

**TMP STEEL CORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TMP Steel Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of TMP Steel Corporation and its subsidiary (the “Group”) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Standards on Auditing No. 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of 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 causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Hsu, Huei-Yu
Independent Accountants
Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
May10, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TMP STEEL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 244,159	7	\$ 272,103	9	\$ 223,779	9
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	122	-	68	-
1136	Financial assets at amortised cost -	6(1)(3) and 8						
	current		66,500	2	60,225	2	79,000	3
1150	Notes receivable, net	6(4)	107,742	3	105,678	4	122,132	5
1170	Accounts receivable, net	6(4) and 12	1,066,290	31	845,696	29	782,621	32
1180	Accounts receivable - related	6(4), 7 and 12						
	parties		-	-	-	-	260,695	10
1200	Other receivables	7	2,445	-	1,433	-	1,215	-
130X	Inventories	6(5)	958,012	28	755,932	26	334,203	13
1410	Prepayments	6(6)	88,137	2	25,040	1	40,182	2
11XX	Total current assets		2,533,285	73	2,066,229	71	1,843,895	74
Non-current assets								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-current		127,050	4	127,050	4	-	-
1600	Property, plant and equipment	6(8) and 8	507,920	14	404,706	14	405,089	17
1755	Right-of-use assets	6(9)	235,082	7	243,270	9	203,752	8
1780	Intangible assets		574	-	535	-	819	-
1840	Deferred income tax assets	6(25)	2,630	-	3,189	-	2,757	-
1915	Prepayments for equipment		35,107	1	24,940	1	3,279	-
1920	Guarantee deposits paid		27,888	1	27,877	1	21,350	1
15XX	Total non-current assets		936,251	27	831,567	29	637,046	26
1XXX	Total assets		\$ 3,469,536	100	\$ 2,897,796	100	\$ 2,480,941	100

(Continued)

TMP STEEL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10) and 8	\$ 306,100	9	\$ 216,108	7	\$ 90,000	4
2130	Contract liabilities - current	6(18) and 7	449,147	13	335,543	12	155,327	6
2150	Notes payable		13,909	-	9,251	-	6,660	1
2170	Accounts payable		113,996	3	120,492	4	97,637	4
2180	Accounts payable - related parties	7	482,330	14	150,607	5	202,894	8
2200	Other payables	6(11) and 7	274,935	8	139,968	5	219,355	9
2230	Current income tax liabilities	6(25)	33,435	1	21,948	1	47,905	2
2280	Lease liabilities - current		24,692	1	24,931	1	4,374	-
2320	Long-term liabilities, current portion	6(12)(13) and 8	30,425	1	58,068	2	29,604	1
2399	Other current liabilities		1,069	-	962	-	817	-
21XX	Total current liabilities		1,730,038	50	1,077,878	37	854,573	35
Non-current liabilities								
2530	Corporate bonds payable	6(12) and 8	-	-	-	-	162,291	7
2540	Long-term borrowings	6(13) and 8	153,362	4	160,848	6	183,248	7
2570	Deferred income tax liabilities	6(25)	113	-	-	-	-	-
2580	Lease liabilities - non-current		208,641	6	213,854	7	184,224	7
2640	Net defined benefit liabilities - non-current	6(14)	-	-	-	-	40	-
25XX	Total non-current liabilities		362,116	10	374,702	13	529,803	21
2XXX	Total liabilities		2,092,154	60	1,452,580	50	1,384,376	56
Share capital								
3110	Common stock	6(12)(15)	699,561	20	687,532	24	620,836	25
3200	Capital surplus	6(12)(15)(16)	398,538	11	386,891	13	317,686	13
	Retained earnings	6(17)						
3310	Legal reserve		45,084	2	45,084	2	27,371	1
3320	Special reserve		5,110	-	5,110	-	5,110	-
3350	Unappropriated retained earnings		229,089	7	320,599	11	125,562	5
3XXX	Total equity		1,377,382	40	1,445,216	50	1,096,565	44
Significant contingent liabilities and unrecognised contract commitments		9						
3X2X	Total liabilities and equity		\$ 3,469,536	100	\$ 2,897,796	100	\$ 2,480,941	100

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

TMP STEEL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Three months ended March 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7		\$ 2,200,590	100	\$ 2,176,238	100
5000 Operating costs	6(5)(9)(14)(23)(24) and 7		(2,077,080)	(94)	(2,046,522)	(94)
5900 Net operating margin			123,510	6	129,716	6
Operating expenses	6(9)(14)(23)(24), 7 and 12					
6100 Selling expenses			(46,548)	(2)	(44,554)	(2)
6200 General and administrative expenses			(16,536)	(1)	(20,550)	(1)
6450 Expected credit losses			(768)	-	-	-
6000 Total operating expenses			(63,852)	(3)	(65,104)	(3)
6900 Operating profit			59,658	3	64,612	3
Non-operating income and expenses						
7100 Interest income	6(3)(19)		662	-	1,590	-
7010 Other income	6(20) and 7		136	-	131	-
7020 Other gains and losses	6(2)(9)(21)		4,105	-	(131)	-
7050 Finance costs	6(9)(22) and 7		(3,935)	-	(3,014)	-
7000 Total non-operating income and expenses			968	-	(1,424)	-
7900 Profit before income tax			60,626	3	63,188	3
7950 Income tax expense	6(25)		(12,224)	(1)	(12,710)	(1)
8200 Net income for the period			\$ 48,402	2	\$ 50,478	2
8500 Total comprehensive income for the period			\$ 48,402	2	\$ 50,478	2
Profit attributable to:						
8610 Owners of parent			\$ 48,402	2	\$ 50,478	2
Comprehensive income attributable to:						
8710 Owners of parent			\$ 48,402	2	\$ 50,478	2
Earnings per share (in dollars)	6(26)					
9750 Basic			\$ 0.70		\$ 0.83	
9850 Diluted			\$ 0.69		\$ 0.73	

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

TMP STEEL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent					
		Retained Earnings				Unappropriated retained earnings	Total equity
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve			
<u>For the three-month period ended March 31, 2023</u>							
	\$ 607,115	\$ 303,329	\$ 27,371	\$ 5,110	\$ 198,200	\$ 1,141,125	
	-	-	-	-	50,478	50,478	
	-	-	-	-	50,478	50,478	
Distribution of 2022 net income:							
Cash dividends 6(17)	-	-	-	-	(123,116)	(123,116)	
Conversion of corporate bonds into common stock 6(12)	13,721	14,357	-	-	-	28,078	
Balance at March 31, 2023	\$ 620,836	\$ 317,686	\$ 27,371	\$ 5,110	\$ 125,562	\$ 1,096,565	
<u>For the three-month period ended March 31, 2024</u>							
	\$ 687,532	\$ 386,891	\$ 45,084	\$ 5,110	\$ 320,599	\$ 1,445,216	
	-	-	-	-	48,402	48,402	
	-	-	-	-	48,402	48,402	
Distribution of 2023 net income:							
Cash dividends 6(17)	-	-	-	-	(139,912)	(139,912)	
Conversion of corporate bonds into common stock 6(12)	12,029	11,647	-	-	-	23,676	
Balance at March 31, 2024	\$ 699,561	\$ 398,538	\$ 45,084	\$ 5,110	\$ 229,089	\$ 1,377,382	

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

TMP STEEL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the three-month periods ended March 31,	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 60,626	\$ 63,188
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(21)	122	(188)
Expected credit losses	12	768	-
Depreciation	6(8)(9)(23)	15,505	9,018
Amortisation	6(23)	83	106
Interest income	6(19)	(662)	(1,590)
Interest expense	6(22)	3,935	3,014
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(2,064)	(6,233)
Accounts receivable		(221,362)	50,761
Accounts receivable - related parties		-	(260,489)
Other receivables	6(27)	(1,012)	3,508
Inventories		(202,080)	(156,708)
Prepayments		(63,097)	3,261
Changes in operating liabilities			
Contract liabilities - current		113,604	(34,127)
Notes payable		4,658	(7,217)
Accounts payable		(6,496)	95,191
Accounts payable - related parties		331,723	(44,190)
Other payables		(6,322)	(1,702)
Other current liabilities		107	12
Cash inflow (outflow) generated from operations		28,036	(284,385)
Interest received		662	1,590
Interest paid		(3,763)	(1,711)
Income tax paid		(65)	(153)
Net cash flows from (used in) operating activities		24,870	(284,659)

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TMP STEEL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the three-month periods ended March 31, 2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost -			
current		(\$ 6,275)	(\$ 49,000)
Cash paid for acquisition of property, plant and	6(27)		
equipment		(109,154)	(6,458)
Acquisition of right-of-use assets		-	(19,798)
Acquisition of intangible assets		(122)	(38)
Increase in prepayments for equipment		(10,167)	(785)
Increase in guarantee deposits paid		(11)	(2,886)
Net cash flows used in investing activities		(125,729)	(78,965)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	458,615	90,000
Decrease in short-term borrowings	6(28)	(368,623)	-
Payment of lease liabilities	6(28)	(5,452)	(1,377)
Decrease in corporate bonds	6(28)	(4,200)	-
Decrease in long-term borrowings	6(28)	(7,425)	(7,345)
Net cash flows from financing activities		72,915	81,278
Net decrease in cash and cash equivalents		(27,944)	(282,346)
Cash and cash equivalents at beginning of period	6(1)	272,103	506,125
Cash and cash equivalents at end of period	6(1)	\$ 244,159	\$ 223,779

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

TMP STEEL CORPORATION AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) TMP Steel Corporation (the “Company”) was incorporated on May 16, 1984 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C). The Company and its subsidiary (the “Group”) are engaged in the wholesale of hardware and building materials and the manufacture and sales of its components.
- (2) The Company used to be named Taipei MultiPower Electronics Co., Ltd., then changed its name to Taipei MultiPower International Co., Ltd., as approved by the shareholders during their meeting on June 15, 2010; On June 29, 2016, the shareholders during their meeting has approved to again change the Company’s name to TMP Steel Corporation.
- (3) The common shares of the Company have been listed on the Taipei Exchange since September 2003.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on May 10, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, '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
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

Except for IFRS 18, 'Presentation and disclosure in financial statements'. The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation and the additional descriptions described below, the other principal accounting policies adopted are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2023. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under

the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with “IFRSs” requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY’.

(3) Basis of consolidation

A. The basis for the preparation of these consolidated financial statements is consistent with the basis applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
TMP Steel Corporation	Taiwan Steel Material Corp.	Wholesale of hardware and sale	100.00	100.00	100.00	—

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Defined benefit plans cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

No significant changes during the period. For detailed information, refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash:			
Cash on hand	\$ 213	\$ 139	\$ 144
Checking deposits and demand deposits	<u>243, 946</u>	<u>271, 964</u>	<u>223, 635</u>
	<u>\$ 244, 159</u>	<u>\$ 272, 103</u>	<u>\$ 223, 779</u>

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

B. Details of the Group's cash and cash equivalents pledged to others as collateral (listed as 'Financial assets at amortised cost - current') as of March 31, 2024, December 31, 2023 and March 31, 2023 are provided in Note 8, 'PLEDGED ASSETS'.

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

<u>Assets</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets held for trading			
Fourth domestic convertible corporate bonds - put options	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 68</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and emerging stocks - private placement	\$ 36, 000	\$ 36, 000	\$ -
Valuation adjustments	<u>91, 050</u>	<u>91, 050</u>	<u>-</u>
	<u>\$ 127, 050</u>	<u>\$ 127, 050</u>	<u>\$ -</u>

A. The Group recognised net (loss) gain of (\$122) and \$188 (listed as "Other gains and losses") for the three-month periods ended March 31, 2024 and 2023, respectively.

B. In November 2023, the Company subscribed 5,000 thousand shares of ENSURE GLOBAL CORP., LTD. through private placement. The private placement shares shall not be transferred within three years.

C. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost - current

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Demand deposits pledged	<u>\$ 66, 500</u>	<u>\$ 60, 225</u>	<u>\$ 79, 000</u>

A. As of March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the financial assets at amortised

cost pledged to others as collateral are provided in Note 8, 'PLEDGED ASSETS'.

- C. Information about credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable, net

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 107,755	\$ 105,691	\$ 122,145
Less: Allowance for uncollectible accounts	(13)	(13)	(13)
	<u>\$ 107,742</u>	<u>\$ 105,678</u>	<u>\$ 122,132</u>
Accounts receivable	\$ 1,086,663	\$ 865,301	\$ 802,015
Less: Allowance for uncollectible accounts	(20,373)	(19,605)	(19,394)
	<u>\$ 1,066,290</u>	<u>\$ 845,696</u>	<u>\$ 782,621</u>

- A. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due but not impaired is as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable:			
During the credit period	<u>\$ 107,755</u>	<u>\$ 105,691</u>	<u>\$ 122,145</u>
Accounts receivable:			
During the credit period	\$ 1,043,278	\$ 839,700	\$ 1,011,808
Overdue 1 to 90 days	21,026	4,683	31,297
Overdue 91 to 180 days	2,683	1,308	85
Overdue 181 to 270 days	134	96	51
Overdue 271 to 365 days	96	50	42
Overdue over 365 days	<u>19,446</u>	<u>19,464</u>	<u>19,427</u>
	<u>\$ 1,086,663</u>	<u>\$ 865,301</u>	<u>\$ 1,062,710</u>

The above ageing analysis was based on days overdue.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$968,894.
- C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.
- D. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group did not hold any collateral as security for notes and accounts receivable.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

March 31, 2024			
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 874, 000	\$ –	\$ 874, 000
Finished goods	84, 012	–	84, 012
	<u>\$ 958, 012</u>	<u>\$ –</u>	<u>\$ 958, 012</u>
December 31, 2023			
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 687, 323	\$ –	\$ 687, 323
Finished goods	68, 609	–	68, 609
	<u>\$ 755, 932</u>	<u>\$ –</u>	<u>\$ 755, 932</u>
March 31, 2023			
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 270, 839	\$ –	\$ 270, 839
Finished goods	63, 364	–	63, 364
	<u>\$ 334, 203</u>	<u>\$ –</u>	<u>\$ 334, 203</u>

The cost of inventories recognised as expense for the period:

For the three-month periods ended March 31,			
	2024	2023	
Cost of goods sold	\$ 2, 079, 527	\$ 2, 046, 522	
Sales of scraps	(2, 447)	–	
	<u>\$ 2, 077, 080</u>	<u>\$ 2, 046, 522</u>	

(6) Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments to suppliers	\$ 56, 152	\$ –	23, 029
Residual tax credit	28, 139	20, 821	\$ 13, 175
Others	3, 846	4, 219	3, 978
	<u>\$ 88, 137</u>	<u>\$ 25, 040</u>	<u>\$ 40, 182</u>

(7) Investments accounted for using the equity method

A. Details of investment accounted for using the equity method are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Korea Peibo Electronics Co., Ltd.	\$ 1,058	\$ 1,058	\$ 1,058
Less: Accumulated impairment	(1,058)	(1,058)	(1,058)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group has no investment accounted for using the equity method pledged to others.

C. For the three-month periods ended March 31, 2024 and 2023, the Group did not recognise impairment loss or gain on reversal of impairment related to investments accounted for using the equity method. As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of accumulated impairment loss of investments accounted for using the equity method was all \$1,058.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2024</u>								
Cost	\$103,606	\$140,236	\$ 154,968	\$ 1,301	\$ 38,920	\$ 27,479	\$ 6,818	\$ 473,328
Accumulated depreciation	—	(5,554)	(41,409)	(372)	(9,678)	(11,609)	—	(68,622)
	<u>\$103,606</u>	<u>\$134,682</u>	<u>\$ 113,559</u>	<u>\$ 929</u>	<u>\$ 29,242</u>	<u>\$ 15,870</u>	<u>\$ 6,818</u>	<u>\$ 404,706</u>
<u>For the three-month period ended March 31, 2024</u>								
At January 1	\$103,606	\$134,682	\$ 113,559	\$ 929	\$ 29,242	\$ 15,870	\$ 6,818	\$ 404,706
Additions	—	—	5,304	—	—	900	104,327	110,531
Transferred	—	—	13,464	—	—	350	(13,814)	—
Depreciation	—	(728)	(3,898)	(66)	(1,220)	(1,405)	—	(7,317)
Disposals - Cost	—	—	(37)	—	—	—	—	(37)
- Accumulated depreciation	—	—	37	—	—	—	—	37
At March 31	<u>\$103,606</u>	<u>\$133,954</u>	<u>\$ 128,429</u>	<u>\$ 863</u>	<u>\$ 28,022</u>	<u>\$ 15,715</u>	<u>\$ 97,331</u>	<u>\$ 507,920</u>
<u>At March 31, 2024</u>								
Cost	\$103,606	\$140,236	\$ 173,699	\$ 1,301	\$ 38,920	\$ 28,729	\$ 97,331	\$ 583,822
Accumulated depreciation	—	(6,282)	(45,270)	(438)	(10,898)	(13,014)	—	(75,902)
	<u>\$103,606</u>	<u>\$133,954</u>	<u>\$ 128,429</u>	<u>\$ 863</u>	<u>\$ 28,022</u>	<u>\$ 15,715</u>	<u>\$ 97,331</u>	<u>\$ 507,920</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>								
Cost	\$103,606	\$136,392	\$ 133,803	\$ 1,001	\$ 38,014	\$ 24,689	\$ 12,285	\$ 449,790
Accumulated depreciation	—	(2,720)	(29,726)	(122)	(4,919)	(7,055)	—	(44,542)
	<u>\$103,606</u>	<u>\$133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$ 405,248</u>
<u>For the three-month period ended March 31, 2023</u>								
At January 1	\$103,606	\$133,672	\$ 104,077	\$ 879	\$ 33,095	\$ 17,634	\$ 12,285	\$ 405,248
Additions	—	—	3,182	—	192	—	2,790	6,164
Transferred (Note)	—	—	14,445	—	—	—	(15,075)	(630)
Depreciation	—	(692)	(3,119)	(51)	(1,148)	(683)	—	(5,693)
At March 31	<u>\$103,606</u>	<u>\$132,980</u>	<u>\$ 118,585</u>	<u>\$ 828</u>	<u>\$ 32,139</u>	<u>\$ 16,951</u>	<u>\$ —</u>	<u>\$ 405,089</u>
<u>At March 31, 2023</u>								
Cost	\$103,606	\$136,392	\$ 151,430	\$ 1,001	\$ 38,206	\$ 24,689	\$ —	\$ 455,324
Accumulated depreciation	—	(3,412)	(32,845)	(173)	(6,067)	(7,738)	—	(50,235)
	<u>\$103,606</u>	<u>\$132,980</u>	<u>\$ 118,585</u>	<u>\$ 828</u>	<u>\$ 32,139</u>	<u>\$ 16,951</u>	<u>\$ —</u>	<u>\$ 405,089</u>

(Note) Transferred to other receivables.

- A. The Group's property, plant and equipment as of March 31, 2024, December 31, 2023 and March 31, 2023 were for its own use.
- B. No interest expense was capitalised as part of property, plant and equipment for the three-month periods ended March 31, 2024 and 2023.
- C. Information about the property, plant and equipment that were pledged to others as collateral as of March 31, 2024, December 31, 2023 and March 31, 2023 is provided in Note 8, 'PLEDGED ASSETS'.
- D. No loss or gain on reversal of impairment was recognised for the three-month periods ended March 31, 2024 and 2023 due to disposal of impaired property, plant and equipment. As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of accumulated impairment loss of property, plant and equipment was \$—.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including plant, buildings and transportation equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 155,368	\$ 157,431	\$ 163,618
Transportation equipment	4,216	4,756	4,267
Buildings	<u>75,498</u>	<u>81,083</u>	<u>35,867</u>
	<u>\$ 235,082</u>	<u>\$ 243,270</u>	<u>\$ 203,752</u>
For the three-month periods ended March 31,			
	<u>2024</u>	<u>2023</u>	
	<u>Depreciation</u>	<u>Depreciation</u>	
Land	\$ 2,063	\$ 1,375	
Transportation equipment	540	496	
Buildings	<u>5,585</u>	<u>1,454</u>	
	<u>\$ 8,188</u>	<u>\$ 3,325</u>	

- C. The additions to right-of-use assets were \$— and \$165,175 for the three-month periods ended March 31, 2024 and 2023, respectively.

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

	For the three-month periods ended March 31,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,104	\$ 632
Expense on short-term lease contracts	5,848	6,712
Expense on leases of low-value assets	68	35

E. The Group's total cash outflow for leases were \$12,472 and \$28,554 for the three-month periods ended March 31, 2024 and 2023, respectively.

(10) Short-term borrowings

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Secured bank borrowings	\$ 306,100	2.003%~2.414%	Demand deposits
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Secured bank borrowings	\$ 216,108	2.003%~2.414%	Demand deposits
Type of borrowings	March 31, 2023	Interest rate range	Collateral
Secured bank borrowings	\$ 90,000	2.30%	Demand deposits

Information about interest expenses recognised in profit or loss for the three-month periods ended March 31, 2024 and 2023 is provided in Note 6(22), 'Finance costs'.

(11) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividend payable	\$ 139,912	\$ -	\$ 123,116
Accrued shipping fee	48,884	53,006	38,543
Accrued salaries and bonuses	24,865	29,351	6,976
Accrued manufacturing fees	17,798	16,778	13,076
Taxes payable	10,229	317	10,012
Accrued employees' compensation and directors' remuneration	6,725	7,660	7,025
Accrued import fees	5,598	12,360	552
Equipment payable	2,584	1,207	3,441
Others	18,340	19,289	16,614
	<u>\$ 274,935</u>	<u>\$ 139,968</u>	<u>\$ 219,355</u>

(12) Bonds payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>Collateral</u>
Fourth domestic unsecured convertible corporate bonds	\$ —	\$ 29,146	\$ 174,365	—
Less: Discount on bonds payable	—	(1,442)	(12,074)	
	—	27,704	162,291	
Less: Current portion	—	(27,704)	—	
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 162,291</u>	

A. In October 2022, the Company issued the fourth domestic unsecured convertible bonds. The significant terms are as follows:

- (a) The Company issued \$200,000 (related issuance cost was \$4,247), 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 26, 2022 ~ October 26, 2025) and will be redeemed in cash at 102.2669% of face value at the maturity date.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (January 27, 2023) to the maturity date (October 26, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value after the following events occur: (i) the closing price of the Company's common shares on the Taipei Exchange is above the then conversion price by 30% or more for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (January 27, 2023) to 40 days before the maturity date (September 16, 2025).
- (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

- B. For the three-month period ended March 31, 2024, a total of bonds with a par value of \$24,300 have been converted into 1,203 thousand shares of the Company (listed as “Common Stock” of \$12,029 and “Capital surplus-additional paid-in capital” of \$12,641), and the change of registration had been completed. For the three-month period ended March 31, 2023, a total of bonds with a par value of \$29,500 have been converted into 1,372 thousand shares of the Company (listed as “Common Stock” of \$13,721 and “Capital surplus-additional paid-in capital” of \$15,564), and the change of registration had been completed.
- C. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in ‘capital surplus - share options’ in accordance with IAS 32. As of March 31, 2024, December 31, 2023 and March 31, 2023, the balances of aforementioned ‘capital surplus - share options’ after writing off the bonds repurchased by the Company and conversion options exercised by creditors in accordance with the terms of the bonds amounted to \$ —, \$1,166 and \$6,976, respectively. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘non-current financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 2.829%.
- D. Information about interest expenses recognised in profit or loss for the three-month periods ended March 31, 2024 and 2023 is provided in Note 6(22), ‘Financial costs’.

(13) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	March 31, 2024
Secured borrowings	2020. 2~2031. 12	1. 50%~2. 355%	Demand deposits, land and buildings	\$ 183, 787
Less: Current portion of long-term borrowings				(30, 425)
				<u>\$ 153, 362</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023
Secured borrowings	2020. 2~2031. 12	1. 50%~2. 355%	Demand deposits, land and buildings	\$ 191, 212
Less: Current portion of long-term borrowings				(30, 364)
				<u>\$ 160, 848</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	March 31, 2023
Secured borrowings	2020. 2~2031. 12	1. 50%~2. 36%	Demand deposits, land and buildings	\$ 212, 852
Less: Current portion of long-term borrowings				(29, 604)
				<u>\$ 183, 248</u>

Information about interest expenses recognised in profit or loss for the three-month periods ended March 31, 2024 and 2023 is provided in Note 6(22), ‘Finance costs’.

(14) Pensions

- A. The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March. The Group reached an agreement on June 26, 2023 with all regular employees prior to the enforcement of the Labor Pension Act on July 1, 2005 to settle the service years under the old pension system in accordance with the Labor Standards Act and the Labor Pension Act, and has applied to collect the remaining funds and cancel the account in accordance with the Article 9 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.
- B. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group were \$854 and \$816 for three-month periods ended March 31, 2024 and 2023, respectively.

(15) Share capital

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

	For the three-month periods ended March 31,	
	2024	2023
Beginning balance	68,753	60,711
Conversion of convertible corporate bonds into common stock	1,203	1,372
Ending balance	69,956	62,083

- B. Information about the requests for conversion of convertible corporate bonds for the three-month

period ended March 31, 2024 and 2023 is provided in Note 6(12), 'Bonds payable'.

C. As of March 31, 2024, the Company's authorised capital was \$1,500,000, consisting of 69,956 thousand shares of ordinary stock, and the paid-in capital was \$699,561 with a par value of \$10 (in dollars) per share, which were issued in several installments. All proceeds from shares issued have been collected.

(16) Capital surplus

	For the three-month period ended March 31, 2024			
	Share premium	Stock option	Others	Total
Beginning balance	\$ 385, 528	\$ 1, 166	\$ 197	\$ 386, 891
Conversion of corporate bonds into common stock	12, 641	(994)	–	11, 647
Expired options	–	(172)	172	–
Ending balance	<u>\$ 398, 169</u>	<u>\$ –</u>	<u>\$ 369</u>	<u>\$ 398, 538</u>

	For the three-month period ended March 31, 2023			
	Share premium	Stock option	Others	Total
Beginning balance	\$ 294, 949	\$ 8, 183	\$ 197	\$ 303, 329
Compensation cost of employee stock options	15, 564	(1, 207)	–	14, 357
Ending balance	<u>\$ 310, 513</u>	<u>\$ 6, 976</u>	<u>\$ 197</u>	<u>\$ 317, 686</u>

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

B. Information of capital surplus generated from execution and issuance of convertible corporate bonds is provided in Note 6(12) 'Bond payable'.

(17) Retained earnings

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

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, when the legal reserve equals to the paid-in capital, the appropriation is not required. After that, a special reserve shall be set aside or reversed

in accordance with Article 41 of the Securities and Exchange Act. The remaining earnings plus the accumulated unappropriated earnings shall be proposed by the Board of Directors to be resolved at the shareholders' meeting as dividends to shareholders.

In accordance with Paragraph 5 of Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses, in whole or in part, in the form of cash by the resolution adopted by the majority vote at their meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders.

The Company's dividend policy is in line with current and future development plans, and takes into consideration investment environment, capital requirements, domestic and overseas competition, and shareholders' interest, etc. At least 30% of the Company's distributable earnings of the year shall be appropriated as dividends and bonuses each year. However, the distribution is not required if the accumulated distributable earnings is lower than 1% of paid-in capital. Dividends and bonuses may be distributed in the form of cash or shares, and cash dividends shall account for at least 10% of the total dividends distributed. However, the type and payout ratio of dividend may be adjusted by the resolution of the shareholders during their meeting according to the actual profit and capital position of the year.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. On May 12, 2023 the stockholders during their meeting resolved the distribution of cash dividends from the 2022 earnings in the amount of \$123,116 (\$2.00 (in dollars) per share). On February 23, 2024, the Board of Directors proposed for the distribution of cash dividends from the 2023 earnings in the amount of \$139,912 (\$2.00 (in dollars) per share). As of the report date, the cash dividends have not yet been distributed.

(18) Operating revenue

	For the three-month periods ended March 31,	
	2024	2023
Sales revenue	\$ 2,200,590	\$ 2,176,238

- A. The Group derives sales revenue from the transfer of goods at a point in time and processing revenue from rendering services over time.
- B. The Group has recognised the following revenue-related contract liabilities:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities				
-current				
Advance sales receipts	\$ 449,147	\$ 335,543	\$ 155,327	\$ 189,454

Revenue recognised for the three-month periods ended March 31, 2024 and 2023 that was included in the contract liability balance as of January 1, 2024 and 2023 amounted to \$234,271 and \$75,970, respectively.

(19) Interest income

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 480	\$ 1,367
Other interest income	182	223
	<u>\$ 662</u>	<u>\$ 1,590</u>

(20) Other income

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rental income	\$ 80	\$ 73
Other income	56	58
	<u>\$ 136</u>	<u>\$ 131</u>

(21) Other gains and losses

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(\$ 122)	\$ 188
Net currency exchange gain (loss)	4,228	(144)
Other losses	(1)	(175)
	<u>\$ 4,105</u>	<u>(\$ 131)</u>

(22) Finance costs

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest expense:		
Convertible corporate bonds	\$ 172	\$ 1,303
Bank borrowings	2,659	1,079
Lease liabilities	1,104	632
	<u>\$ 3,935</u>	<u>\$ 3,014</u>

(23) Expenses by nature

For the three-month period ended March 31, 2024			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 14,695	\$ 15,274	\$ 29,969
Depreciation	11,747	3,758	15,505
Amortisation	47	36	83
	<u>\$ 26,489</u>	<u>\$ 19,068</u>	<u>\$ 45,557</u>
For the three-month period ended March 31, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 13,385	\$ 14,980	\$ 28,365
Depreciation	6,297	2,721	9,018
Amortisation	53	53	106
	<u>\$ 19,735</u>	<u>\$ 17,754</u>	<u>\$ 37,489</u>

(24) Employee benefit expense

For the three-month period ended March 31, 2024			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 11,882	\$ 12,979	\$ 24,861
Labour and health insurance expenses	1,177	981	2,158
Pension costs	379	475	854
Other personnel expenses	1,257	839	2,096
	<u>\$ 14,695</u>	<u>\$ 15,274</u>	<u>\$ 29,969</u>
For the three-month period ended March 31, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 10,923	\$ 12,708	\$ 23,631
Labour and health insurance expenses	1,048	967	2,015
Pension costs	389	427	816
Other personnel expenses	1,025	878	1,903
	<u>\$ 13,385</u>	<u>\$ 14,980</u>	<u>\$ 28,365</u>

- A. The Company's distributable profit of the year (the distributable profit refers to profit before deducting tax and the employees' compensation and directors' and supervisors' remuneration below), if any, shall be used to cover accumulated deficit, and the remainder, if any, is distributed as follows: (a) 1% ~ 10% for employees' compensation, and (b) No higher than 4% for directors' and supervisors' remuneration. The aforementioned employees' compensation can be distributed in the form of stocks or cash. The employees include the employees of the Company's subsidiaries who meet the requirements stipulated by the Board of Directors. The aforementioned directors' and supervisors' remuneration can only be distributed in the form of cash. Both

distributions shall be proposed by the Remuneration Committee to the Board of Directors. The Board of Directors shall resolve the distributions by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and report the resolution at the shareholders' meeting.

- B. For the three-month periods ended March 31, 2024 and 2023, employees' compensation were accrued at \$620 and \$693, respectively; while directors' remuneration were accrued at \$496 and \$555, respectively. The aforementioned amounts were recognised in salary expenses, and were estimated and accrued based on the percentage prescribed by the Company's Articles of Incorporation, depending on distributable profit of the year. The employees' compensation and directors' and supervisors' remuneration for 2023 as resolved by the Board of Directors totaled \$5,609, and the employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

- A. Components of income tax expense:

	For the three-month periods ended March 31,	
	2024	2023
Current income tax:		
Current tax on profits for the period	\$ 11,552	\$ 12,839
Deferred tax:		
Origination and reversal of temporary differences	672	(129)
Income tax expense	<u>\$ 12,224</u>	<u>\$ 12,710</u>

- B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of May 10, 2024.

(26) Earnings per share

For the three-month period ended March 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 48,402</u>	<u>69,555</u>	<u>\$ 0.70</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 48,402	69,555	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	81	
Convertible corporate bonds	<u>138</u>	<u>523</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 48,540</u>	<u>70,159</u>	<u>\$ 0.69</u>
For the three-month period ended March 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 50,478</u>	<u>60,727</u>	<u>\$ 0.83</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 50,478	60,727	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	129	
Convertible corporate bonds	<u>1,042</u>	<u>9,287</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 51,520</u>	<u>70,143</u>	<u>\$ 0.73</u>

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the three-month periods ended March 31,	
	2024	2023
Acquisition of property, plant and equipment	\$ 110,531	\$ 6,164
Add: Beginning balance of equipment payable	1,207	3,735
Less: Ending balance of equipment payable	(2,584)	(3,441)
Cash paid for acquisition of property, plant and equipment	<u>\$ 109,154</u>	<u>\$ 6,458</u>

B. Investing activities with no cash flow effects:

	For the three-month periods ended March 31,	
	2024	2023
(1) Property, plant and equipment transferred to other receivables	<u>\$ -</u>	<u>\$ 630</u>
(2) Cash dividends declared but not yet paid (listed as 'Other payables')	<u>\$ 139,912</u>	<u>\$ 123,116</u>

(28) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2024	\$ 216,108	\$ 238,785	\$ 27,704	\$ 191,212	\$ 673,809
Changes in cash flow from financing activities	89,992	(5,452)	(4,200)	(7,425)	72,915
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>(23,504)</u>	<u>-</u>	<u>(23,504)</u>
At March 31, 2024	<u>\$ 306,100</u>	<u>\$ 233,333</u>	<u>\$ -</u>	<u>\$ 183,787</u>	<u>\$ 723,220</u>

	Short-term borrowings	Lease liabilities	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2023	\$ -	\$ 44,598	\$ 189,066	\$ 220,197	\$ 453,861
Changes in cash flow from financing activities	90,000	(1,377)	-	(7,345)	81,278
Changes in other non-cash items	<u>-</u>	<u>145,377</u>	<u>(26,775)</u>	<u>-</u>	<u>118,602</u>
At March 31, 2023	<u>\$ 90,000</u>	<u>\$ 188,598</u>	<u>\$ 162,291</u>	<u>\$ 212,852</u>	<u>\$ 653,741</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
E-Top Metal Co., Ltd. (E-Top Metal)	Significant influence to the Company
Yih Dar Lih Steel Corporation (Yih Dar Lih Steel)	Other related party (Note)
Fu Sheng Transport Co., Ltd. (Fu Sheng)	Other related party (Note)
E-Sheng Steel Co., Ltd. (E-Sheng Steel)	Other related party
TSG Transport Corp. (TSG Transport)	Other related party
TSG Environmental Technology Corp. (TSG Environmental)	Other related party
TSG Power Corp. (TSG Power)	Other related party
TSG Sports Marketing Corp. (TSG Sports)	Other related party
TSG Hawks Baseball Co., Ltd. (TSG Hawks)	Other related party
Sapido Technology Inc.(Sapido Technology)	Other related party

(Note) The companies were originally other related parties of the Group. However, the Group changed its representative as the corporate director on November 8, 2023, and thus they were no longer related parties of the Group since then.

(2) Significant related party transactions

A. Sales of goods

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
E-Sheng Steel	\$ 479,390	\$ 427,968
E-Top Metal	–	49,433
Other related parties	–	508
	<u>\$ 479,390</u>	<u>\$ 477,909</u>

Prices of goods sold to related parties and non-related parties are determined based on mutual agreement at each time, and the credit term is 14 to 60 days after monthly-closing, T/T. For third parties, the credit terms ranged from 30 to 90 days after monthly-closing.

B. Purchases of goods

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
E-Top Metal	\$ 1,054,089	\$ 1,258,281
E-Sheng Steel	643,158	251,502
Other related parties	14,877	6,532
	<u>\$ 1,712,124</u>	<u>\$ 1,516,315</u>

Purchase prices from related parties were the same with third parties. Payment terms of some purchases from related parties were 10 to 20 days or 60 days after monthly-closing, T/T. For third parties, the payment terms were full prepayment, by issuance of letter of credit or the credit terms ranged from 30 to 90 days after monthly-closing.

C. Other expenses

	For the three-month periods ended March 31,	
	2024	2023
TSG Transport	\$ 36,947	\$ 25,579
E-Top Metal	4,735	2,067
E-Sheng Steel	2,423	2,291
TSG Sports	–	2,000
TSG Hawks	–	1,000
Other related parties	–	103
	<u>\$ 44,105</u>	<u>\$ 33,040</u>

D. Rental income (listed as ‘Other income’)

	Leased assets	Rent determination method	Rent collection method	For the three-month periods ended March 31,	
				2024	2023
Other related parties	Buildings	Floating	Monthly	<u>\$ 80</u>	<u>\$ 73</u>

E. Ending balance of goods sold

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable:			
Yih Dar Lih Steel	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 78</u>
Accounts receivable:			
E-Sheng Steel	\$ –	\$ –	\$ 208,628
E-Top Metal	–	–	51,904
Yih Dar Lih Steel	–	–	163
	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 260,695</u>

F. Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	<u>\$ 165</u>	<u>\$ 496</u>	<u>\$ 15</u>

G. Ending balance of goods purchased

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable:			
E-Top Metal	\$ 266,412	\$ 58,187	\$ 155,482
E-Sheng Steel	198,885	77,492	39,818
Other related parties	17,033	14,928	7,594
	<u>\$ 482,330</u>	<u>\$ 150,607</u>	<u>\$ 202,894</u>

H. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
TSG Transport	\$ 41,485	\$ 42,665	\$ 23,529
E-Sheng Steel	1,468	1,222	1,441
E-Top Metal	1,210	1,244	688
TSG Sports	–	–	2,000
TSG Hawks	–	–	1,000
Other related parties	–	–	25
	<u>\$ 44,163</u>	<u>\$ 45,131</u>	<u>\$ 28,683</u>

J. Contract liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
E-Sheng Steel	<u>\$ 291,723</u>	<u>\$ 199,358</u>	<u>\$ –</u>

(3) Key management compensation

	For the three-month periods ended March 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 3,104	\$ 3,233
Post-employment benefits	65	80
	<u>\$ 3,169</u>	<u>\$ 3,313</u>

8. PLEDGED ASSETS

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

Pledged asset	March 31, 2024	December 31, 2023	March 31, 2023	Purpose
Demand deposits (Note 1)	\$ 66,500	\$ 60,225	\$ 79,000	Long-term and short-term borrowings, corporate bonds payable and letters of credit
Land (Note 2)	103,606	103,606	103,606	Long-term borrowings
Buildings and structures (Note 2)	<u>132,524</u>	<u>133,218</u>	<u>132,261</u>	Long-term borrowings
	<u>\$ 302,630</u>	<u>\$ 297,049</u>	<u>\$ 314,867</u>	

(Note 1) Listed as 'Financial assets at amortised cost - current'.

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of March 31, 2024, December 31, 2023 and March 31, 2023, the unused letters of credit for the purchase of raw materials amounted to \$—, \$33,615 and \$92,568, respectively.

(2) On February 23, 2024, in line with the Group's plan for future operations and development, the Board of Directors resolved to build new plants on the land they lease which are temporarily numbered as

1-9~1-14 and acquire the related equipment. The estimated investment property amounted to about \$200,000 and equipment amounted to about \$150,000. As of May 10, 2024, the Company has not yet entered into any contracts relative to the above plan.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets held for trading	\$ -	\$ 122	\$ 68
Financial assets mandatorily measured at fair value through profit or loss	<u>127,050</u>	<u>127,050</u>	<u>-</u>
	<u>\$ 127,050</u>	<u>\$ 127,172</u>	<u>\$ 68</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 244,159	\$ 272,103	\$ 223,779
Financial assets at amortised cost	66,500	60,225	79,000
Notes receivable	107,742	105,678	122,132
Accounts receivable (including related parties)	1,066,290	845,696	1,043,316
Other receivables	2,445	1,433	1,215
Guarantee deposits paid	<u>27,888</u>	<u>27,877</u>	<u>21,350</u>
	<u>\$ 1,515,024</u>	<u>\$ 1,313,012</u>	<u>\$ 1,490,792</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 306,100	\$ 216,108	\$ 90,000
Notes payable	13,909	9,251	6,660
Accounts payable (including related parties)	596,326	271,099	300,531
Other payables	274,935	139,968	219,355
Corporate bonds payable (including current portion)	–	27,704	162,291
Long-term borrowings (including current portion)	183,787	191,212	212,852
	<u>\$ 1,375,057</u>	<u>\$ 855,342</u>	<u>\$ 991,689</u>
Lease liabilities	<u>\$ 233,333</u>	<u>\$ 238,785</u>	<u>\$ 188,598</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments are used to hedge certain risk.
- (b) Risk management is carried out by a treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group has certain purchases denominated in USD. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of assets and liability positions in foreign currencies are close, thus market risk can be offset. The Group does not expect significant foreign exchange risk.
- ii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,000	32.00	\$ 96,000
EUR:NTD	38	34.46	1,309
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,561	32.00	\$ 113,952
December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,647	30.705	\$ 234,801
EUR:NTD	38	33.98	1,291
March 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,115	30.45	\$ 64,402

With regard to sensitivity analysis of foreign currency exchange rate risk, if exchange rate of NTD had appreciated/depreciated by 1% against USD and EUR with all other variables held constant, the post-tax profit would increase/decrease by \$133 and \$515 for the three-month periods ended March 31, 2024 and 2023, respectively.

- iii. The total exchange gain (loss) including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group amounted to \$4,228 and (\$144) for the three-month periods ended March 31, 2024 and 2023, respectively.

Price risk

- i. The Group's equity securities are shown as financial assets at fair value through other comprehensive income.

- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2024 and 2023 would have increased/decreased by \$1,016 and \$—, respectively.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest risk. For the three-month periods ended March 31, 2024 and 2023, the Group's borrowings at variable rate were denominated in NTD.
- ii. With regard to sensitivity analysis of interest rate risk, if interest rate on borrowing increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2024 and 2023 would have decreased/increased by \$86 and \$48, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In line with credit risk management, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default has occurred when past due over a certain period.
- vi. The Group applies the simplified approach using the provision matrix to estimate expected credit loss, and uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix is as follows:

March 31, 2024	Within the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	\$ 1,151,033	\$ 21,026	\$ 2,683	\$ 134
Expected credit rate	0.02%	0.74%	27.60%	35.57%
Loss allowance	\$ –	\$ 110	\$ 741	\$ 48
			Individually assessed impairment	
March 31, 2024	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	\$ 96	\$ 318	\$ 19,128	\$ 1,194,418
Expected credit rate	43%	100%	100%	
Loss allowance	\$ 41	\$ 318	\$ 19,128	\$ 20,386
			Individually assessed impairment	
December 31, 2023	Within the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	\$ 945,391	\$ 4,683	\$ 1,308	\$ 96
Expected credit rate	0.02%	0.74%	28.09%	33.56%
Loss allowance	\$ –	\$ –	\$ 101	\$ 32
			Individually assessed impairment	
December 31, 2023	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	\$ 50	\$ 336	\$ 19,128	\$ 970,992
Expected credit rate	41.22%	100%	100%	
Loss allowance	\$ 21	\$ 336	\$ 19,128	\$ 19,618
			Individually assessed impairment	
March 31, 2023	Within the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	\$ 1,011,808	\$ 31,297	\$ 85	\$ 51
Expected credit rate	0.02%	0.50%	23.22%	26.69%
Loss allowance	\$ –	\$ –	\$ –	\$ –
			Individually assessed impairment	
March 31, 2023	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	\$ 42	\$ 299	\$ 19,128	\$ 1,062,710
Expected credit rate	35.14%	100%	100%	
Loss allowance	\$ –	\$ 266	\$ 19,128	\$ 19,394

- v. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the three-month period ended March 31, 2024		
	Notes receivable	Accounts receivable	Total
Beginning balance	\$ 13	\$ 19,605	\$ 19,618
Impairment loss	–	768	768
Ending balance	<u>\$ 13</u>	<u>\$ 20,373</u>	<u>\$ 20,386</u>

	For the three-month period ended March 31, 2023		
	Notes receivable	Accounts receivable	Total
Beginning and ending balance	<u>\$ 13</u>	<u>\$ 19,394</u>	<u>\$ 19,407</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants.
- ii. The Group has the following undrawn borrowing facilities:

	March 31, 2024	December 31, 2023	March 31, 2023
Floating rate:			
Expiring within one year	<u>\$ 233,900</u>	<u>\$ 393,892</u>	<u>\$ 204,300</u>

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 308,316	\$ –	\$ –	\$ –
Notes payable	13,909	–	–	–
Accounts payable (including related parties)	596,326	–	–	–
Other payables	274,935	–	–	–
Lease liabilities	28,848	36,002	63,563	137,268
Long-term borrowings (including current portion)	33,999	33,522	72,355	58,417

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 217,860	\$ –	\$ –	\$ –
Notes payable	9,251	–	–	–
Accounts payable (including related parties)	271,099	–	–	–
Other payables	139,968	–	–	–
Lease liabilities	26,318	36,187	68,249	141,483
Bonds payable (including current portion)	27,770	–	–	–
Long-term borrowings (including current portion)	33,771	33,430	74,855	63,728
<u>March 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 90,975	\$ –	\$ –	\$ –
Notes payable	6,660	–	–	–
Accounts payable (including related parties)	300,531	–	–	–
Other payables	219,355	–	–	–
Lease liabilities	4,966	10,281	50,859	156,963
Bonds payable	–	–	174,365	–
Long-term borrowings (including current portion)	33,237	33,265	83,181	80,096

- vi. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow 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 that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and

volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks through private placement is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's convertible corporate bonds put option is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost-current, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, bonds payable (including current portion) and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at March 31, 2024, December 31, 2023 and March 31, 2023 is as follows:

<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ 127,050	\$ -	\$ 127,050
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bonds				
put options	\$ -	\$ -	\$ 122	\$ 122
Equity securities	-	127,050	-	127,050
	<u>\$ -</u>	<u>\$ 127,050</u>	<u>\$ 122</u>	<u>\$ 127,172</u>
<u>March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Convertible corporate bonds				
put options	\$ -	\$ -	\$ 68	\$ 68

The methods and assumptions the Group used to measure fair value are as follows:

(a) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

(b)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 and non-financial instruments. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk or liquidity risk of counterparties. 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 and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. Valuation techniques and inputs applied for Level 3 fair value measurement are as follows:

The fair value of puttable and redemption right of convertible corporate bonds is estimated by using the binomial tree model, and significant unobservable inputs are used the volatility of the stock price. When the share price volatility increases, the fair price of the derivatives will also increase.

E. For the three-month periods ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2, and there was no transfer from or to Level 3.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 2, 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 resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value. As the difference between the fair value and the carrying amount of the financial instruments in Level 2 after the valuation for the three-month period ended March 31, 2024 was not material, there was no adjustment.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the three-month period ended March 31, 2024.

(1) Significant transactions information

A. Loans to others : None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

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

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

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

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-

in capital or more: Refer to table 2.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

As of March 31, 2024, there are no investments in Mainland China.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The Group's chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the three-month periods ended March 31,	
	2024	2023
	The Group	The Group
Segment revenue		
Revenue from external customers, net	\$ 2, 200, 590	\$ 2, 176, 238
Depreciation and amortisation	15, 588	9, 124
Finance costs	3, 935	3, 014
Segment profit before income tax	60, 626	63, 188
Segment assets	3, 469, 536	2, 480, 941
Non-current assets capital expenditure	120, 820	26, 785
Segment liabilities	2, 092, 154	1, 384, 376

(3) Reconciliation for segment income

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to segment income, total assets and total liabilities

are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

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

March 31, 2024

Expressed in thousands of NTD

Table 1

Securities held by	Marketable securities (Note)	Relationship with the securities issuer	General ledger account	As of March 31, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	

TMP Steel Corporation	ENSURE GLOBAL CORP., LTD.	Other related party	Financial assets at fair value through profit or loss - non-current	5,000,000	\$ 127,050	3.16%	\$ 127,050	-
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(Note) Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

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

For the three months ended March 31, 2024

Table 2

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons for difference in transaction terms compared to third party transactions				Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
TMP Steel Corporation	E-TOP METAL CO., LTD.	Significant influence to the Company	Purchases	\$ 1,054,089	48%	20 days after 10 days statements	\$ -	(Note 2)	\$ 266,412	(44%)	-	
	E-SHENG STEEL CO., LTD.	Other related party	Purchases	643,158	29%	20 days after 10 days statements	-	(Note 2)	(198,885)	(33%)	-	
	E-SHENG STEEL CO., LTD.	Other related party	(Sales)	(479,390)	(22%)	14 to 60 days after monthly statements	-	(Note 3)	-	-	-	

(Note 1) The transactions between related parties are merely arising from reversed directions, therefore, they will not be disclosed separately.

(Note 2) The Company's payment terms with third parties are full prepayment, by issuance of letter of credit or the credit terms ranged from 30 to 90 days after monthly-closing. It is determined based on credit management policy of the company.

(Note 3) The Company's collection terms with third parties are 30 to 90 days after monthly statements. It is determined based on credit management policy of the company.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

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

For the three months ended March 31, 2024

Table 3

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024		Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)			
TMP Steel Corporation	Korea Peibo Electronics Co., Ltd.	Seoul, Korea	Purchase, sales and manufacturing of electronic components	\$ 1,599	\$ 1,599	-	50%	\$ -	\$ -	-
	Taiwan Steel Material Corp.	Taiwan	Wholesale of hardware	1,000	1,000	100,000	100%	988	-	- Subsidiary

(Note) It is shown as amount net of accumulated impairment loss.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

Major shareholders information

March 31, 2024

Name of major shareholders	Number of shares	Ownership (%)	Note	Expressed in share
	Common stock			
Baijiayuan Investment Co., Ltd.	6,770,432		9.67%	-
Tien Chuan Investment Co., Ltd.	6,079,303		8.69%	-
E-Top Metal Co., Ltd.	5,934,508		8.48%	-

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.