

**IRON FORCE INDUSTRIAL CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 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 Iron Force Industrial Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Iron Force Industrial Co., Ltd. and subsidiaries (the “Group”) as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 the Standard on Review Engagements 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 at September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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.

Chen, Ching Chang

Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 1, 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.

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

ASSETS			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 772,937	12	\$ 1,406,535	23	\$ 1,386,912	24
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		526,662	8	264,862	4	280	-
1136	Current financial assets at	6(3) and 8						
	amortised cost		200,000	3	-	-	76,680	1
1150	Notes receivable, net		1,092	-	11	-	11	-
1170	Accounts receivable, net	6(4)	1,300,714	20	1,241,098	20	1,239,970	21
1200	Other receivables, net		40,472	-	25,976	1	49,686	1
130X	Inventories	6(5)	1,134,088	17	1,003,945	16	944,264	16
1410	Prepayments		50,816	1	47,134	1	52,623	1
1460	Non-current assets or disposal	6(6)						
	groups classified as held for sale,							
	net		67,489	1	-	-	-	-
1479	Other current assets		3,135	-	8,219	-	7,301	-
11XX	Total current assets		4,097,405	62	3,997,780	65	3,757,727	64
Non-current assets								
1535	Non-current financial assets at	6(3)						
	amortised cost		452,667	7	-	-	-	-
1600	Property, plant and equipment	6(7) and 8	1,860,263	28	1,852,823	30	1,839,544	31
1755	Right-of-use assets	6(8)	62,073	1	61,291	1	61,631	1
1780	Intangible assets		32,629	1	34,747	1	36,692	1
1840	Deferred tax assets		29,759	-	76,788	1	67,009	1
1900	Other non-current assets	6(9)	64,704	1	111,935	2	113,681	2
15XX	Total non-current assets		2,502,095	38	2,137,584	35	2,118,557	36
1XXX	Total assets		\$ 6,599,500	100	\$ 6,135,364	100	\$ 5,876,284	100

(Continued)

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIABILITIES AND EQUITY		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 39,398	1	\$ 382,000	6	\$ 382,000	7
2120	Financial liabilities at fair value	6(2)						
	through profit or loss - current		151	-	7,600	-	21,658	1
2130	Current contract liabilities	6(19)	1,123	-	2,053	-	1,831	-
2170	Accounts payable		279,206	4	309,738	5	256,315	4
2200	Other payables	6(11)	323,020	5	339,644	6	305,216	5
2230	Current tax liabilities		34,451	-	76,086	1	46,771	1
2280	Current lease liabilities		2,648	-	1,450	-	987	-
2320	Long-term liabilities, current	6(13)						
	portion		6,452	-	6,123	-	6,090	-
2399	Other current liabilities	6(6)	45,446	1	6,234	-	6,092	-
21XX	Total current liabilities		<u>731,895</u>	<u>11</u>	<u>1,130,928</u>	<u>18</u>	<u>1,026,960</u>	<u>18</u>
Non-current liabilities								
2530	Bonds payable	6(12)	279,221	4	-	-	-	-
2540	Non-current portion of long-term	6(13)						
	borrowings		28,064	1	31,638	1	33,139	-
2570	Deferred tax liabilities		485,615	7	558,474	9	528,853	9
2580	Non-current lease liabilities		5,400	-	2,673	-	1,902	-
2600	Other non-current liabilities		41,332	1	48,081	1	42,072	1
25XX	Total non-current liabilities		<u>839,632</u>	<u>13</u>	<u>640,866</u>	<u>11</u>	<u>605,966</u>	<u>10</u>
2XXX	Total liabilities		<u>1,571,527</u>	<u>24</u>	<u>1,771,794</u>	<u>29</u>	<u>1,632,926</u>	<u>28</u>
Equity attributable to owners of parent								
	Share capital	6(16)						
3110	Ordinary share		757,803	11	757,803	12	757,803	13
3140	Advance receipts for share capital		269,504	4	-	-	-	-
	Capital surplus	6(17)						
3200	Capital surplus		890,355	13	813,473	13	813,473	13
	Retained earnings	6(18)						
3310	Legal reserve		765,168	12	714,295	12	714,295	12
3320	Special reserve		331,725	5	325,899	5	325,899	6
3350	Unappropriated retained earnings		2,161,204	33	2,083,825	34	1,923,271	33
	Other equity interest							
3400	Other equity interest		(147,786)	(2)	(331,725)	(5)	(291,383)	(5)
3XXX	Total equity		<u>5,027,973</u>	<u>76</u>	<u>4,363,570</u>	<u>71</u>	<u>4,243,358</u>	<u>72</u>
3X2X	TOTAL LIABILITIES AND EQUITY		<u>\$ 6,599,500</u>	<u>100</u>	<u>\$ 6,135,364</u>	<u>100</u>	<u>\$ 5,876,284</u>	<u>100</u>

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

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	\$ 1,359,208	100	\$ 1,334,695	100	\$ 3,799,317	100	\$ 3,633,454	100
5000	Operating costs	6(5)(20)	(998,325)	(73)	(984,895)	(74)	(2,830,448)	(75)	(2,764,808)	(76)
5900	Gross profit from operations		<u>360,883</u>	<u>27</u>	<u>349,800</u>	<u>26</u>	<u>968,869</u>	<u>25</u>	<u>868,646</u>	<u>24</u>
	Operating expenses	6(20)								
6100	Selling expenses		(42,882)	(3)	(39,472)	(3)	(118,996)	(3)	(110,024)	(3)
6200	General and administrative expenses		(120,772)	(9)	(87,135)	(7)	(310,908)	(8)	(253,820)	(7)
6300	Research and development expenses		(42,235)	(3)	(39,191)	(3)	(116,695)	(3)	(115,702)	(3)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	<u>4,073</u>	<u>-</u>	<u>7,526</u>	<u>1</u>	<u>2,040</u>	<u>-</u>	<u>10,885</u>	<u>-</u>
6000	Total operating expenses		(201,816)	(15)	(158,272)	(12)	(544,559)	(14)	(468,661)	(13)
6900	Net operating income		<u>159,067</u>	<u>12</u>	<u>191,528</u>	<u>14</u>	<u>424,310</u>	<u>11</u>	<u>399,985</u>	<u>11</u>
	Non-operating income and expenses									
7100	Interest income		7,573	-	7,851	1	27,520	1	25,305	1
7010	Other income	7	84	-	84	-	252	-	252	-
7020	Other gains and losses	6(21) and 7	17,351	1	(11,632)	(1)	83,927	2	57,038	1
7050	Finance costs		(3,031)	-	(2,757)	-	(6,696)	-	(7,245)	-
7000	Total non-operating income and expenses		<u>21,977</u>	<u>1</u>	<u>(6,454)</u>	<u>-</u>	<u>105,003</u>	<u>3</u>	<u>75,350</u>	<u>2</u>
7900	Profit before tax		<u>181,044</u>	<u>13</u>	<u>185,074</u>	<u>14</u>	<u>529,313</u>	<u>14</u>	<u>475,335</u>	<u>13</u>
7950	Income tax expense	6(22)	(44,951)	(3)	(44,151)	(4)	(16,334)	(1)	(127,158)	(3)
8200	Profit for the period		<u>\$ 136,093</u>	<u>10</u>	<u>\$ 140,923</u>	<u>10</u>	<u>\$ 512,979</u>	<u>13</u>	<u>\$ 348,177</u>	<u>10</u>
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		\$ 94,792	7	\$ 94,043	7	\$ 229,924	6	\$ 43,145	1
8399	Income tax relating to the components of other comprehensive income	6(22)	(18,959)	(1)	(18,809)	(1)	(45,985)	(1)	(8,629)	-
8300	Other comprehensive income, net		<u>\$ 75,833</u>	<u>6</u>	<u>\$ 75,234</u>	<u>6</u>	<u>\$ 183,939</u>	<u>5</u>	<u>\$ 34,516</u>	<u>1</u>
8500	Total comprehensive income for the period		<u>\$ 211,926</u>	<u>16</u>	<u>\$ 216,157</u>	<u>16</u>	<u>\$ 696,918</u>	<u>18</u>	<u>\$ 382,693</u>	<u>11</u>
	Profit attributable to :									
8610	Owners of the parent		<u>\$ 136,093</u>	<u>10</u>	<u>\$ 140,923</u>	<u>10</u>	<u>\$ 512,979</u>	<u>13</u>	<u>\$ 348,177</u>	<u>10</u>
	Comprehensive income attributable to :									
8710	Owners of the parent		<u>\$ 211,926</u>	<u>16</u>	<u>\$ 216,157</u>	<u>16</u>	<u>\$ 696,918</u>	<u>18</u>	<u>\$ 382,693</u>	<u>11</u>
	Earnings per share (in dollars)	6(23)								
9750	Basic earnings per share		<u>\$ 1.79</u>		<u>\$ 1.85</u>		<u>\$ 6.76</u>		<u>\$ 4.59</u>	
9850	Diluted earnings per share		<u>\$ 1.77</u>		<u>\$ 1.85</u>		<u>\$ 6.72</u>		<u>\$ 4.58</u>	

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

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital		Retained Earnings			Exchange differences on translation of foreign financial statements	Total equity	
Notes	Ordinary share	Advance receipts for share capital	Total Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>Nine months ended September 30, 2023</u>									
Balance at January 1, 2023		\$ 757,803	\$ -	\$ 813,473	\$ 668,091	\$ 383,506	\$ 1,866,812	(\$ 325,899)	\$ 4,163,786
Profit for the period		-	-	-	-	-	348,177	-	348,177
Other comprehensive income for the period		-	-	-	-	-	-	34,516	34,516
Total comprehensive income		-	-	-	-	-	348,177	34,516	382,693
Appropriations of 2022 earnings	6(18)								
Legal reserve		-	-	-	46,204	-	(46,204)	-	-
Special reserve		-	-	-	-	(57,607)	57,607	-	-
Cash dividends		-	-	-	-	-	(303,121)	-	(303,121)
Balance at September 30, 2023		\$ 757,803	\$ -	\$ 813,473	\$ 714,295	\$ 325,899	\$ 1,923,271	(\$ 291,383)	\$ 4,243,358
<u>Nine months ended September 30, 2024</u>									
Balance at January 1, 2024		\$ 757,803	\$ -	\$ 813,473	\$ 714,295	\$ 325,899	\$ 2,083,825	(\$ 331,725)	\$ 4,363,570
Profit for the period		-	-	-	-	-	512,979	-	512,979
Other comprehensive income for the period		-	-	-	-	-	-	183,939	183,939
Total comprehensive income		-	-	-	-	-	512,979	183,939	696,918
Appropriations of 2023 earnings	6(18)								
Legal reserve		-	-	-	50,873	-	(50,873)	-	-
Special reserve		-	-	-	-	5,826	(5,826)	-	-
Cash dividends		-	-	-	-	-	(378,901)	-	(378,901)
Cash capital increase	6(16)	-	269,504	-	-	-	-	-	269,504
Share-based payment transaction	6(15)	-	-	16,909	-	-	-	-	16,909
Capital surplus—share options	6(12)	-	-	59,973	-	-	-	-	59,973
Balance at September 30, 2024		\$ 757,803	\$ 269,504	\$ 890,355	\$ 765,168	\$ 331,725	\$ 2,161,204	(\$ 147,786)	\$ 5,027,973

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

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 529,313	\$ 475,335
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of impairment loss	12(2)	(2,040)	(10,885)
Depreciation	6(7)(8)(20)	146,259	145,655
Amortization	6(20)	13,542	8,655
Interest income		(27,520)	(25,305)
Share-based compensation cost	6(15)	16,909	-
(Gain) loss on disposal of property, plant and equipment	6(21)	(340)	1,433
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(44,698)	23,681
Interest expense		6,696	7,245
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(216,892)	646,238
Notes receivable		(1,081)	-
Accounts receivable		(57,576)	(104,804)
Other receivables		(14,496)	(11,396)
Inventories		(130,143)	114,053
Prepayments		(3,682)	5,153
Other current assets		5,017	2,884
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(7,449)	21,658
Current contract liabilities		(930)	939
Accounts payable		(30,532)	6,898
Other payables		(290)	(1,432)
Other current liabilities		96	(14,093)
Other non-current liabilities		(6,749)	(1,732)
Cash inflow generated from operations		173,414	1,290,180
Interest received		27,520	25,305
Income tax paid		(129,224)	(74,202)
Interest paid		(6,086)	(4,995)
Net cash flows from operating activities		65,624	1,236,288
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets at amortised cost		(652,667)	(76,680)
Acquisition of property, plant and equipment	6(24)	(116,678)	(148,823)
Proceeds from disposal of property, plant and equipment		2,079	1,253
Increase in other non-current asset		(7,079)	(7,502)
Prepayments for government expropriation	6(6)	39,115	-
Net cash flows used in investing activities		(735,230)	(231,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loan	6(25)	(342,602)	(102,000)
Issuance of convertible bonds	6(25)	338,371	-
Repayments of bonds	6(25)	-	(300,000)
Proceeds from long-term debt	6(25)	-	8,089
Repayments of long-term debt	6(25)	(4,767)	-
Payments of lease liabilities	6(25)	(1,802)	(793)
Cash capital increase	6(16)	269,504	-
Payments of cash dividends		(378,901)	(303,121)
Net cash flows used in financing activities		(120,197)	(697,825)
Effect of exchange rate changes on cash and cash equivalents		156,205	25,122
Net (decrease) increase in cash and cash equivalents		(633,598)	331,833
Cash and cash equivalents at beginning of period		1,406,535	1,055,079
Cash and cash equivalents at end of period		\$ 772,937	\$ 1,386,912

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

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

1. History and Organisation

Iron Force Industrial Co., Ltd. (the “Company”) was incorporated in April 1977 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and listed on the Taiwan Stock Exchange on November 25, 2013. The Company is primarily engaged in manufacturing and trading of airbag inflators for automotive safety systems and high precision metal tubes for seatbelt retractor/pretensioner systems, and trading of display fixtures and other metal parts.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on November 1, 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[®]”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

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 Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation and basis of consolidation as set out below. 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 consolidated financial statements are to 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 International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

These consolidated financial statements are to be read in conjunction with 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 (%)		
			September 30, 2024	September 30, 2023	September 30, 2023
The Company	Transtat Investment Ltd. (Transtat)	Holding company	100%	100%	100%
The Company	Cortec GmbH	Sales of hangers and display fixtures	100%	100%	100%
The Company	Iron Force Poland Sp. z o.o.	Producing and sales of automotive safety components	100%	100%	100%
Transtat	Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers and display fixtures	100%	100%	100%
Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			September 30, 2024	September 30, 2023	September 30, 2023
Transtat	Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	100%	100%	100%
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Producing and sales of hangers and display fixtures	100%	100%	100%
Cortec GmbH	Cortec Verwaltungs GmbH	Management consulting company	100%	100%	100%

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) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(5) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. Convertible bonds are accounted for as follows:

- A. The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and 'capital surplus—share options'.

(6) Employee benefits- defined benefit plans

Pension 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.

(7) Employee share-based payment

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

Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

- B. The date on which the company notifies the employees and both parties agree on the quantity and price of the shares that employees are entitled to subscribe to in the cash capital increase is considered the grant date.

(8) Income tax

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 judgements in applying the Company's accounting policies

There have been no significant changes as of September 30, 2024. Please 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Petty cash and cash on hand	\$ 156	\$ 245	\$ 259
Checking accounts and demand deposits	644,325	1,130,453	1,156,166
Time deposits	68,275	166,851	167,724
Short-term notes and bills	60,181	108,986	62,763
	<u>\$ 772,937</u>	<u>\$ 1,406,535</u>	<u>\$ 1,386,912</u>

- A. Time deposits and short-term notes and bills on September 30, 2024, December 31, 2023 and September 30, 2023 were listed as highly liquid investments expiring within three months and the annual interest rates ranged from 1.55%~5.03%, 2.00%~4.08% and 2.00%~5.58%, respectively.
- B. 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.
- C. The bank deposits of cash and cash equivalents on September 30, 2024, December 31, 2023 and September 30, 2023 were \$0, \$0 and \$76,680 have been reclassified to financial assets measured at amortized cost – current. Please refer to Notes 6(3) and 8 for details.

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
mandatorily measured at			
fair value through profit			
or loss			
Beneficiary certificates	\$ 290,495	\$ 259,595	\$ -
Structured deposits	226,333	-	-
Unlisted stocks	12,000	12,000	12,000
Forward foreign exchange			
contracts	7,280	4,391	-
Derivative instruments -			
Call options from convertible			
bonds	210	-	-
Valuation adjustment	(9,656)	(11,124)	(11,720)
	<u>\$ 526,662</u>	<u>\$ 264,862</u>	<u>\$ 280</u>
Financial liabilities			
mandatorily measured at			
fair value through profit			
or loss			
Forward foreign exchange			
contracts	<u>\$ 151</u>	<u>\$ 7,600</u>	<u>\$ 21,658</u>

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

	Three-month periods ended September 30,	
	2024	2023
Financial assets mandatorily measured at fair		
value through profit or loss		
Beneficiary certificates	\$ 779	\$ -
Structured deposits	1,539	13
Derivative instruments -		
Call options from convertible		
bonds	270	-
Forward foreign exchange contracts	<u>8,969</u>	(21,135)
	<u>\$ 11,557</u>	<u>(\$ 21,122)</u>

	Nine-month periods ended September 30,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 872	\$ -
Structured deposits	3,393	5,615
Derivative instruments -		
Call options from convertible bonds	270	-
Forward foreign exchange contracts	40,163	(29,296)
	<u>\$ 44,698</u>	<u>(\$ 23,681)</u>

B. Details of the transactions and contract information in respect of the Group's derivative financial assets / liabilities which were not accounted for under hedge accounting are as follows:

Financial instruments	September 30, 2024	
	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-purchase	RMB 100,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-purchase	RMB 65,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-sale	USD 1,050,000	2024/08/27~2024/10/25
Forward foreign exchange contracts - pre-sale	USD 850,000	2024/09/06~2024/11/29
Forward foreign exchange contracts - pre-sale	EUR 1,000,000	2024/07/08~2024/11/01
Structured deposits	RMB 50,000,000	2024/08/14~2024/11/20
Financial instruments	December 31, 2023	
	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-purchase	EUR 4,000,000	2023/07/25~2024/07/18
Forward foreign exchange contracts - pre-purchase	EUR 7,600,000	2023/07/25~2024/07/18
Forward foreign exchange contracts - pre-purchase	EUR 8,400,000	2023/07/25~2024/07/18
Forward foreign exchange contracts - pre-sale	EUR 18,000,000	2023/12/28~2024/07/18

	September 30, 2023	
Financial instruments	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-sale	EUR 4,000,000	2023/07/25~2024/07/18
Forward foreign exchange contracts - pre-sale	EUR 7,600,000	2023/07/25~2024/07/18
Forward foreign exchange contracts - pre-sale	EUR 8,400,000	2023/07/25~2024/07/18
Forward foreign exchange contracts - pre-sale	USD 1,000,000	2023/07/28~2023/10/30
Forward foreign exchange contracts - pre-sale	USD 1,600,000	2023/08/24~2023/11/28
Forward foreign exchange contracts - pre-sale	USD 5,000,000	2023/07/20~2023/10/24
Forward foreign exchange contracts - pre-sale	USD 2,000,000	2023/08/24~2023/11/28

(a) The Group entered into forward foreign exchange contracts to buy/sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) The structured instruments signed by the Group are principal-protected floating-income transactions to obtain exchange rate spreads.

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

(3) Financial assets at amortised cost

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Time deposits maturing within three months to a year	\$ 200,000	\$ -	\$ -
Pledged time deposits	-	-	76,680
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 76,680</u>
Non-current items:			
Time deposits maturing over a year	<u>\$ 452,667</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Three-month periods ended September 30,	
	2024	2023
Interest income	\$ 666	\$ 403
	Nine-month periods ended September 30,	
	2024	2023
Interest income	\$ 666	\$ 403

B. As at 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 best represents the financial assets at amortised cost held by the Group was \$652,667, \$0 and \$76,680, respectively.

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

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the 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) Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 1,307,633	\$ 1,250,057	\$ 1,250,648
Less: Allowance for uncollectible accounts	(6,919)	(8,959)	(10,678)
	<u>\$ 1,300,714</u>	<u>\$ 1,241,098</u>	<u>\$ 1,239,970</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Not past due	\$ 1,248,706	\$ 1,156,805	\$ 1,168,781
Up to 30 days	41,019	63,335	51,837
31 to 90 days	13,827	28,122	25,263
91 to 180 days	4,002	1,739	298
Over 181 days	79	56	4,469
	<u>\$ 1,307,633</u>	<u>\$ 1,250,057</u>	<u>\$ 1,250,648</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023, September 30, 2023 and January 1, 2023, the balances of accounts receivable from contracts with customers amounted to \$1,307,633, \$1,250,057, \$1,250,648 and \$1,145,844, respectively.

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

(5) Inventories

September 30, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 445,457	(\$ 16,564)	\$ 428,893
Work in progress	96,546	(7,263)	89,283
Finished goods	578,941	(21,537)	557,404
Merchandise	78,138	(19,630)	58,508
	<u>\$ 1,199,082</u>	<u>(\$ 64,994)</u>	<u>\$ 1,134,088</u>
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 420,407	(\$ 13,202)	\$ 407,205
Work in progress	85,464	(11,227)	74,237
Finished goods	476,554	(11,089)	465,465
Merchandise	76,455	(19,417)	57,038
	<u>\$ 1,058,880</u>	<u>(\$ 54,935)</u>	<u>\$ 1,003,945</u>
September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 375,979	(\$ 15,653)	\$ 360,326
Work in progress	97,756	(10,593)	87,163
Finished goods	451,519	(12,001)	439,518
Merchandise	76,491	(19,234)	57,257
	<u>\$ 1,001,745</u>	<u>(\$ 57,481)</u>	<u>\$ 944,264</u>

The cost of inventories recognised as expense for the period:

Three-month periods ended September 30,		
	2024	2023
Cost of goods sold	\$ 992,779	\$ 986,776
Loss on (gain on reversal of) decline in market value	5,546	(1,881)
	<u>\$ 998,325</u>	<u>\$ 984,895</u>
Nine-month periods ended September 30,		
	2024	2023
Cost of goods sold	\$ 2,820,389	\$ 2,759,783
Loss on decline in market value	10,059	5,025
	<u>\$ 2,830,448</u>	<u>\$ 2,764,808</u>

Note: The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because certain inventories which were previously provided with allowance were sold during for the three-month period ended September 30, 2023.

(6) Non-current assets held for sale

On September 14, 2024, the subsidiary, Zhejiang Iron Force, in compliance with policy-related relocation, gained board approval to sell part of its land use rights, factory buildings, and equipment located at Xilu West Road, Luoshe Town, Deqing County, Huzhou City. These assets were reclassified as a disposal group held for sale. A compensation agreement for the acquisition was signed with the People's Government of Luoshe Town for RMB 45,356 in thousands. As of September 30, 2024, the Group has received RMB 8,641 in thousands, which was recorded under other current liabilities.

A. Assets of disposal group classified as held for sale:

	September 30, 2024
Property, plant and equipment	\$ 60,939
Land use rights	4,603
Other equipment	1,947
	<u>\$ 67,489</u>

B. After evaluation, the carrying amount of the non-current assets held for sale was lower than the fair value less costs to sell. Thus, no impairment loss was recognised.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Consturuction in progress	Total
<u>Balance at January 1, 2024</u>							
Cost	\$ 149,166	\$ 1,377,820	\$ 1,642,159	\$ 102,037	\$ 58,883	\$ 71,944	\$ 3,402,009
Accumulated depreciation	- (398,422)	(1,018,627)	(80,641)	(42,326)	-	(1,540,016)	
Accumulated impairment	-	-	(9,170)	-	-	-	(9,170)
	<u>\$ 149,166</u>	<u>\$ 979,398</u>	<u>\$ 614,362</u>	<u>\$ 21,396</u>	<u>\$ 16,557</u>	<u>\$ 71,944</u>	<u>\$ 1,852,823</u>
Balance at January 1, 2024	\$ 149,166	\$ 979,398	\$ 614,362	\$ 21,396	\$ 16,557	\$ 71,944	\$ 1,852,823
Additions	-	3,388	45,360	2,649	5,642	86,416	143,455
Disposals	-	-	(1,666)	(39)	(34)	-	(1,739)
Reclassifications	-	19,156	44,631	525	9,040	(73,378)	(26)
Reclassifications to non-current assets held for sale (Note 1)	- (60,675)	(192)	(1,747)	-	-	-	(62,614)
Depreciation charge	-	(29,330)	(102,882)	(3,835)	(7,214)	-	(143,261)
Net exchange differences	2,849	42,906	21,900	800	(694)	3,864	71,625
Balance at September 30, 2024	<u>\$ 152,015</u>	<u>\$ 954,843</u>	<u>\$ 621,513</u>	<u>\$ 19,749</u>	<u>\$ 23,297</u>	<u>\$ 88,846</u>	<u>\$ 1,860,263</u>
<u>Balance at September 30, 2024</u>							
Cost	\$ 152,015	\$ 1,327,816	\$ 1,752,380	\$ 92,516	\$ 73,868	\$ 88,846	\$ 3,487,441
Accumulated depreciation	- (372,973)	(1,124,734)	(72,767)	(50,571)	-	(1,621,045)	
Accumulated impairment	-	-	(6,133)	-	-	-	(6,133)
	<u>\$ 152,015</u>	<u>\$ 954,843</u>	<u>\$ 621,513</u>	<u>\$ 19,749</u>	<u>\$ 23,297</u>	<u>\$ 88,846</u>	<u>\$ 1,860,263</u>
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Consturuction in progress	Total
<u>Balance at January 1, 2023</u>							
Cost	\$ 144,820	\$ 1,359,566	\$ 1,579,609	\$ 96,219	\$ 67,347	\$ 47,010	\$ 3,294,571
Accumulated depreciation	- (359,034)	(979,975)	(73,930)	(44,617)	-	(1,457,556)	
Accumulated impairment	-	-	(9,352)	-	-	-	(9,352)
	<u>\$ 144,820</u>	<u>\$ 1,000,532</u>	<u>\$ 590,282</u>	<u>\$ 22,289</u>	<u>\$ 22,730</u>	<u>\$ 47,010</u>	<u>\$ 1,827,663</u>
Balance at January 1, 2024	\$ 144,820	\$ 1,000,532	\$ 590,282	\$ 22,289	\$ 22,730	\$ 47,010	\$ 1,827,663
Additions	-	742	110,934	4,709	497	22,986	139,868
Disposals	- (36)	(2,142)	(110)	(398)	-	(2,686)	
Reclassifications (Note 2)	-	702	21,055	(130)	(99)	(26,986)	(5,458)
Depreciation charge	-	(30,367)	(101,775)	(6,628)	(4,944)	-	(143,714)
Net exchange differences	2,377	13,738	6,795	344	206	411	23,871
Balance at September 30, 2023	<u>\$ 147,197</u>	<u>\$ 985,311</u>	<u>\$ 625,149</u>	<u>\$ 20,474</u>	<u>\$ 17,992</u>	<u>\$ 43,421</u>	<u>\$ 1,839,544</u>
<u>Balance at September 30, 2023</u>							
Cost	\$ 147,197	\$ 1,377,549	\$ 1,653,540	\$ 100,161	\$ 60,648	\$ 43,421	\$ 3,382,516
Accumulated depreciation	- (392,238)	(1,019,030)	(79,687)	(42,656)	-	(1,533,611)	
Accumulated impairment	-	-	(9,361)	-	-	-	(9,361)
	<u>\$ 147,197</u>	<u>\$ 985,311</u>	<u>\$ 625,149</u>	<u>\$ 20,474</u>	<u>\$ 17,992</u>	<u>\$ 43,421</u>	<u>\$ 1,839,544</u>

Note 1: The primary reason is the reclassification of part of the factory buildings and equipment of the subsidiary, Zhejiang Iron Force, to non-current assets held for sale due to expropriation.

Please refer to Note 6(6) for details.

Note 2: The main reclassification is from mold amortization expenses to prepaid expenses.

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

(8) Lease agreements – lessee

- A. The Group's leases include land, transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 50 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.
- B. The carrying amount of the right-of-use assets and the depreciation expense recognised were 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 (note)	\$ 54,025	\$ 57,168	\$ 58,742
Transportation equipment (Company vehicles)	7,759	3,768	2,481
Office equipment (Photocopiers)	289	355	408
	<u>\$ 62,073</u>	<u>\$ 61,291</u>	<u>\$ 61,631</u>

Note : The decrease in land is mainly due to the expropriation and reclassification of part of the land use rights of Zhejiang Iron Force Metal Products Co.,Ltd to non-current assets held for sale. Please refer to Note 6(6) for details.

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 395	\$ 383
Transportation equipment (Business vehicles)	644	278
Office equipment (Photocopiers)	27	55
	<u>\$ 1,066</u>	<u>\$ 716</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 1,166	\$ 1,147
Transportation equipment (Business vehicles)	1,752	635
Office equipment (Photocopiers)	80	159
	<u>\$ 2,998</u>	<u>\$ 1,941</u>

C. The additions to right-of-use assets for the nine months ended September 30, 2024 and 2023 were \$5,576 and \$2,115, respectively.

D. The information of the profits and loss items that are related to lease contracts is as follows:

		Three-month periods ended September 30,	
		2024	2023
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	\$	27	\$ 7
Expense on short-term lease contracts		988	944
Expense on leases of low-value assets		47	45
		Nine-month periods ended September 30,	
		2024	2023
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	\$	76	\$ 16
Expense on short-term lease contracts		2,905	2,734
Expense on leases of low-value assets		141	135

E. The Group's total lease cash outflows were \$4,924 and \$3,678 for the nine months ended September 30, 2024 and 2023, respectively.

(9) Other non-current assets

	September 30, 2024	December 31, 2023	September 30, 2023
Prepaid equipment	\$ 56,731	\$ 99,842	\$ 103,480
Others	7,973	12,093	10,201
	<u>\$ 64,704</u>	<u>\$ 111,935</u>	<u>\$ 113,681</u>

(10) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 39,398</u>	1.66%	None
Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 382,000</u>	1.53%	None
Type of borrowings	September 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 382,000</u>	1.45%~1.53%	Note 8

The interest expense recognised in profit and loss amounted to \$1,658, \$2,005, \$4,619 and \$4,636 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.

(11) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Wages and salaries and bonuses payable	\$ 156,863	\$ 184,778	\$ 148,372
Processing fees payable	28,005	19,987	19,938
Payable on machinery and equipment	12,574	28,908	29,588
Import / export expenses payable	11,086	5,267	5,042
Others	114,492	100,704	102,276
	<u>\$ 323,020</u>	<u>\$ 339,644</u>	<u>\$ 305,216</u>

(12) Bonds payable

	<u>September 30, 2024</u>
Bonds payable	\$ 300,000
Less: Discount on bonds payable	(20,779)
	<u>\$ 279,221</u>

A. As of December 31, 2023 and September 30, 2023, there were no such circumstances.

B. The issuance of domestic convertible bonds by the Company:

(a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows.

- i. The Company, after obtaining approval from the competent authority, raised and issued the third domestic unsecured convertible bonds, with a total issuance amount of \$300,000, a coupon rate of 0%, and a term of 3 years. The bonds are in circulation from August 29, 2024 to August 29, 2027. These convertible bonds will be redeemed in cash at face value upon maturity. The convertible bonds were listed on the Taipei Exchange on August 29, 2024.
- ii. Bondholders of these convertible bonds may request conversion into the Company's common shares at any time from the day following three months after the bond issuance date until the maturity date, except during the periods when transfer is suspended according to regulations or laws. The rights and obligations of the converted common shares are the same as those of the originally issued common shares.
- iii. The conversion price of these convertible bonds is determined based on the pricing model specified in the conversion terms and will be adjusted in case of anti-dilution events as per the conversion terms. On the reference dates stipulated in the terms, the conversion price will be reset according to the pricing model in the conversion terms. The conversion

price for these convertible bonds is set at NT\$94.5 per share.

- iv. If, from the day following three months after the bond issuance to 40 days before the end of the issuance period, the closing price of the Company's common shares exceeds the then conversion price by 30% for 30 consecutive business days, or the outstanding balance of these convertible bonds falls below 10% of the original issuance amount during the same period, the Company may repurchase all bonds at face value in cash at any time thereafter.
 - v. 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.
- C. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$59,973 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation is 2.5%.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2024</u>
Installment loans				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, principal is repayable in monthly installments	0.69%~0.80%	Note 8	\$ 24,680
Secured borrowings	Borrowing period is from April 6, 2023 to March 1, 2029, principal is repayable in monthly installments	3.96%	Note 8	
				9,836
				34,516
Less: Current portion				(6,452)
				<u>\$ 28,064</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Installment loans				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, principal is repayable in monthly installments	0.69%~0.80%	Note 8	\$ 26,887
Secured borrowings	Borrowing period is from April 6, 2023 to March 1, 2029, principal is repayable in monthly installments	3.96%	Note 8	10,874
				37,761
Less: Current portion				(6,123)
				<u>\$ 31,638</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Installment loans				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, principal is repayable in monthly installments	0.69%~0.80%	Note 8	\$ 27,905
Secured borrowings	Borrowing period is from April 6, 2020 to March 1, 2029, principal is repayable in monthly installments	3.96%	Note 8	5,662
Secured borrowings	Borrowing period is from April 6, 2020 to March 1, 2029, principal is repayable in monthly installments	3.96%	Note 8	5,662
				39,229
Less: Current portion				(6,090)
				<u>\$ 33,139</u>

(14) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$55, \$26, \$133 and \$76 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$100.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not lower 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.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group were \$10,591, \$7,698, \$30,527 and \$24,549 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.

(15) Share-based payment

A. As of September 30, 2024, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2024.09.06	<u>563</u>	NA	Vested immediately

As of December 31, 2023 and September 30, 2023 : None.

B. The fair value of stock options is as follows

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2024.09.06	\$ 118.00	\$ 88.00	\$ 30.06

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

	Three-month periods ended September 30,	
	2024	2023
Equity-settled	<u>\$ 16,909</u>	<u>\$ -</u>
	Nine-month periods ended September 30,	
	2024	2023
Equity-settled	<u>\$ 16,909</u>	<u>\$ -</u>

(16) Share capital

A. As of September 30, 2024, the Company's authorised capital was \$1,300,000, consisting of 130,000 thousand shares of ordinary stock, and the paid-in capital was \$757,803 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2024	2023
At January 1 (at September 30)	<u>75,780 thousand shares</u>	<u>75,780 thousand shares</u>

C. On August 27, 2024, the Directors of the company resolved the issuance of stock for cash, issuing 3,750,000 common shares, with a par value of NT\$10 per share. On August 2, 2024, the capital increase was approved and declared effective by the competent authority, and the base date for the capital increase was October 7, 2024. The issuance price was NT\$88 per share. As of September 30, 2024, the company had received stock payments \$269,504, and accounted for " capital collected in advance".

(17) Capital surplus

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

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit 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, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Dividends distribution is resolved by the shareholders based on current year's profit and capital position.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. The appropriations of 2023 and 2022 earnings as resolved at the shareholders' meeting on June 21, 2024 and June 21, 2023, respectively, are as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 50,873		\$ 46,204	
Special reserve	5,826		(57,607)	
Cash dividends	378,901	\$ 5.00	303,121	\$ 4.00
	<u>\$ 435,600</u>		<u>\$ 291,718</u>	

(19) Operating revenue

	Three-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 1,359,208	\$ 1,334,695
	Nine-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 3,799,317	\$ 3,633,454

A. Disaggregation of revenue from contracts with customers

The Group derives revenue mainly from the transfer of goods at a point in time in the following major product areas:

Three-month period ended	Production area			
	Taiwan	China	Europe	Total
September 30, 2024				
Sales area				
America	\$ 287,102	\$ 141,190	\$ -	\$ 428,292
China	93,441	258,405	-	351,846
Asia (Except China)	27,593	92,858	-	120,451
Europe	136,226	97,865	177,188	411,279
Others	22,073	25,267	-	47,340
	<u>\$ 566,435</u>	<u>\$ 615,585</u>	<u>\$ 177,188</u>	<u>\$ 1,359,208</u>
Three-month period ended	Production area			
	Taiwan	China	Europe	Total
September 30, 2023				
Sales area				
America	\$ 264,167	\$ 137,233	\$ -	\$ 401,400
China	65,707	281,709	-	347,416
Asia (Except China)	26,892	107,381	-	134,273
Europe	118,340	105,628	183,831	407,799
Others	16,243	27,564	-	43,807
	<u>\$ 491,349</u>	<u>\$ 659,515</u>	<u>\$ 183,831</u>	<u>\$ 1,334,695</u>

Nine-month period ended	Production area			
	Taiwan	China	Europe	Total
September 30, 2024				
Sales area				
America	\$ 760,688	\$ 432,630	\$ -	\$ 1,193,318
China	221,746	725,332	-	947,078
Asia (Except China)	71,706	261,642	-	333,348
Europe	360,556	294,764	524,799	1,180,119
Others	56,533	88,921	-	145,454
	<u>\$ 1,471,229</u>	<u>\$ 1,803,289</u>	<u>\$ 524,799</u>	<u>\$ 3,799,317</u>
Production area				
Nine-month period ended	Production area			
	Taiwan	China	Europe	Total
September 30, 2023				
Sales area				
America	\$ 701,873	\$ 396,857	\$ -	\$ 1,098,730
China	180,870	726,519	-	907,389
Asia (Except China)	60,513	264,427	-	324,940
Europe	340,195	253,694	600,158	1,194,047
Others	36,755	71,593	-	108,348
	<u>\$ 1,320,206</u>	<u>\$ 1,713,090</u>	<u>\$ 600,158</u>	<u>\$ 3,633,454</u>

B. Contract liabilities

- (a) The Group has recognised the following contract liabilities of revenue from contracts with customers as a result of advance sales receipts:

	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities	<u>\$ 1,123</u>	<u>\$ 2,053</u>	<u>\$ 1,831</u>

- (b) The contract liabilities at the beginning of the period which were recognised in revenue for the nine months ended September 30, 2024 and 2023 amounted to \$2,053 and \$892, respectively.

(20) Expenses by nature

Three-month period ended September 30, 2024			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 190,407	\$ 79,827	\$ 270,234
Labour and health insurance fees	15,782	7,518	23,300
Pension costs	7,176	3,470	10,646
Other personnel expenses	8,120	5,963	14,083
Share-based payment	-	16,909	16,909
Depreciation charge	42,920	6,456	49,376
Amortisation charge	94	4,327	4,421
Three-month period ended September 30, 2023			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 191,600	\$ 70,695	\$ 262,295
Labour and health insurance fees	15,112	6,960	22,072
Pension costs	4,995	2,729	7,724
Other personnel expenses	7,929	4,959	12,888
Depreciation charge	43,276	6,084	49,360
Amortisation charge	73	3,860	3,933
Nine-month period ended September 30, 2024			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 562,493	\$ 230,619	\$ 793,112
Labour and health insurance fees	46,305	21,715	68,020
Pension costs	20,756	9,904	30,660
Other personnel expenses	24,108	17,067	41,175
Share-based payment	-	16,909	16,909
Depreciation charge	126,240	20,019	146,259
Amortisation charge	253	13,289	13,542

	Nine-month period ended September 30, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 517,732	\$ 204,862	\$ 722,594
Labour and health insurance fees	43,365	20,187	63,552
Pension costs	16,257	8,368	24,625
Other personnel expenses	22,390	14,977	37,367
Depreciation charge	121,712	23,943	145,655
Amortisation charge	217	8,438	8,655

- A. In accordance with the Articles of Incorporation of the Company, if the Company has distributable profit of the current year, the Company shall distribute at no lower than 0.5% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. The Company shall distribute directors' remuneration at no more than 5% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.
- B. For the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, employees' compensation and directors' remuneration were accrued as follows:

	Three-month periods ended September 30,	
	2024	2023
Directors' remuneration	\$ 600	\$ 300
Employees' compensation	2,528	2,398
	<u>\$ 3,128</u>	<u>\$ 2,698</u>
	Nine-month periods ended September 30,	
	2024	2023
Directors' remuneration	\$ 1,800	\$ 1,500
Employees' compensation	7,433	7,087
	<u>\$ 9,233</u>	<u>\$ 8,587</u>

The aforementioned amounts were recognised in salary expenses and were accrued based on the distributable profit for the nine-month periods ended September 30, 2024 and 2023 and the Company's Articles of Incorporation.

- C. The directors' remuneration and employees' compensation for 2023 as resolved by the Board of Directors on June 21, 2024 amounted to \$1,590 and \$3,700, respectively. The differences between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,500 and employees' compensation of \$9,511 recognised in the 2023 financial statements were regarded as changes in accounting estimates and recognised in the profit or loss for 2024.

D. The directors' remuneration and employees' compensation for 2022 as resolved by the Board of Directors on June 21, 2023 amounted to \$1,468 and \$3,000, respectively. The differences between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,500 and employees' compensation of \$8,947 recognised in the 2022 financial statements were regarded as changes in accounting estimates and recognised in the profit or loss for 2023.

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

(21) Other gains and losses

	Three-month periods ended September 30,	
	2024	2023
Net currency exchange gains (losses)	\$ 1,411	(\$ 19,920)
Gains (losses) on financial instruments at fair value through profit or loss	11,557	(21,122)
Governments grants (Note)	3,078	1,714
Losses on disposals of property, plant and equipment	(747)	(1,182)
Miscellaneous income	2,052	28,878
	<u>\$ 17,351</u>	<u>(\$ 11,632)</u>
	Nine-month periods ended September 30,	
	2024	2023
Net currency exchange (losses) gains	(\$ 6,060)	\$ 11,172
Gains (losses) on financial instruments at fair value through profit or loss	44,698	(23,681)
Governments grants (Note)	11,459	4,351
Gains (losses) on disposals of property, plant and equipment	340	(1,433)
Miscellaneous income	33,490	66,629
	<u>\$ 83,927</u>	<u>\$ 57,038</u>

Note: Governments grants mainly refer to the grants of the China government for economic investment and research and development investment.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month periods ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 23,897	\$ 21,950
Tax on undistributed earnings	-	(1,876)
Prior year income tax under estimation	4,984	3
Total current tax	28,881	20,077
Deferred tax:		
Origination and reversal of temporary differences	16,070	24,074
Income tax expense	\$ 44,951	\$ 44,151
	Nine-month periods ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 79,421	\$ 56,388
Tax on undistributed earnings	3,656	5,385
Prior year income tax under estimation	5,071	4,632
Total current tax	88,148	66,405
Deferred tax:		
Origination and reversal of temporary differences	(71,814)	60,753
Income tax expense	\$ 16,334	\$ 127,158

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

	Three-month periods ended September 30,	
	2024	2023
Currency translation differences	\$ 18,959	\$ 18,809
	Nine-month periods ended September 30,	
	2024	2023
Currency translation differences	\$ 45,985	\$ 8,629

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

C. The Group's subsidiary, Huzhou Iron Force Metal Products Co. Ltd., is a productive foreign-invested enterprise established in the People's Republic of China. It has been approved by the National Taxation Bureau as a high-tech industry enterprise and is eligible for a preferential income tax rate of 15% from December 2023 to December 2026.

(23) Earnings per share

Three-month period ended September 30, 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 for the period	<u>\$ 136,093</u>	<u>76,068</u>	<u>\$ 1.79</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	\$ -	64	
Convertible bonds	<u>272</u>	<u>1,116</u>	
Profit plus all dilutive potential ordinary shares	<u>\$ 136,365</u>	<u>77,248</u>	<u>\$ 1.77</u>
Three-month period ended September 30, 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 for the period	<u>\$ 140,923</u>	<u>75,780</u>	<u>\$ 1.85</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	76	
Profit plus all dilutive potential ordinary shares	<u>\$ 140,923</u>	<u>75,856</u>	<u>\$ 1.85</u>

Nine-month period ended September 30, 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 for the period	\$ 512,979	75,876	\$ 6.76
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	\$ -	89	
Convertible bonds	272	372	
Profit plus all dilutive potential ordinary shares	\$ 513,251	76,337	\$ 6.72
Nine-month period ended September 30, 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 for the period	\$ 348,177	75,780	\$ 4.59
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	108	
Profit plus all dilutive potential ordinary shares	\$ 348,177	75,888	\$ 4.58

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

Nine-month periods ended September 30,			
	2024	2023	
Purchase of property, plant and equipment	\$ 143,455	\$ 139,868	
Add: Opening balance of payable on equipment	28,908	25,206	
Less: Ending balance of payable on equipment	(12,574)	(29,588)	
Add/Less: Changes in prepayments for business facilities/Ending balance of payable on equipment	(43,111)	13,337	
Cash paid during the period	\$ 116,678	\$ 148,823	

(25) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2024	\$ 382,000	\$ 4,123	\$ -	\$ 37,761	\$ 423,884
Changes in cash flow from financing activities	(342,602)	(1,802)	338,371	(4,767)	(10,800)
Impact of changes in foreign exchange rate	-	151	-	1,522	1,673
Changes in other non-cash items	-	5,576	(59,150)	-	(53,574)
September 30, 2024	\$ 39,398	\$ 8,048	\$ 279,221	\$ 34,516	\$ 361,183

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2023	\$ 484,000	\$ 1,496	\$ 299,371	\$ 29,928	\$ 814,795
Changes in cash flow from financing activities	(102,000)	(793)	(300,000)	8,089	(394,704)
Impact of changes in foreign exchange rate	-	71	-	1,212	1,283
Changes in other non-cash items	-	2,115	629	-	2,744
September 30, 2023	\$ 382,000	\$ 2,889	\$ -	\$ 39,229	\$ 424,118

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hyphen Industrial Corp.	The Chairman of the Company and the Chairman of the entity are relatives within the second degree

(2) Significant related party transactions

A. Other income- Rental Income

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>84</u>	<u>84</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>252</u>	<u>252</u>

The Group's other income from other related parties arise mainly from income from rental income.

B. Other gains and losses - Management service income

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>140</u>	<u>140</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>510</u>	<u>570</u>

The Group's other income from other related parties arise mainly from income from managerial services.

(3) Key management compensation

	Three-month periods ended September 30,	
	2024	2023
Short-term employee benefits	\$ 7,167	\$ 5,708
Post-employment benefits	150	134
	<u>\$ 7,317</u>	<u>\$ 5,842</u>

	Nine-month periods ended September 30,	
	2024	2023
Short-term employee benefits	\$ 23,553	\$ 23,147
Post-employment benefits	419	401
	<u>\$ 23,972</u>	<u>\$ 23,548</u>

8. Pledged Assets

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

Asset items	Carrying amount			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Property, Plant and Equipment-Land	\$ 9,683	\$ 9,308	\$ 9,297	Long-term borrowings
Pledged deposits (classified as financial assets at amortised cost - current)	-	-	76,680	Short-term borrowings
	<u>\$ 9,683</u>	<u>\$ 9,308</u>	<u>\$ 85,977</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Consultation service contract	\$ 12,115	\$ 15,860	\$ 10,400
Property, plant and equipment	12,656	13,716	19,794
	<u>\$ 24,771</u>	<u>\$ 29,576</u>	<u>\$ 30,194</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Company has received a total of \$330,000 for a cash capital increase as of October 7, 2024. As of November 1, 2024, the process for the amendment registration of this capital increase is currently underway.

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 526,662	\$ 264,862	\$ 280
Financial assets at amortised cost :			
Cash and cash equivalents	\$ 772,937	\$ 1,406,535	\$ 1,386,912
Financial assets measured at amortized cost	652,667	-	76,680
Notes receivable	1,092	11	11
Accounts receivable	1,300,714	1,241,098	1,239,970
Other receivables	40,472	25,976	49,686
Guarantee deposits paid (shown as other non-current assets)	2,617	2,506	2,556
	<u>\$ 2,770,499</u>	<u>\$ 2,676,126</u>	<u>\$ 2,755,815</u>
	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	\$ 151	\$ 7,600	\$ 21,658
Financial liabilities at amortised cost :			
Short-term borrowings	\$ 39,398	\$ 382,000	\$ 382,000
Accounts payable	279,206	309,738	256,315
Other payables	323,020	339,644	305,216
Bonds payable	279,221	-	-
Long-term borrowings (including due within one year)	34,516	37,761	39,229
	<u>\$ 955,361</u>	<u>\$ 1,069,143</u>	<u>\$ 982,760</u>
Lease liabilities	<u>\$ 8,048</u>	<u>\$ 4,123</u>	<u>\$ 2,889</u>

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to various currency risks arising from transactions denominated in different currencies, mainly in USD, EUR, and CNY. These currency risks arise from future commercial transactions and from recognised assets, liabilities, and net investments in foreign operations.
- ii. Management has set up a policy to manage the foreign exchange risk against the functional currency. Each company within the Group should hedge its overall exchange rate risk through the Group's finance department. The Group's treasury uses forward foreign exchange contracts and structured deposits to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries functional currencies are: EUR, RMB and PLN). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 6,366	31.66	\$ 201,548
EUR:NTD	6,139	35.34	216,952
RMB:NTD	19,629	4.53	88,919
USD:RMB	10,941	7.01	346,392
EUR:RMB	4,995	7.83	176,523
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	\$ 3,127	35.34	\$ 110,508
RMB:NTD	251,727	4.53	1,140,323
December 31, 2023			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,959	30.69	\$ 182,882
EUR:NTD	7,380	33.97	250,699
RMB:NTD	21,664	4.33	93,805
USD:RMB	7,782	7.08	238,830
EUR:RMB	23,215	7.86	788,614
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	\$ 23,715	33.97	\$ 805,599
September 30, 2023			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,452	32.29	\$ 240,588
EUR:NTD	5,174	33.93	175,554
RMB:NTD	15,012	4.42	66,278
USD:RMB	12,700	7.18	91,183
EUR:RMB	23,980	7.58	181,886
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	\$ 21,901	33.93	\$ 743,101

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

Nine-month period ended September 30, 2024				
(Foreign currency: functional currency)	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 2,015	\$	-
EUR:NTD	1%	2,170		-
RMB:NTD	1%	889		-
USD:RMB	1%	3,464		-
EUR:RMB	1%	1,765		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
EUR:NTD	1%	\$ 1,105	\$	-
RMB:NTD	1%	11,403		-
Nine-month period ended September 30, 2023				
(Foreign currency: functional currency)	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 2,406	\$	-
EUR:NTD	1%	1,756		-
RMB:NTD	1%	663		-
USD:RMB	1%	912		-
EUR:RMB	1%	1,819		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
EUR:NTD	1%	\$ 7,431	\$	-

The total exchange gains (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023 amounted to \$1,411, (\$19,920), (\$6,060) and \$11,172, respectively.

(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 their 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. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>September 30, 2024</u>					
Expected loss rate	0.11%~0.25%	0.52%~6.88%	1.30%~11.02%	27.48%~100%	
Total book value	\$ 1,248,706	\$ 41,019	\$ 13,827	\$ 4,081	\$ 1,307,633
Loss allowance	2,341	2,186	1,213	1,179	6,919
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0.14%~2.91%	0.52%~8.50%	1.30%~10.38%	75.91%~100%	
Total book value	\$ 1,156,805	\$ 63,335	\$ 28,122	\$ 1,795	\$ 1,250,057
Loss allowance	2,683	2,722	2,178	1,376	8,959
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>September 30, 2023</u>					
Expected loss rate	0.14%~0.53%	0.52%~8.50%	1.30%~10.38%	75.91%~100%	
Total book value	\$ 1,168,781	\$ 51,837	\$ 25,263	\$ 4,767	\$ 1,250,648
Loss allowance	2,570	1,435	1,906	4,767	10,678

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

	2024
At January 1	\$ 8,959
Reversal of impairment	(2,040)
At September 30	<u>\$ 6,919</u>
	2023
At January 1	\$ 21,563
Reversal of impairment	(10,885)
At September 30	<u>\$ 10,678</u>

(c) Liquidity risk

- i. The cash flow forecasting is performed by various operating entities within the Group and is summarized by the Group's 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 (where applicable) on any of its borrowing facilities.
- ii. As of September 30, 2024, December 31, 2023 and September 30, 2023, the cash flows within 1 year of short-term borrowings, accounts payable, other payables, lease liabilities - current and long-term portion due within one year what do we want to say here? and are in agreement with the balance of each account in the balance sheets.
- iii. The table below analyses the Group's 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
September 30, 2024					
<u>Non-derivative financial liabilities:</u>					
Long-term borrowings (including due within one year)	\$ 1,741	\$ 5,221	\$ 6,962	\$ 19,691	\$ 2,302
Lease liability	687	2,052	2,285	3,273	-
Bonds payable	-	-	-	300,000	-

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Long-term borrowings (including due within one year)	\$ 1,673	\$ 5,010	\$ 6,692	\$ 20,075	\$ 6,083
Lease liability	371	1,113	1,387	1,329	-
September 30, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Long-term borrowings (including due within one year)	\$ 1,671	\$ 5,013	\$ 6,684	\$ 20,052	\$ 7,746
Lease liability	296	715	944	993	-

(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. The fair value of the Group's investment stocks in open market and beneficiary certificate is included in Level 1.

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 forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable, other payables, bond payables, long-term borrowings (including current portion) and lease liabilities 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 and liabilities on September 30, 2024, December 31, 2023 and September 30, 2023 is as follows:

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

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 290,495	\$ -	\$ -	\$ 290,495
Equity securities	-	-	528	528
Convertible bonds - call option	-	480	-	480
Structured deposits	-	227,879	-	227,879
Forward foreign exchange				
contracts	-	7,280	-	7,280
	<u>\$ 290,495</u>	<u>\$ 235,639</u>	<u>\$ 528</u>	<u>\$ 526,662</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Forward foreign exchange				
contracts	\$ -	\$ 151	\$ -	\$ 151
	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ -</u>	<u>\$ 151</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 259,943	\$ -	\$ -	\$ 259,943
Equity securities	-	-	528	528
Forward foreign exchange				
contracts	-	4,391	-	4,391
	<u>\$ 259,943</u>	<u>\$ 4,391</u>	<u>\$ 528</u>	<u>\$ 264,862</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Forward foreign exchange				
contracts	\$ -	\$ 7,600	\$ -	\$ 7,600
	<u>\$ -</u>	<u>\$ 7,600</u>	<u>\$ -</u>	<u>\$ 7,600</u>

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ -	\$ -	\$ 280	\$ 280
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Forward foreign exchange				
contracts	\$ -	\$ 21,658	\$ -	\$ 21,658

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.
- ii. The estimated fair value of forward foreign exchange contracts, investment products convertible bonds-call option and structured investment are all included in level 2, which is evaluated based on the current forward exchange rate and yield.
- iii. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

D. 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 instrument:					
Unlisted shares	\$ 528	Market comparable companies	Discount for lack of marketability	0.11	The higher the discount for lack of marketability, 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 instrument:					
Unlisted shares	\$ 528	Market comparable companies	Discount for lack of marketability	0.26	The higher the discount for lack of marketability, 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 instrument:					
Unlisted shares	\$ 280	Market comparable companies	Discount for lack of marketability	0.29	The higher the discount for lack of marketability, the lower the fair value

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

			September 30, 2024			
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 2	(\$ 2)	\$ -	\$ -
			December 31, 2023			
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 5	(\$ 5)	\$ -	\$ -
			September 30, 2023			
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 6	(\$ 6)	\$ -	\$ -

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- 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: Refer to table 5.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1) H.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reporting departments based on the report information used in making decisions by the board of directors.

The Group provides information by region to the operational decision makers for review. Currently, the Group divides its sales order region into three main areas: Taiwan, Mainland China, and Europe. Therefore, in the operational department, Taiwan, Mainland China, and Europe are the departments to be reported.

(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:

	Nine-month period ended September 30, 2024				
				Adjustments and	
	Taiwan	Mainland China	Europe	Eliminations	Consolidated
Revenue from external customers	\$ 1,471,229	\$ 1,803,289	\$ 524,799	\$ -	\$ 3,799,317
Inter-segment revenue	-	39,461	-	(39,461)	-
Total segment revenue	<u>\$ 1,471,229</u>	<u>\$ 1,842,750</u>	<u>\$ 524,799</u>	<u>(\$ 39,461)</u>	<u>\$ 3,799,317</u>
Segment profit or loss	<u>\$ 512,979</u>	<u>\$ 325,340</u>	<u>(\$ 6,149)</u>	<u>(\$ 319,191)</u>	<u>\$ 512,979</u>
Segment profit or loss:					
Depreciation expense	<u>\$ 40,047</u>	<u>\$ 71,443</u>	<u>\$ 34,769</u>	<u>\$ -</u>	<u>\$ 146,259</u>
Income tax (benefit) expense	<u>(\$ 23,419)</u>	<u>\$ 37,173</u>	<u>\$ 2,580</u>	<u>\$ -</u>	<u>\$ 16,334</u>
Segment assets:					
Non-current assets	<u>\$ 5,778,279</u>	<u>\$ 1,435,443</u>	<u>\$ 559,533</u>	<u>(\$ 5,300,919)</u>	<u>\$ 2,472,336</u>
	Nine-month period ended September 30, 2023				
				Adjustments and	
	Taiwan	Mainland China	Europe	Eliminations	Consolidated
Revenue from external customers	\$ 1,320,206	\$ 1,713,090	\$ 600,158	\$ -	\$ 3,633,454
Inter-segment revenue	-	22,712	-	(22,712)	-
Total segment revenue	<u>\$ 1,320,206</u>	<u>\$ 1,735,802</u>	<u>\$ 600,158</u>	<u>(\$ 22,712)</u>	<u>\$ 3,633,454</u>
Segment profit or loss	<u>\$ 348,177</u>	<u>\$ 285,828</u>	<u>\$ 25,755</u>	<u>(\$ 311,583)</u>	<u>\$ 348,177</u>
Segment profit or loss:					
Depreciation expense	<u>\$ 34,647</u>	<u>\$ 79,095</u>	<u>\$ 31,913</u>	<u>\$ -</u>	<u>\$ 145,655</u>
Income tax (benefit) expense	<u>\$ 96,133</u>	<u>\$ 26,561</u>	<u>\$ 4,464</u>	<u>\$ -</u>	<u>\$ 127,158</u>
Segment assets:					
Non-current assets	<u>\$ 5,139,957</u>	<u>\$ 1,074,157</u>	<u>\$ 482,243</u>	<u>(\$ 4,644,809)</u>	<u>\$ 2,051,548</u>

(3) Reconciliation for segment income (loss)

Sales between departments are conducted in accordance with the principle of fair value transactions. External revenues reported to the main operational decision-makers are measured consistently with the revenues in the income statement.

Iron Force Industrial Corporation and Subsidiaries

Loans to others

Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower (Note 4)	Reason for short-term financing (Note 5)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
													Item	Value			
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	\$ 106,620	\$ 106,020	\$ -	0.00%	2	\$ -	Working capital	\$ -	None	-	\$ 502,797	\$ 2,011,189	
1	Huzhou Iron Force Metal Products Co., Ltd	Zhejiang Iron Force Metal Products Co., Ltd.	Other receivables due from related parties	Y	131,460	67,890	-	0.00%	2	-	Working capital	-	None	-	2,122,649	4,245,298	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	1,135,250	1,131,500	1,131,500	3.85%	2	-	Working capital	-	None	-	2,122,649	4,245,298	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	71,080	70,680	70,680	0.65%	2	-	Working capital	-	None	-	2,122,649	4,245,298	
2	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Other receivables due from related parties	Y	124,390	123,690	53,010	3.658%-3.701%	2	-	Working capital	-	None	-	174,560	349,120	
3	Transtat Investment Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	18,722	18,041	18,041	0.00%	2	-	Working capital	-	None	-	2,210,779	4,421,558	

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

(1) The Company is '0'.

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

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the nature of the loan as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Note 4: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 5: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 6 : The calculation method for limit on loans is as follow:

(1) The ceiling on total loans granted by the Company to others shall not exceed 40% of the Company's net assets. For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, ceiling on total loans granted shall not exceed 30% of the Company's net assets.

(2) The limit on loans granted by the Company to a single party who has business relationship with the Company shall not exceed the higher of 30% of the business transaction amount between the borrower and the Company in the most recent year or 120% of the business transaction amount in the most recent three months, and shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, limit on total loans granted to a single party shall not exceed 10% of the Company's net assets.

(3) For loans granted between foreign companies whose voting rights are 100% held directly and indirectly by the Company or granted to the borrower by the foreign company whose voting rights are 100% held directly and indirectly by the Company, the ceiling on total loans granted shall not exceed 100% of the creditor's net assets; limit on loans granted to a single party shall not exceed 50% of the creditor's net assets. The financing period depends on the borrower's capital needs, but it shall not exceed five years.

(4) The limit on loans to a single party by the subsidiary is 50% of its net assets, and ceiling on total loans granted is 100% of its net assets.

Iron Force Industrial Corporation and Subsidiaries
Provision of endorsements and guarantees to others
Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2024 (Note 5)	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the investor											
(Note 1)			(Note 2)	(Note 3)	2024 (Note 4)	2024 (Note 5)	(Note 6)				(Note 7)	(Note 7)	(Note 7)	
0	Iron Force Industrial Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd	2	\$ 1,256,993	\$ 229,915	\$ 221,500	\$ -	\$ -	4%	\$ 2,513,986	Y	N	Y	Notes 3(1) and (2)
1	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	4	174,560	59,593	59,258	28,827	-	1%	349,120	N	N	N	Note 3(3)
2	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	2	2,122,649	876,400	-	-	-	0%	4,245,298	N	Y	N	Note 3(3)

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor the Group's "Procedures for Provision of Endorsements and Guarantees" are as follows.

- (1) The ceiling on total amount of endorsements/guarantees shall not exceed 50% of the Company's net assets.
- (2) The limit on endorsements and guarantees provided for a single party shall not exceed 25% of the Company's net assets:
 - (2.1) For the companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount is the total value of purchases, sales and other business transactions during the most recent year and shall not exceed 10% of the Company's net assets.
 - (2.2) For the companies having parent-subsidiary relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount shall not exceed 10% of the Company's net assets. However, for the companies which the Company holds 100% of the voting rights directly or indirectly, endorsements and guarantees is not limited.
- (3) The limit on endorsements and guarantees provided to a single party by the subsidiary is 50% of its net assets, and ceiling on total endorsements and guarantees provided is 100% of its net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Iron Force Industrial Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2024				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Iron Force Industrial Co., Ltd.	Stock / MKD Technology Inc	-	Financial assets at fair value through profit or loss - current	400,000	\$ 528	1%	\$ 528	-
Huzhou Iron Force Metal Products Co., Ltd.	Beneficiary Certificate/China Resources Yuanda Cash Money B	-	Financial assets at fair value through profit or loss - current	-	290,495	-	290,495	-
Huzhou Iron Force Metal Products Co., Ltd.	Structured Product/Exchange Rate-Linked EURUSD Daily Range Accrual Interest Principal-Protected Structured Deposit for Corporates	-	Financial assets at fair value through profit or loss - current	-	227,879	-	227,879	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Iron Force Industrial Corporation and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2024		Addition (Note 3)		Disposal (Notes 3 and 5)				Balance as at September 30, 2024	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal (Note 6)	Number of shares	Amount
Huzhou Iron Force Metal Products Co., Ltd	Beneficiary Certificate/China Resources Yuanda Cash Money B	Financial assets at fair value through profit or loss - current	-	-	-	\$ 259,943	-	\$ 443,613	-	\$ 413,061	\$ 413,061	\$ -	-	\$ 290,495
Huzhou Iron Force Metal Products Co., Ltd	Structured Product/Exchange Rate-Linked EURUSD Daily Range Accrual Interest Principal- Protected Structured Deposit for	Financial assets at fair value through profit or loss - current	-	-	-	-	-	1,026,427	-	800,094	800,094	-	-	227,879

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The difference between sales price and book value plus gain (loss) on disposal is the transaction fee and tax.

Note 6: The investment is recorded under financial assets at fair value through profit or loss, and gains (losses) on valuation are recognised quarterly.

Note 7: The amount at the beginning of the period includes gains (losses) on valuation of the previous period, the addition in the current period is the amount of purchase cost, and the amount at the end of the period includes gains (losses) on valuation in the current period.

Iron Force Industrial Corporation and Subsidiaries

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate disposed	Date of the event (Note 1)	Original Acquisition Period	Book value	Transaction amount	Status of payment	Gain(Loss) on disposal	Counterparty	Relationship	purpose of disposal	Reference used in setting the price	Other commitments
Zhejiang Iron Force Metal Products Co., Ltd.	land use rights, factory buildings, and equipment- related assets	September 13, 2024	From May 31, 2006 to March 31, 2021	\$ 67,489	\$ 205,311 (RMB 45,356 in thousands)	\$ 39,115 (RMB 8,641 in thousands)	Note 2	Luoshe Town People's Government	-	To cooperate with government policy- driven relocation	Land and Property Acquisition Agreement	The transfer must be completed by November 30, 2024,

Note 1: The date of occurrence refers to the date of the board resolution.

Note 2: The repurchase agreement was signed on September 14, 2024, There are still pending relocation of equipment, moving, replacement costs, and other relocation-related expenses and taxes that will be incurred.
The anticipated disposal profit will be announced separately after the relocation is completed and reviewed by an auditor.

Iron Force Industrial Corporation and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
Huzhou Iron Force Metal Products Co.,	Iron Force Industrial	Parent company	Other receivables	\$ 1,139,244	Not applicable	\$ -	-	\$ -	\$ -

Iron Force Industrial Corporation and Subsidiaries
Information on investees
Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024 (Note 2(2))	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024 (Note 2(3))	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares (in thousands)	Ownership (%)	Book value			
Iron Force Industrial Co., Ltd.	Transtat Investment Ltd.	Hong Kong	Holding company	\$ 873,960	\$ 873,960	25,997	100%	\$ 4,407,981	\$ 325,340	\$ 325,340	
Iron Force Industrial Co., Ltd.	Cortec GmbH	Germany	Sales and purchases of hangers and display fixtures	27,104	27,104	750	100%	352,079	13,380	13,380	
Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Poland	Producing and sales of automotive safety components	658,901	658,901	1,600	100%	552,567	(19,529)	(19,529)	
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Germany	Producing and sales and purchases of hangers and display fixtures	889	889	-	100%	932	6,939	6,939	
Cortec GmbH	Cortec Verwaltungs GmbH	Germany	Management consulting company	881	881	-	100%	983	31	31	

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the nine months ended September 30, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2024' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Iron Force Industrial Corporation and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 4)	Investment method (Note 1)	to Mainland China/Amount remitted back to Taiwan for			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024 (Note 2)	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers, display fixtures and metal fixture	\$ 158,275	(2)	\$ 143,346	\$ -	\$ -	\$ 143,346			\$ 16,738		100%	\$ 16,738	\$ 157,333	\$ -	
Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	1,996,164	(2)	703,149	-	-	703,149			306,255		100%	306,255	4,245,298	266,036	(Note 5)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Iron Force Industrial Co., Ltd.	\$ 846,495	\$ 846,495	\$ 2,681,796

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Investing through Transtat Investment Ltd., an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial reports reviewed by the parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: (1) The differences between the paid-in capital of Zhejiang Iron Force Metal Products Co., Ltd. amounting to US\$5,000 thousand and the accumulated amount of remittance from Taiwan amounting to US\$4,734 thousand is US\$266 thousand. This resulted from using dividends distribution of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$400 thousand as the capital contribution to invest in Zhejiang Iron Force Metal Products Co., Ltd. and purchasing shares from the related parties at a premium price of US\$ 134 thousand.

- (2) The differences between the paid-in capital of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$63,060 thousand and the accumulated amount of remittance from Taiwan amounting to US\$22,200 thousand is US\$40,860 thousand. This resulted from purchasing shares from the related parties at a premium price of US\$1,140 thousand and the capital increase out of earnings of Huzhou Iron Force Metal Products Co., Ltd. in 2019, 2021 and 2024 in the amount of US\$42,000 thousand.

Note 5: As of June 30, 2024, the accumulated amount of investment income remitted back to Taiwan by Huzhou Iron Force Metal Products Co., Ltd. amounted to US\$8,625 thousand.

Iron Force Industrial Corporation and Subsidiaries

Major shareholders information

September 30, 2024

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
MengChing Investment Co., Ltd.	19,386,486	25.58%
Zhengyu Investment Co., Ltd.	4,942,980	6.52%