

	<u>Listed shares</u>	<u>Emerging stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Average trading price	Net value

- ② 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 method 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.
- ③ The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

F. The valuation of derivative financial instruments is based on valuation models widely accepted by market participants, such as present discounted value techniques and option pricing models. The call options of corporate bonds are usually evaluated according to the binomial tree convertible bond model.

G. There was no transfer between Level 1 and Level 2 from January to September, 2024 and 2023.

H. The following table is the change of Level 3 financial instruments from January to September, 2023:

	<u>January to September, 2023</u>
	<u>Equity instrument</u>
January 1	\$ -
Transfer from investments accounted for under equity method	18,332
Benefits recognized in other comprehensive income	<u>1,310</u>
September 30	<u>\$ 19,642</u>

There were no such events from January to September of 2024.

(Note) Transfer from equity method investment, please refer to Note 6(8), Equity method investment.

- I. Financial Department is in charge of valuation procedures for fair value measurements being categorized within Level 2 and Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. 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:

	<u>Fair value at September 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 21,842	Market comparable companies	(1) Price to earnings ratio multiple	3.57%	The higher the multiple and control premium, the higher the fair value
			(2) Discount for lack of marketability	30%	The higher the discount for lack of market-ability, the lower the fair value

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 21,842	Market comparable companies	(1) Price to earnings ratio multiple	2.78%	The higher the multiple and control premium, the higher the fair value
			(2) Discount for lack of marketability	20%	The higher the discount for lack of market- ability, the lower the fair value

	<u>Fair value at September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 19,642	Market comparable companies	(1) Price to earnings ratio multiple	2.56%	The higher the multiple and control premium, the higher the fair value
			(2) Discount for lack of marketability	20%	The higher the discount for lack of market- ability, the lower the fair value

The difference of some financial assets between the fair value and the carrying amount is not significant, therefore has not been adjusted.

- K. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

				September 30, 2024			
				Recognized in profit or loss		Recognized in profit or loss comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
Financial assets	<u>Input</u>	<u>Change</u>					
Equity instrument	Price to earnings ratio multiple	± 5%	\$ -	\$ -	\$ 1,083	(\$ 1,083)	
	Discount for lack of marketability	± 10%	-	-	928	(928)	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,011</u>	<u>(\$ 2,011)</u>	
				December 31, 2023			
				Recognized in profit or loss		Recognized in profit or loss comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
Financial assets	<u>Input</u>	<u>Change</u>					
Equity instrument	Price to earnings ratio multiple	± 5%	\$ -	\$ -	\$ 1,005	(\$ 1,005)	
	Discount for lack of marketability	± 10%	-	-	502	(502)	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,507</u>	<u>(\$ 1,507)</u>	

		September 30, 2023				
			<u>Recognized in profit or loss</u>		<u>Recognized in profit or loss comprehensive income</u>	
			<u>Favourable Change</u>	<u>Unfavourable Change</u>	<u>Favourable Change</u>	<u>Unfavourable Change</u>
Financial assets						
Equity instrument	Price to earnings ratio multiple	±5%	\$ -	\$ -	\$ 896	(\$ 896)
	Discount for lack of marketability	±10%	-	-	448	(448)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344</u>	<u>(\$ 1,344)</u>

13. Additional Disclosures

(In accordance with the regulations, only information from January to September 2024 is disclosed.)

(1) Significant transactions information

- A. Loans to others: Please refer to Table 1.
- B. Endorsement and guarantee for others: Please refer to Table 2.
- C. Marketable securities held at the end of the period: Please refer to Table 3.
- D. Purchase or sale of securities amounting to at least \$300 million or 20% of the paid-in capital: None.
- E. Acquisition of real estate amounting to at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate amounting to at least \$300 million or 20% of the paid-in capital: None.
- G. Purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to Table 4.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: None.
- I. Derivative financial instruments: None.
- J. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 5.

(2) Information on investees

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

(3) Information on investments in China

None.

(4) Information on main investors Information on principal shareholders

Information on main investors Information on principal shareholders: Please refer to Table 7.

14. Segments Information

(1) General information

The management of the Group has identified the reportable segments based on the reported information used by operational decision makers in making decisions. There were no significant changes in the Group's corporate composition, the basis of segmentation and the basis of measurement of segment information during the period.

(2) Departmental information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

	January to September of 2024				
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Other	Total
Net external revenue	\$ 968,778	\$ 973,271	\$ 1,114,999	\$ 857	\$ 3,057,905
Net internal revenue	-	21,871	56	8,196	30,123
Interest revenue	3,837	352	1,286	39	5,514
Depreciation and Amortization	59,152	8,567	76,999	-	144,718
Interest expense	9,740	1,633	24,347	-	35,720
Departmental net income (loss) before income taxes	104,384	3,247	(133,513)	(7,210)	(33,092)
Segment assets	2,014,689	570,725	3,028,800	-	5,614,214
Segment liabilities	920,579	199,852	1,782,418	-	2,902,849

	January to September of 2023			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 826,191	\$ 849,171	\$ 959,854	\$ 2,635,216
Net internal revenue	-	9,663	-	9,663
Interest revenue	8,269	220	650	9,139
Depreciation and Amortization	56,214	5,715	48,044	109,973
Interest expense	7,104	195	8,368	15,667
Departmental net income (loss) before income taxes	57,827	(6,312)	(41,685)	9,830
Segment assets	1,987,445	389,284	1,963,834	4,340,563
Segment liabilities	645,770	133,556	1,074,951	1,854,277

(3) Reconciliation of Segment Profit and Loss, Assets and Liabilities

The external revenue reported to the chief operating decision maker is measured in a manner consistent with the revenue in the consolidated statement of income, and the segment profit or loss, total assets and total liabilities provided to the chief operating decision maker are measured in a manner consistent with the Group's consolidated financial statements; therefore, no reconciliation is required.

OFCO Industrial Corp. and subsidiaries

Financing provided to others

January 1 to September 30, 2024

Table 1

Unit: NT\$ thousand

<u>Code</u>	<u>Lender</u>	<u>Borrower</u>	<u>Business relationship</u>	<u>Whether it is a related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Transaction Amounts</u>	<u>Interest Rate</u>	<u>Nature of financing provided (Note 1)</u>	<u>Business Transaction Amounts</u>	<u>Reason for the necessity of shortterm financing</u>	<u>Amount of recognized impairment loss</u>	<u>Collateral</u>		<u>Lending of funds to individual entities and limit of financing (Note 2)</u>	<u>Total limit of financing (Note 2)</u>	<u>Remarks</u>
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	Other receivable - related party	Y	\$ 150,000	\$ 150,000	\$ 30,000	2.50%	2	\$ -	Business development needs	\$ -	Name	Value	\$ 227,262	\$ 454,523	-

(Note 1) The nature of the loan and the meaning of the code are described as follows:

1. For entities with business transaction relationships.
2. For necessary short-term financing needs.

(Note 2) The maximum amount for total loan is 20% of its net value; the maximum amount for individual loans is as follows:

1. For entities with business transaction relationships: the amount shall not exceed the higher of the Company's purchase or sales amount in the most recent year or the current year as of the time of the loan.
2. For necessary short-term financing needs: the amount shall not exceed 10% of the Company's most recent audited or reviewed financial statements.

OFCO Industrial Corp. and subsidiaries

Provision of endorsements and guarantees to others

January 1 to September 30, 2024

Table 2

Unit: NT\$ thousand

<u>Party being endorsed/guaranteed</u>													
<u>Endorser/guarantor</u>	<u>Company name</u>	<u>Relationship</u> <u>(Note 1)</u>	<u>Limit on</u> <u>endorsements/</u> <u>guarantees provided</u> <u>for a single party</u>	<u>Maximum</u> <u>balance during</u> <u>the period</u>	<u>Outstanding</u> <u>balance at</u> <u>June 30, 2024</u>	<u>Actual amount</u> <u>drawn down</u>	<u>Amount of</u> <u>endorsements/</u> <u>guarantees</u> <u>secured with</u> <u>collateral</u>	<u>Ratio of</u> <u>Accumulated</u> <u>endorsements/</u> <u>guarantee amount to</u> <u>net worth of the</u> <u>endorser/guarantor</u> <u>company</u>	<u>Limit on total</u> <u>amount of</u> <u>endorsements/</u> <u>guarantee</u>	<u>Provision of</u> <u>endorsements/</u> <u>guarantee by</u> <u>parent company</u> <u>to subsidiary</u>	<u>Provision of</u> <u>endorsements/</u> <u>guarantee by</u> <u>subsidiary to</u> <u>parent company</u>	<u>Provision of</u> <u>endorsements/</u> <u>guarantee to party</u> <u>in Mainland China</u>	<u>Remarks</u> <u>(Note 2)</u>
OFCO Industrial Corp.	Yung Fu Co.,Ltd.	3	\$ 227,262	\$ 200,000	\$ 200,000	\$ 180,000	\$ -	8.80%	\$ 909,047	Y	N	N	

(Note 1) The following code represents the relationship with the Company:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2) The limit of total amount of endorsements shall not be higher of 40% of the Company's net worth, and the limit for a single party, except for the subsidiary owned over 90% by the Company shall not be higher of 20% of the Company's net worth, the others shall not be higher of 10% of the Company's net worth.

OFCO Industrial Corp. and Subsidiaries

Holding of Marketable Securities at the End of the Period (not Including Subsidiaries, Associates and Joint Ventures)

September 30, 2024

Table 3

Unit: NT\$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Item	Ending balance				Remarks
				Shares (thousands)	Carrying amount	Ownership (%)	Fair value	
OFCO Industrial Corp.	Stocks:							
	Chun Yu Works & Co., Ltd.	Other related parties	Financial assets at fair value through profit or loss - current	426	\$ 11,310	0.14%	\$ 11,310	-
	Gloria Material Technology Corp	Other related parties	Financial assets at fair value through profit or loss - current	166	8,019	0.03%	8,019	
	Argo Yachts Development Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,500	39,150	1.08%	39,150	-
	King House Co., Ltd. (formerly named EnSure Global Corp., Ltd.)	-	Financial assets at fair value through profit or loss - non-current	5,000	233,500	3.16%	233,500	-
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,688	34,944	0.51%	34,944	-
TSG Transport Corp.	D-Link Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	1,179	22,842	0.20%	22,842	-
	Beneficiary certificates:							
	GAM Multistock - Luxury Brands Equity USD E	-	Financial assets at fair value through profit or loss - current	-	1,418	-	1,418	-
TSG Environmental Technology Corp.	Stocks:							
	Taiwan Steel Insurance Broker Co., Ltd. (formerly named Titan Insurance Broker Co., Ltd.)	-	Financial assets at fair value through other comprehensive income or loss - non-current	500	20,093	12.51%	20,093	-
	Stocks:							
	Taiwan Steel Insurance Broker Co., Ltd. (formerly named Titan Insurance Broker Co., Ltd.)	-	Financial assets at fair value through other comprehensive income or loss - non-current	44	1,749	1.24%	1,749	-

(Note) The difference between the fair value and the book value of some of the above financial assets is not significant and therefore has not been adjusted.

OFCO Industrial Corp. and subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20 percent of capital stock

January 1 to September 30, 2024

Table 4

Unit: NT\$ thousand

Company Name	Related Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Percentage of total amount purchase (Sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
OFCO Industrial Corp.	Chun Yu Works & Co., Ltd.	Other related parties	Purchase	\$ 431,658	57%	Month end 30days	Not significantly different	Not significantly different	(\$ 55,879)	(93%)	-
TSG Transport Corp.	Gloria Material Technology Corp.	Other related parties	(Sales)	(332,147)	(33%)	Month end 30days	Not significantly different	Not significantly different	49,941	31%	-
	TMP Steel Corp.	Other related parties	(Sales)	(169,098)	(17%)	Month end 60days	Not significantly different	Not significantly different	46,556	28%	-

OFCO Industrial Corp. and subsidiaries

Significant inter-company transactions during the reporting periods

January 1 to September 30, 2024

Table 5

Unit: NT\$ thousand

				Transaction				
Code (Note 1)	Transaction Company	Counterparty	Relationship with the counter-party (Note 2)	Items	Amounts	Transaction Terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Remarks
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	1	Endorsement/Guarantees	\$ 200,000	-	4%	
				Other receivable	30,000	-	1%	
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	23,716	Credit terms: 40 days	1%	
				Accounts receivable	8,505	-	-	
2	Yung Fu Co.,Ltd.	TSG Engineering Corp.(Note 5)	3	Accounts payable	6,490	-	-	
				Purchase	8,196	by mutual agreement	-	

(Note 1) Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be filled in as follows:

1. The parent company should fill in 0.
2. Subsidiaries are numbered by company, starting from the Arabic numeral 1.

(Note 2) There are three types of relationships with the counter-parties, and the types can be indicated as follows:

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) In calculating the percentage, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

(Note 4) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is \$3 million.

(Note 5) Please refer to Note 4, (3) for the description of the basis of consolidation.

OFCO Industrial Corp. and subsidiaries

Names, locations and other information of investee companies (not including investees in China)

January 1 to September 30, 2024

Table 6

Unit: NT\$ thousand

<u>Investor</u>	<u>Investee</u>	<u>Location</u>	<u>Main Businesses and Products</u>	<u>Investment Amount</u>		<u>Shares held as at June 30, 2024</u>			<u>Income (loss) of investees for the period</u>	<u>Income (loss) on investment recognized in the period</u>	<u>Remarks</u>
				<u>End of the current period</u>	<u>End of Last Year</u>	<u>Number of shares</u>	<u>Ratio (%)</u>	<u>Carrying Amount</u>			
OFCO Industrial Corp.	TSG Transport Corp	Taiwan	Container rental, transportation and packing services, etc.	\$ 250,000	\$ 150,000	34,700,000	100%	\$ 381,758	\$ 20,046	\$ 20,046	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	40,000	40,000	4,000,000	100%	55,282	9,670	9,670	Subsidiary
	TSG Power Corp.	Taiwan	Energy technology services	194,554	194,554	18,000,000	100%	159,198	5,601	11,248	Subsidiary
	TSG Engineering Corp.	Taiwan	Comprehensive construction, etc.	-	22,470	-	-	-	781	781	(Note 1)
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,301	427,301	49,621,933	54.89%	561,742	(128,967)	(84,138)	Subsidiary
TSG Transport Corp	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	2,380	2,380	248,426	0.27%	6,339	(128,967)	-	Subsidiary (Note 2)
TSG Environmental Technology Corp.	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	3,637	3,637	379,755	0.42%	9,690	(128,967)	-	Subsidiary (Note 2)

(Note 1) Please refer to Note 4, (3) for the description of the basis of consolidation.

(Note 2) The amount of investment income (loss) recognized in the current period is exempt from disclosure.

OFCO Industrial Corp. and subsidiaries

Information on main investors

September 30, 2024

Table 7

Unit: Shares

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Percentage of shareholdings</u>	<u>Remarks</u>
Taiwan Steel Group united Co.,Ltd.	12,000,000	11.93%	(Note 2)

(Note 1) The information of major shareholders in this table is based on the last business day at the end of each quarter, and the information of shareholders holding at least 5% of the total common shares and preferred shares of the Company that have been delivered without physical registration (including treasury shares). The share capital recorded in the Company's financial statements and the Company's actual number of shares delivered with dematerialized registration completed may be different due to different calculation bases.

(Note 2) The basis for calculating the percentage of shareholding includes the number of shares of the bond conversion certificates.