

**Froch Enterprise Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Froch Enterprise Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Froch Enterprise Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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.

Basis for Qualified Conclusion

As disclosed in Note 10 to the consolidated financial statements, the financial statements and the notes of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2025 and 2024, combined total assets of these non-significant subsidiaries were NT\$740,752 thousand and NT\$466,040 thousand, respectively, representing 6% and 4%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$27,351 thousand and NT\$38,199 thousand, respectively, representing 0.4% and 0.5%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2025 and 2024, the amounts of combined comprehensive income of these subsidiaries were NT\$33,039 thousand and NT\$22,108 thousand, respectively, representing 21% and 23%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jui-Lung Hsu and Shao-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS | March 31, 2025 (Reviewed) | | December 31, 2024 (Audited) | | March 31, 2024 (Reviewed) | |
|--|------------------------------|------------|--------------------------------|------------|------------------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 1,174,347 | 10 | \$ 1,215,975 | 10 | \$ 1,183,170 | 10 |
| Financial assets at fair value through profit or loss - current (Note 7) | 18,754 | - | 17,846 | - | 26,360 | - |
| Notes receivable (Notes 8, 17 and 22) | 394,314 | 3 | 431,947 | 4 | 310,195 | 3 |
| Trade receivables (Notes 8, 17 and 22) | 778,893 | 7 | 800,964 | 7 | 815,836 | 7 |
| Other receivables (Note 22) | 13,879 | - | 31,670 | - | 35,028 | - |
| Current tax assets (Notes 4 and 19) | - | - | - | - | 1,423 | - |
| Inventories (Note 9) | 4,123,541 | 34 | 4,220,489 | 35 | 4,443,611 | 37 |
| Prepayments | 294,882 | 2 | 295,749 | 2 | 239,387 | 2 |
| Current financial assets (Notes 6 and 23) | 17,118 | - | 16,948 | - | 61,164 | - |
| Other current assets | 1,391 | - | 1,762 | - | 1,587 | - |
| Total current assets | <u>6,817,119</u> | <u>56</u> | <u>7,033,350</u> | <u>58</u> | <u>7,117,761</u> | <u>59</u> |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment (Notes 11 and 23) | 5,096,756 | 43 | 4,883,032 | 41 | 4,763,465 | 40 |
| Right-of-use asset (Note 12) | 118,170 | 1 | 132,864 | 1 | 74,052 | 1 |
| Deferred tax assets (Notes 4 and 19) | 8,503 | - | 9,709 | - | 10,080 | - |
| Prepayments for equipment | 20,952 | - | 14,147 | - | 62,962 | - |
| Refundable deposits (Note 22) | 17,018 | - | 17,006 | - | 16,890 | - |
| Total non-current assets | <u>5,261,399</u> | <u>44</u> | <u>5,056,758</u> | <u>42</u> | <u>4,927,449</u> | <u>41</u> |
| TOTAL | <u>\$ 12,078,518</u> | <u>100</u> | <u>\$ 12,090,108</u> | <u>100</u> | <u>\$ 12,045,210</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Note 13) | \$ 2,710,566 | 22 | \$ 2,664,350 | 22 | \$ 2,619,579 | 22 |
| Contract liabilities - current (Note 17) | 227,118 | 2 | 201,050 | 2 | 218,493 | 2 |
| Notes payable (Note 22) | 5,766 | - | 7,467 | - | 28,574 | - |
| Trade payables (Note 22) | 86,372 | 1 | 10,896 | - | 199,009 | 2 |
| Other payables (Notes 14 and 22) | 172,709 | 1 | 231,967 | 2 | 176,969 | 1 |
| Current tax liabilities (Notes 4 and 19) | 60,469 | 1 | 39,709 | - | 43,765 | - |
| Lease liabilities - current (Notes 12 and 22) | 56,101 | - | 58,627 | - | 31,744 | - |
| Current portion of long-term borrowings (Notes 13 and 23) | 554,139 | 5 | 554,139 | 5 | 324,807 | 3 |
| Other current liabilities | 2,807 | - | 2,515 | - | 3,518 | - |
| Total current liabilities | <u>3,876,047</u> | <u>32</u> | <u>3,770,720</u> | <u>31</u> | <u>3,646,458</u> | <u>30</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 13 and 23) | 2,617,217 | 22 | 2,852,992 | 24 | 3,108,313 | 26 |
| Deferred tax liabilities (Notes 4 and 19) | 328,692 | 3 | 329,523 | 3 | 319,292 | 3 |
| Lease liabilities - non-current (Notes 12 and 22) | 41,618 | - | 54,151 | - | 21,317 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 15) | 1,007 | - | 1,529 | - | 16,887 | - |
| Guarantee deposits (Note 22) | 13,622 | - | 13,501 | - | 15,148 | - |
| Total non-current liabilities | <u>3,002,156</u> | <u>25</u> | <u>3,251,696</u> | <u>27</u> | <u>3,480,957</u> | <u>29</u> |
| Total liabilities | <u>6,878,203</u> | <u>57</u> | <u>7,022,416</u> | <u>58</u> | <u>7,127,415</u> | <u>59</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | | |
| Ordinary shares | 2,805,260 | 23 | 2,805,260 | 23 | 2,805,260 | 23 |
| Capital surplus | 463,471 | 4 | 463,471 | 4 | 463,471 | 4 |
| Retained earnings | | | | | | |
| Legal reserve | 409,547 | 3 | 409,547 | 3 | 404,189 | 3 |
| Special reserve | 208,046 | 2 | 208,046 | 2 | 170,026 | 1 |
| Unappropriated earnings | 1,330,985 | 11 | 1,248,490 | 10 | 1,153,133 | 10 |
| Other equity | 46,691 | - | (26,785) | - | (78,284) | - |
| Treasury shares | (63,685) | - | (40,337) | - | - | - |
| Total equity | <u>5,200,315</u> | <u>43</u> | <u>5,067,692</u> | <u>42</u> | <u>4,917,795</u> | <u>41</u> |
| TOTAL | <u>\$ 12,078,518</u> | <u>100</u> | <u>\$ 12,090,108</u> | <u>100</u> | <u>\$ 12,045,210</u> | <u>100</u> |

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

(With Deloitte & Touche auditors' review report dated May 8, 2025)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended March 31 | | | |
|---|-------------------------------------|------------|------------------|------------|
| | 2025 | | 2024 | |
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 17 and 22) | \$ 2,674,164 | 100 | \$ 2,872,735 | 100 |
| OPERATING COSTS (Notes 9, 18 and 22) | <u>2,352,218</u> | <u>88</u> | <u>2,692,734</u> | <u>94</u> |
| GROSS PROFIT | <u>321,946</u> | <u>12</u> | <u>180,001</u> | <u>6</u> |
| OPERATING EXPENSES (Notes 8 and 18) | | | | |
| Selling and marketing expenses | 131,393 | 5 | 142,227 | 5 |
| General and administrative expenses | 56,578 | 2 | 56,755 | 2 |
| Expected credit losses (gain) | <u>5,062</u> | <u>-</u> | <u>(483)</u> | <u>-</u> |
| Total operating expenses | <u>193,033</u> | <u>7</u> | <u>198,499</u> | <u>7</u> |
| PROFIT (LOSS) FROM OPERATIONS | <u>128,913</u> | <u>5</u> | <u>(18,498)</u> | <u>(1)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 479 | - | 952 | - |
| Other income (Notes 18 and 22) | 7,004 | - | 8,142 | - |
| Other gains and losses (Note 18) | 8,300 | - | 21,884 | 1 |
| Finance costs (Notes 18 and 22) | <u>(38,894)</u> | <u>(1)</u> | <u>(37,558)</u> | <u>(1)</u> |
| Total non-operating income and expenses | <u>(23,111)</u> | <u>(1)</u> | <u>(6,580)</u> | <u>-</u> |
| PROFIT (LOSS) BEFORE INCOME TAX | 105,802 | 4 | (25,078) | (1) |
| INCOME TAX EXPENSE (Notes 4 and 19) | <u>23,307</u> | <u>1</u> | <u>7,017</u> | <u>-</u> |
| NET PROFIT (LOSS) FOR THE PERIOD | <u>82,495</u> | <u>3</u> | <u>(32,095)</u> | <u>(1)</u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>73,476</u> | <u>3</u> | <u>129,762</u> | <u>4</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 155,971</u> | <u>6</u> | <u>\$ 97,667</u> | <u>3</u> |
| EARNINGS (LOSS) PER SHARE (Note 20) | | | | |
| Basic | <u>\$ 0.30</u> | | <u>\$ (0.11)</u> | |
| Diluted | <u>\$ 0.30</u> | | | |

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

(With Deloitte & Touche auditors' review report dated May 8, 2025)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

| | Ordinary Shares (Note 16) | Capital Surplus (Note 16) | Retained Earnings (Note 16) | | | Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations | Treasury Shares (Note 16) | Total Equity |
|---|---------------------------------|------------------------------|-----------------------------|-----------------|----------------------------|--|---------------------------------|--------------|
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | |
| BALANCE ON JANUARY 1, 2024 | \$ 2,805,260 | \$ 463,471 | \$ 404,189 | \$ 170,026 | \$ 1,185,228 | \$ (208,046) | \$ - | \$ 4,820,128 |
| Net loss for the three months ended March 31, 2024 | - | - | - | - | (32,095) | - | - | (32,095) |
| Other comprehensive income for the three months ended March 31, 2024, net of income tax | - | - | - | - | - | 129,762 | - | 129,762 |
| Total comprehensive income (loss) for the three months ended March 31, 2024 | - | - | - | - | (32,095) | 129,762 | - | 97,667 |
| BALANCE ON MARCH 31, 2024 | \$ 2,805,260 | \$ 463,471 | \$ 404,189 | \$ 170,026 | \$ 1,153,133 | \$ (78,284) | \$ - | \$ 4,917,795 |
| BALANCE ON JANUARY 1, 2025 | \$ 2,805,260 | \$ 463,471 | \$ 409,547 | \$ 208,046 | \$ 1,248,490 | \$ (26,785) | \$ (40,337) | \$ 5,067,692 |
| Purchase of treasury shares | - | - | - | - | - | - | (23,348) | (23,348) |
| Net profit for the three months ended March 31, 2025 | - | - | - | - | 82,495 | - | - | 82,495 |
| Other comprehensive income for the three months ended March 31, 2025, net of income tax | - | - | - | - | - | 73,476 | - | 73,476 |
| Total comprehensive income for the three months ended March 31, 2025 | - | - | - | - | 82,495 | 73,476 | - | 155,971 |
| BALANCE ON MARCH 31, 2025 | \$ 2,805,260 | \$ 463,471 | \$ 409,547 | \$ 208,046 | \$ 1,330,985 | \$ 46,691 | \$ (63,685) | \$ 5,200,315 |

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated May 8, 2025)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Three Months Ended March 31 | |
|---|--|-----------------|
| | 2025 | 2024 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income (loss) before income tax | \$ 105,802 | \$ (25,078) |
| Adjustments for: | | |
| Depreciation expenses | 72,863 | 71,292 |
| Expected credit loss recognized (reversed) on trade receivables | 5,062 | (483) |
| Net gain on fair value changes of financial assets at fair value through profit or loss | (78) | (808) |
| Finance costs | 38,894 | 37,558 |
| Interest income | (479) | (952) |
| Loss on disposal of property, plant and equipment | 320 | - |
| Write-down of (reversal of) inventories | (10,171) | 407 |
| Net loss (gain) on foreign currency exchange | 223 | (24,222) |
| Changes in operating assets and liabilities | | |
| Notes receivable | 41,366 | 44,421 |
| Trade receivables | 17,855 | 77,118 |
| Other receivables | 17,816 | 1,866 |
| Inventories | 121,779 | (270,859) |
| Prepayments | 2,381 | (16,958) |
| Other current assets | 371 | 169 |
| Contract liabilities | 25,170 | 10,625 |
| Notes payable | (1,701) | 847 |
| Trade payables | 75,404 | 183,804 |
| Other payables | (48,513) | (12,162) |
| Other current liabilities | 292 | 915 |
| Net defined benefit liabilities | (522) | (527) |
| Cash generated from operations | 464,134 | 76,973 |
| Interest received | 479 | 952 |
| Interest paid | (38,513) | (37,715) |
| Income tax paid | (2,251) | (638) |
| Net cash generated from operating activities | <u>423,849</u> | <u>39,572</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through profit or loss | (9,063) | (6,064) |
| Proceeds from sale of financial assets at fair value through profit or loss | 8,233 | 3,149 |
| Payments for property, plant and equipment | (242,474) | (38,248) |
| Proceeds from disposal of property, plant and equipment | 151 | - |
| Decrease in refundable deposits | 10 | 4 |
| Decrease (increase) in other financial assets | 48 | (44,296) |
| Increase in prepayments for equipment | (10,578) | (6,523) |
| Net cash used in investing activities | <u>(253,673)</u> | <u>(91,978)</u> |

(Continued)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Three Months Ended March 31 | |
|---|--|---------------------|
| | 2025 | 2024 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from (repayments of) short-term borrowings | \$ 40,957 | \$ (122,548) |
| Repayments of long-term borrowings | (235,775) | (4,027) |
| Proceeds from guarantee deposits received | 121 | 347 |
| Repayment of the principal portion of lease liabilities | (15,083) | (14,139) |
| Purchase of treasury shares | <u>(23,348)</u> | <u>-</u> |
| Net cash used in financing activities | <u>(233,128)</u> | <u>(140,367)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>21,324</u> | <u>40,017</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (41,628) | (152,756) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>1,215,975</u> | <u>1,335,926</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 1,174,347</u> | <u>\$ 1,183,170</u> |

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

(With Deloitte & Touche auditors' review report dated May 8, 2025)

(Concluded)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (Reviewed, Not Audited) (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Froch Enterprise Co., Ltd. (the “Company”) was incorporated in October 1984. It mainly manufactures and sells various stainless steel tube, steel tube, copper tube and aluminum tube.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 1998.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 8, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|--|---|
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” – the amendments to the application guidance of classification of financial assets | January 1, 2026 (Note 1) |

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments 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 |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 10, Table 6 and Table 7 for detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When developing material accounting estimates, the material accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---------------------------|------------------------------|---------------------------|
| Cash on hand | \$ 2,148 | \$ 2,128 | \$ 2,113 |
| Bank deposits | 1,186,317 | 1,230,795 | 1,201,215 |
| Cash equivalents (Time deposits with original maturities of 3 months or less) | <u>3,000</u> | <u>-</u> | <u>41,006</u> |
| | 1,191,465 | 1,232,923 | 1,244,334 |
| Less: Other financial assets-current | <u>(17,118)</u> | <u>(16,948)</u> | <u>(61,164)</u> |
| | <u>\$ 1,174,347</u> | <u>\$ 1,215,975</u> | <u>\$ 1,183,170</u> |

Other financial assets are mainly time deposits with original maturities of more than 3 months and restricted bank deposits.

7. FINANCIAL INSTRUMENTS AT FVTPL

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-----------------------------------|---------------------------|------------------------------|---------------------------|
| <u>Financial assets - current</u> | | | |
| Mutual funds | <u>\$ 18,754</u> | <u>\$ 17,846</u> | <u>\$ 26,360</u> |

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------------------------|-------------------|----------------------|-------------------|
| <u>Notes receivable</u> | | | |
| Notes receivable - operating | \$ 394,314 | \$ 431,947 | \$ 311,176 |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> | <u>(1,221)</u> |
| | <u>\$ 394,314</u> | <u>\$ 431,947</u> | <u>\$ 309,955</u> |
| <u>Trade receivables</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 787,264 | \$ 804,217 | \$ 780,227 |
| Less: Allowance for impairment loss | <u>(8,371)</u> | <u>(3,253)</u> | <u>(3,776)</u> |
| | <u>\$ 778,893</u> | <u>\$ 800,964</u> | <u>\$ 776,451</u> |

a. Notes receivable

The aging of notes receivable for the Group was as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--------------|-------------------|----------------------|-------------------|
| Not past due | \$ 394,314 | \$ 431,947 | \$ 311,176 |
| Past due | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 394,314</u> | <u>\$ 431,947</u> | <u>\$ 311,176</u> |

The above aging schedule was based on the past due days.

The Group's expected credit loss rate for notes receivable is 0%-1%.

b. Trade receivables

The average credit period of sales of goods was 30-120 days. No interest was charged on trade receivables and notes receivable for the first 30-120 days from the date of the invoice. The Group uses other publicly available financial information or its own trading records to rate its major customers.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtors operate, as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

| | Not Past Due | 1 to 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 180 Days | 181 to 365 Days | Over 365 Days | Total |
|-----------------------------------|-------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|---------------|-------------------|
| March 31, 2025 | | | | | | | | | |
| Expected credit loss rate | - | 0%-1% | 0%-5% | 0%-15% | 0%-30% | 0%-45% | 0%-90% | 100% | |
| Gross carrying amount | \$ 674,398 | \$ 28,917 | \$ 35,008 | \$ 46,609 | \$ 1,576 | \$ 504 | \$ - | \$ 252 | \$ 787,264 |
| Loss allowance (Lifetime ECLs) | - | (289) | (1,122) | (6,008) | (473) | (227) | - | (252) | (8,371) |
| Amortized cost | <u>\$ 674,398</u> | <u>\$ 28,628</u> | <u>\$ 33,886</u> | <u>\$ 40,601</u> | <u>\$ 1,103</u> | <u>\$ 277</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 778,893</u> |
| December 31, 2024 | | | | | | | | | |
| Expected credit loss rate | - | 0%-1% | 0%-5% | 0%-15% | 0%-30% | 0%-45% | 0%-90% | 100% | |
| Gross carrying amount | \$ 696,159 | \$ 77,324 | \$ 14,128 | \$ 14,465 | \$ 360 | \$ 1,529 | \$ 252 | \$ - | \$ 804,217 |
| Loss allowance (Lifetime ECLs) | - | (773) | (581) | (1,103) | (108) | (688) | - | - | (3,253) |
| Amortized cost | <u>\$ 696,159</u> | <u>\$ 76,551</u> | <u>\$ 13,547</u> | <u>\$ 13,362</u> | <u>\$ 252</u> | <u>\$ 841</u> | <u>\$ 252</u> | <u>\$ -</u> | <u>\$ 800,964</u> |
| March 31, 2024 | | | | | | | | | |
| Expected credit loss rate | - | 1% | 5% | 15% | 30% | 45% | 70% | 100% | |
| Gross carrying amount | \$ 712,841 | \$ 24,991 | \$ 36,650 | \$ 200 | \$ 5,545 | \$ - | \$ - | \$ - | \$ 780,227 |
| Loss allowance (Lifetime ECLs) | - | (250) | (1,833) | (30) | (1,663) | - | - | - | (3,776) |
| Amortized cost | <u>\$ 712,841</u> | <u>\$ 24,741</u> | <u>\$ 34,817</u> | <u>\$ 170</u> | <u>\$ 3,882</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 776,451</u> |

The movements of the loss allowance of trade receivables and notes receivable were as follows:

| | For the Three Months Ended March 31 | |
|---|--|-----------------|
| | 2025 | 2024 |
| Balance on January 1 | \$ 3,253 | \$ 5,381 |
| Add (Less): Net remeasurement of loss allowance | 5,062 | (483) |
| Amounts written off | (34) | - |
| Foreign exchange gains and losses | 90 | 99 |
| Balance on March 31 | <u>\$ 8,371</u> | <u>\$ 4,997</u> |

9. INVENTORIES

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|----------------------|---------------------------|------------------------------|---------------------------|
| Finished goods | \$ 1,542,165 | \$ 1,524,837 | \$ 1,422,751 |
| Work in progress | 467,579 | 516,924 | 789,543 |
| Raw materials | 2,030,197 | 1,817,349 | 2,069,414 |
| Supplies | 60,457 | 59,091 | 62,636 |
| Inventory in transit | <u>23,143</u> | <u>302,288</u> | <u>99,267</u> |
| | <u>\$ 4,123,541</u> | <u>\$ 4,220,489</u> | <u>\$ 4,443,611</u> |

The nature of the cost of goods sold is as follows:

| | For the Three Months Ended March 31 | |
|---------------------------------------|--|---------------------|
| | 2025 | 2024 |
| Cost of inventories sold | \$ 2,362,389 | \$ 2,692,327 |
| Write-downs (reversal) of inventories | <u>(10,171)</u> | <u>407</u> |
| | <u>\$ 2,352,218</u> | <u>\$ 2,692,734</u> |

The reversals of previous write-downs resulted from increased selling prices in certain markets.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

| Investor | Investee | Nature of the business | % of Ownership | | |
|--|--|--|---------------------------|------------------------------|---------------------------|
| | | | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| Froch Enterprise Co., Ltd. | Froch Enterprise International Co., Ltd. | International investment business | 100 | 100 | 100 |
| | Century Nova Steel Co., Ltd. | International investment business | 100 | 100 | 100 |
| | Froch Stainless Co., Ltd. | International investment business | 100 | 100 | 100 |
| | Froch Africa Co., Ltd. | International investment business | 100 | 100 | 100 |
| Froch Enterprise International Co., Ltd. | Froch Metal (Suzhou) Co., Ltd. | Operating stainless steel and other steel pipe production and sales businesses | 100 | 100 | 100 |
| | Zhangjiagang Free Trade Zone Froch International Trading Co., Ltd. | Import and export business, entrepot trade and trade between enterprises in bonded areas | 30 | 30 | 30 |
| Froch Metal (Suzhou) Co., Ltd. | Zhangjiagang Free Trade Zone Froch International Trading Co., Ltd. | Import and export business, entrepot trade and trade between enterprises in bonded areas | 70 | 70 | 70 |
| Century Nova Steel Co., Ltd. | Century Nova Steel Co., Ltd. - CN | Operating stainless steel and other steel pipe production and sales businesses | 100 | 100 | 100 |
| Froch Stainless Co., Ltd. | Froch Stainless Co., Ltd. - CN | Operating stainless steel and other steel pipe sales business | 83 | 83 | 83 |
| Century Nova Steel Co., Ltd. - CN | Froch Stainless Co., Ltd. - CN | Operating stainless steel and other steel pipe sales business | 17 | 17 | 17 |
| Froch Africa Co., Ltd. | Froch Stainless Morocco | Operating stainless steel and other steel pipe production and sales businesses | 100 | 100 | 100 |

See Tables 6 and 7 for the information on the places of incorporation and principal places of business.

In September and October 2024, the Group made a capital increase in cash of US\$3,500 thousand and US\$4,000 thousand to Froch Africa Co., Ltd.. In March and October 2024, Froch Africa Co., Ltd. also made a capital increase in cash of EUR\$1,460 thousand and EUR\$6,852 thousand to Froch Stainless Morocco, respectively. The above investments were both approved by the Investment Review Commission of the Ministry of Economic Affairs. After the capital increase, the ownership percentage remained unchanged.

Except for the financial statements of Froch Enterprise International Co., Ltd., Froch Africa Co., Ltd., Froch Metal (Suzhou) Co., Ltd., Zhangjiagang Free Trade Zone Froch International Trading Co., Ltd. and Froch Stainless Morocco for the three months ended March 31, 2025 and 2024, which were not reviewed by the independent auditor, all the financial statements of other subsidiaries have been reviewed.

11. PROPERTY, PLANT AND EQUIPMENT

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--------------------------------------|---------------------|----------------------|---------------------|
| Assets used by the Group | \$ 4,873,001 | \$ 4,658,420 | \$ 4,536,283 |
| Assets leased under operating leases | <u>223,755</u> | <u>224,612</u> | <u>227,182</u> |
| | <u>\$ 5,096,756</u> | <u>\$ 4,883,032</u> | <u>\$ 4,763,465</u> |

a. Assets used by the Group

| | For the Three Months Ended March 31, 2025 | | | | | | Total |
|---|---|---------------------|----------------------------|-----------------------------|--------------------|-----------------------------|---------------------|
| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Other Equipment | Construction in Progress | |
| <u>Cost</u> | | | | | | | |
| Beginning balance | \$ 1,267,283 | \$ 1,583,511 | \$ 4,414,578 | \$ 114,311 | \$ 866,950 | \$ 230,514 | \$ 8,477,147 |
| Additions | - | 314 | 6,601 | 12,126 | 789 | 210,784 | 230,614 |
| Disposals | - | (649) | (1,196) | (2,031) | (4,037) | - | (7,913) |
| Reclassified | - | 116 | 2,107 | 1,542 | 269 | (116) | 3,918 |
| Effects of foreign currency exchange differences | - | 10,841 | 24,631 | 313 | 803 | 18,833 | 55,421 |
| Ending balance | <u>\$ 1,267,283</u> | <u>\$ 1,594,133</u> | <u>\$ 4,446,721</u> | <u>\$ 126,261</u> | <u>\$ 864,774</u> | <u>\$ 460,015</u> | <u>\$ 8,759,187</u> |
| <u>Accumulated depreciation</u> | | | | | | | |
| Beginning balance | \$ - | \$ 516,754 | \$ 2,779,072 | \$ 82,831 | \$ 440,070 | \$ - | \$ 3,818,727 |
| Depreciation expenses | - | 8,462 | 38,571 | 1,872 | 8,080 | - | 56,985 |
| Disposals | - | (222) | (1,153) | (2,031) | (4,036) | - | (7,442) |
| Effects of foreign currency exchange differences | - | 3,113 | 14,054 | 192 | 557 | - | 17,916 |
| Ending balance | <u>\$ -</u> | <u>\$ 528,107</u> | <u>\$ 2,830,544</u> | <u>\$ 82,864</u> | <u>\$ 444,671</u> | <u>\$ -</u> | <u>\$ 3,886,186</u> |
| Net ending balance | <u>\$ 1,267,283</u> | <u>\$ 1,066,026</u> | <u>\$ 1,616,177</u> | <u>\$ 43,397</u> | <u>\$ 420,103</u> | <u>\$ 460,015</u> | <u>\$ 4,873,001</u> |

| | For the Three Months Ended March 31, 2024 | | | | | | Total |
|---|---|---------------------|----------------------------|-----------------------------|--------------------|-----------------------------|---------------------|
| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Other Equipment | Construction in Progress | |
| <u>Cost</u> | | | | | | | |
| Beginning balance | \$ 1,267,283 | \$ 1,526,350 | \$ 4,180,213 | \$ 106,055 | \$ 731,358 | \$ 208,083 | \$ 8,019,342 |
| Additions | - | - | 25,163 | 479 | 1,822 | 8,985 | 36,449 |
| Disposals | - | - | (810) | - | (17) | - | (827) |
| Reclassified | - | 15,679 | 232 | - | 23,656 | (16,420) | 23,147 |
| Effects of foreign currency exchange differences | - | 29,005 | 64,389 | 775 | 2,117 | 3,781 | 100,067 |
| Ending balance | <u>\$ 1,267,283</u> | <u>\$ 1,571,034</u> | <u>\$ 4,269,187</u> | <u>\$ 107,309</u> | <u>\$ 758,936</u> | <u>\$ 204,429</u> | <u>\$ 8,178,178</u> |

(Continued)

| | For the Three Months Ended March 31, 2024 | | | | | | |
|--|---|---------------------|-------------------------|--------------------------|-------------------|--------------------------|------------------------------------|
| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Other Equipment | Construction in Progress | Total |
| <u>Accumulated depreciation</u> | | | | | | | |
| Beginning balance | \$ - | \$ 473,386 | \$ 2,580,856 | \$ 76,792 | \$ 410,973 | \$ - | \$ 3,542,007 |
| Depreciation expenses | - | 8,202 | 39,656 | 1,659 | 6,758 | - | 56,275 |
| Disposals | - | - | (810) | - | (17) | - | (827) |
| Effects of foreign currency exchange differences | - | 7,639 | 34,952 | 469 | 1,380 | - | 44,440 |
| Ending balance | <u>\$ -</u> | <u>\$ 489,227</u> | <u>\$ 2,654,654</u> | <u>\$ 78,920</u> | <u>\$ 419,094</u> | <u>\$ -</u> | <u>\$ 3,641,895</u> |
| Net ending balance | <u>\$ 1,267,283</u> | <u>\$ 1,081,807</u> | <u>\$ 1,614,533</u> | <u>\$ 28,389</u> | <u>\$ 339,842</u> | <u>\$ 204,429</u> | <u>\$ 4,536,283</u> (Concluded) |

In September 2005, the Group signed a contract with unrelated parties and paid \$16,047 thousand to purchase land located on Liuzhong Rd., Douliu City, Yunlin County, Taiwan, and the land is used for the storage and water tank of the Group. Since the land is classified as agricultural and animal husbandry land, its ownership registration cannot be transferred temporarily, according to the law. Instead, the ownership was registered under the name of the chairman of the board. Both parties signed an agreement consenting that the Company has full rights over the aforementioned land, which has been notarized by a private notary.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------|-------------|
| Buildings | |
| Main buildings | 15-60 years |
| Others | 12-60 years |
| Machinery and equipment | 3-36 years |
| Transportation equipment | 3-15 years |
| Other equipment | 3-60 years |

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 23.

b. Assets leased under operating leases

| | For the Three Months Ended March 31, 2025 | | | | |
|---------------------------------|---|-------------------|-------------------|------------------|-------------------|
| | Land | Land Improvements | Buildings | Other Equipment | Total |
| <u>Cost</u> | | | | | |
| Beginning balance | <u>\$ 151,098</u> | <u>\$ 4,312</u> | <u>\$ 117,961</u> | <u>\$ 19,275</u> | <u>\$ 292,646</u> |
| Ending balance | <u>\$ 151,098</u> | <u>\$ 4,312</u> | <u>\$ 117,961</u> | <u>\$ 19,275</u> | <u>\$ 292,646</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Beginning balance | \$ - | \$ 2,961 | \$ 48,587 | \$ 16,486 | \$ 68,034 |
| Depreciation expenses | - | 22 | 519 | 316 | 857 |
| Ending balance | <u>\$ -</u> | <u>\$ 2,983</u> | <u>\$ 49,106</u> | <u>\$ 16,802</u> | <u>\$ 68,891</u> |
| Net ending balance | <u>\$ 151,098</u> | <u>\$ 1,329</u> | <u>\$ 68,855</u> | <u>\$ 2,473</u> | <u>\$ 223,755</u> |

For the Three Months Ended March 31, 2024

| | Land | Land Improvements | Buildings | Other Equipment | Total |
|---------------------------------|-------------|------------------------------|------------------|----------------------------|--------------|
| <u>Cost</u> | | | | | |
| Beginning balance | \$ 151,098 | \$ 4,312 | \$ 117,961 | \$ 19,275 | \$ 292,646 |
| Ending balance | \$ 151,098 | \$ 4,312 | \$ 117,961 | \$ 19,275 | \$ 292,646 |
| <u>Accumulated depreciation</u> | | | | | |
| Beginning balance | \$ - | \$ 2,876 | \$ 46,510 | \$ 15,221 | \$ 64,607 |
| Depreciation expenses | - | 21 | 520 | 316 | 857 |
| Ending balance | \$ - | \$ 2,897 | \$ 47,030 | \$ 15,537 | \$ 65,464 |
| Net ending balance | \$ 151,098 | \$ 1,415 | \$ 70,931 | \$ 3,738 | \$ 227,182 |

Operating leases relate to leases of the factory in Yuanlin and part of the land of Yuanfu Plant with lease terms of 12 and 16.5 years, respectively. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|----------------|---------------------------|------------------------------|---------------------------|
| Year 1 | \$ 26,910 | \$ 26,910 | \$ 26,910 |
| Year 2 | 25,310 | 25,996 | 26,910 |
| Year 3 | 24,167 | 24,167 | 25,310 |
| Year 4 | 24,167 | 24,167 | 24,167 |
| Year 5 | 24,167 | 24,167 | 24,167 |
| Year 6 onwards | 223,542 | 229,584 | 247,709 |
| | <u>\$ 348,263</u> | <u>\$ 354,991</u> | <u>\$ 375,173</u> |

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|-------------------|-------------|
| Land improvements | 30 years |
| Buildings | 30-60 years |
| Other equipment | 5-60 years |

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 23.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|-------------------|--|-------------------|
| <u>Carrying amounts</u> | | | |
| Land | \$ 95,337 | \$ 103,640 | \$ 36,097 |
| Buildings | 2,043 | 2,764 | 3,259 |
| Machinery and Equipment | <u>20,790</u> | <u>26,460</u> | <u>34,696</u> |
| | <u>\$ 118,170</u> | <u>\$ 132,864</u> | <u>\$ 74,052</u> |
| | | For the Three Months Ended March 31 | |
| | | 2025 | 2024 |
| Depreciation charge for right-of-use assets | | | |
| Land | | \$ 8,609 | \$ 8,830 |
| Buildings | | 742 | 805 |
| Machinery and Equipment | | <u>5,670</u> | <u>4,525</u> |
| | | <u>\$ 15,021</u> | <u>\$ 14,160</u> |

Except for recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------------|-------------------|----------------------|-------------------|
| <u>Carrying amounts</u> | | | |
| Current | <u>\$ 56,101</u> | <u>\$ 58,627</u> | <u>\$ 31,744</u> |
| Non-current | <u>\$ 41,618</u> | <u>\$ 54,151</u> | <u>\$ 21,317</u> |

Range of discount rate (%) for lease liabilities was as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------------|-------------------|----------------------|-------------------|
| Land | 1.09-2.64 | 1.09-2.64 | 1.09-2.40 |
| Buildings | 1.09-4.41 | 1.09-4.41 | 1.09-6.91 |
| Machinery and Equipment | 2.25-2.64 | 2.25-2.64 | 2.25-2.46 |

c. Material leasing activities and terms - as lessee

The Group leases certain machinery and equipment for manufacturing with lease terms of 3 years.

The Group leases certain land and buildings for the use of factories and offices with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

In July 2005, Century Nova Steel, Co., Ltd.-CN obtained the land use rights of 325,745 square meters in Xishan Economic Development Zone, Wuxi City, Jiangsu Province, China for 50 years. It is entitled to the right to use the land and the right to profit from the land, and the right to dispose of the land with transfers or leases within the land use period. Meanwhile, it is responsible for various taxes and fees due to the use of land. The land is used for the construction of production plants, office buildings and staff dormitories.

d. Other lease information

| | For the Three Months Ended March 31 | |
|---|--|--------------------|
| | 2025 | 2024 |
| Expenses relating to short-term leases | \$ <u>1,243</u> | \$ <u>-</u> |
| Expenses relating to low-value asset leases | \$ <u>755</u> | \$ <u>497</u> |
| Total cash outflow for leases | \$ <u>(17,759)</u> | \$ <u>(14,947)</u> |

The Group's leases of certain assets qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. BORROWINGS

a. Short-term borrowings

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-----------------------------|---------------------------|------------------------------|---------------------------|
| Unsecured borrowings | | | |
| Letter of credit borrowings | \$ 871,113 | \$ 1,193,225 | \$ 1,162,632 |
| Line of credit borrowings | <u>1,839,453</u> | <u>1,471,125</u> | <u>1,456,947</u> |
| | <u>\$ 2,710,566</u> | <u>\$ 2,664,350</u> | <u>\$ 2,619,579</u> |
| <u>Interest rates (%)</u> | | | |
| Letter of credit borrowings | 1.80-2.07 | 1.88-2.07 | 1.85-2.06 |
| Line of credit borrowings | 1.80-3.35 | 1.91-3.50 | 1.85-3.70 |

b. Long-term borrowings

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---------------------------|---------------------------|------------------------------|---------------------------|
| Line of credit borrowings | \$ 100,000 | \$ 100,000 | \$ - |
| Mortgage borrowings | 3,071,356 | 3,307,131 | 3,433,120 |
| Less: Current portion | <u>(554,139)</u> | <u>(554,139)</u> | <u>(324,807)</u> |
| Long-term borrowings | <u>\$ 2,617,217</u> | <u>\$ 2,852,992</u> | <u>\$ 3,108,313</u> |
| <u>Interest rates (%)</u> | | | |
| Line of credit borrowings | 2.10 | 2.10 | - |
| Mortgage borrowings | 2.20-2.51 | 2.20-2.51 | 2.195-2.45 |

Mortgage borrowings are secured by the Group's land and buildings. See Note 23.

In November 2022, the Group signed a syndicated loan contract with a group of banks, including Land Bank of Taiwan and ten financial institutions, with a total loan amount of \$5.8 billion. Subject to the terms of the contract, the Group shall maintain the following ratios in the consolidated financial statements for each year during the loan period:

- 1) The current ratio shall not be less than 100% (inclusive);
- 2) The debt ratio shall not be higher than 250% (inclusive);
- 3) Times interest earned (i.e., the sum of pre-tax net income plus various depreciation, amortization and interest expense, which are divided by interest expense) shall be maintained at least 1.5 times (inclusive) from 2023;
- 4) Shareholders' equity shall not be less than \$2.8 billion (inclusive).

In accordance with the provisions of the syndicated loan agreement, if the Group's annual consolidated financial statements do not match the above financial ratios, the Group shall not be deemed to be in breach of its financial commitment if the improvement is completed within 6 months from April 1 of the following year (the improvement period), provided that the interest rate for the period from April 1 to the improvement date shall be increased by 0.125% per annum; however, if the borrower fails to complete the improvement within the improvement period, it shall (1) pay a penalty at the rate of 0.05% of the principal balance on the expiration date of the improvement period, and (2) increase the interest rate by 0.125% per annum from the expiration date of the improvement period to the actual improvement date. If the improvement is not completed and is notified by the management bank, it shall be adjusted within 3 months through capital increase via cash or such other means as the management bank agrees. A breach of the financial ratio shall not be deemed to be a breach if the borrower fully complies with the foregoing agreement.

14. OTHER PAYABLES

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|---------------------------|------------------------------|---------------------------|
| Payables for salaries or bonuses | \$ 56,596 | \$ 86,612 | \$ 56,235 |
| Payables for freight | 25,831 | 28,467 | 40,016 |
| Payables for compensation of employees and remuneration of directors | 8,033 | 5,928 | 1,695 |
| Payables for purchases of equipment | 72 | 11,932 | 922 |
| Others | <u>82,177</u> | <u>99,028</u> | <u>78,101</u> |
| | <u>\$ 172,709</u> | <u>\$ 231,967</u> | <u>\$ 176,969</u> |

15. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2025 and 2024, the pension expenses of defined benefit plans were \$2 thousand and \$49 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023, respectively.

16. EQUITY

a. Ordinary shares

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|---------------------------|------------------------------|---------------------------|
| Number of shares authorized (in thousands) | <u>400,000</u> | <u>400,000</u> | <u>400,000</u> |
| Shares authorized | <u>\$ 4,000,000</u> | <u>\$ 4,000,000</u> | <u>\$ 4,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>280,526</u> | <u>280,526</u> | <u>280,526</u> |
| Shares issued | <u>\$ 2,805,260</u> | <u>\$ 2,805,260</u> | <u>\$ 2,805,260</u> |

b. Capital surplus

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-----------------------------|---------------------------|------------------------------|---------------------------|
| Issuance of ordinary shares | \$ 370,809 | \$ 370,809 | \$ 370,809 |
| Treasury share transactions | <u>92,662</u> | <u>92,662</u> | <u>92,662</u> |
| | <u>\$ 463,471</u> | <u>\$ 463,471</u> | <u>\$ 463,471</u> |

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Additionally, the dividends, capital surplus and legal reserve could be distributed in whole or in part by cash with more than half of the attending directors' consent at their meetings, in which two-thirds or more of the directors should present.

The Company's dividends policy shall be made based on the following: the current and future developments, investment environment, capital needs and domestic and foreign competition, and the interests of shareholders and other factors should also be taken into account. The distributable earnings shall be allocated not less than 50% of the dividends distributed to shareholders; however, the cumulative dividends may not be distributed if the dividends are less than 10% of the Company's paid-in capital; the distribution of dividends to shareholders shall be payable in cash or shares, and the cash dividends shall not be less than 20% of the total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023, which were proposed by the board of directors in March 2025 and resolved by the shareholders' meeting in June 2024, respectively, were as follows:

| | For the Year Ended December 31 | |
|---------------------------------|---|-------------|
| | 2024 | 2023 |
| Legal reserve | \$ 24,690 | \$ 5,358 |
| (Reversal of) special reserve | (181,261) | 38,020 |
| Cash dividends | 196,368 | 140,263 |
| Cash dividends per share (NT\$) | 0.70 | 0.50 |

The appropriation of earnings for 2024 is subject to resolution of the shareholders in their meeting to be held in June 2025.

d. Treasury shares

On August 14 and December 18, 2024, the Company's board of directors resolved to repurchase treasury shares, with a repurchase price range of NT\$14 to NT\$20 per share, for the purpose of transferring shares to employees. As of March 31, 2025, the Company had repurchased 3,760 thousand shares, with a total treasury stock repurchase amount of NT\$63,685 thousand.

| Purpose of Buy-back | Shares Transferred to Employees (In Thousands of Shares) |
|-------------------------------------|---|
| Number of shares on January 1, 2025 | \$ 2,314 |
| Increase during the period | <u>1,446</u> |
| Number of shares on March 31, 2025 | <u>\$ 3,760</u> |

The treasury shares held by the Group, in accordance with the Securities and Exchange Act, may not be pledged and are not entitled to dividend distributions or voting rights.

17. REVENUE

| | For the Three Months Ended March 31 | |
|---------------------------------------|--|---------------------|
| | 2025 | 2024 |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | \$ 2,668,245 | \$ 2,867,722 |
| Other operating revenue | | |
| Revenue from sale of electricity | 5,919 | 4,989 |
| Revenue from processing service | <u>-</u> | <u>24</u> |
| | <u>\$ 2,674,164</u> | <u>\$ 2,872,735</u> |

a. Contract balances

| | March 31, 2025 | December 31, 2024 | March 31, 2024 | January 1, 2024 |
|---|---------------------|----------------------|---------------------|---------------------|
| Notes receivable and trade receivables | <u>\$ 1,173,207</u> | <u>\$ 1,232,911</u> | <u>\$ 1,126,031</u> | <u>\$ 1,216,405</u> |
| Contract liabilities - current Sale of goods | <u>\$ 227,118</u> | <u>\$ 201,050</u> | <u>\$ 218,493</u> | <u>\$ 204,136</u> |

The changes in the balance of contract liability primarily result from the timing difference between the Group's performance obligations and the respective customer's payment.

b. Disaggregation of revenue

| | For the Three Months Ended March 31 | |
|-------------|--|---------------------|
| | 2025 | 2024 |
| Asia | \$ 1,865,789 | \$ 2,016,211 |
| Europe | 315,215 | 297,165 |
| America | 257,391 | 340,169 |
| Middle East | 94,618 | 129,881 |
| Others | <u>135,232</u> | <u>84,296</u> |
| | <u>\$ 2,668,245</u> | <u>\$ 2,867,722</u> |

18. NET PROFIT (LOSS) FOR THE PERIOD

Net profit (loss) was composed of the following items:

a. Other income

| | For the Three Months Ended March 31 | |
|-------------------------|--|-----------------|
| | 2025 | 2024 |
| Rental income (Note 22) | \$ 6,794 | \$ 6,789 |
| Others | <u>210</u> | <u>1,353</u> |
| | <u>\$ 7,004</u> | <u>\$ 8,142</u> |

b. Other gains and losses

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2025 | 2024 |
| Net foreign exchange gain | \$ 8,899 | \$ 22,005 |
| Gain on fair value changes of financial assets at FVTPL | 78 | 808 |
| Loss on disposal of property, plant and equipment | (320) | - |
| Others | <u>(357)</u> | <u>(929)</u> |
| | <u>\$ 8,300</u> | <u>\$ 21,884</u> |

c. Finance costs

| | For the Three Months Ended March 31 | |
|-------------------------------|--|------------------|
| | 2025 | 2024 |
| Interest on bank loans | \$ 38,216 | \$ 37,247 |
| Interest on lease liabilities | <u>678</u> | <u>311</u> |
| | <u>\$ 38,894</u> | <u>\$ 37,558</u> |

d. Depreciation

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2025 | 2024 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 61,285 | \$ 59,980 |
| Operating expenses | <u>11,578</u> | <u>11,312</u> |
| | <u>\$ 72,863</u> | <u>\$ 71,292</u> |

e. Employee benefits expense

| | For the Three Months Ended March 31 | |
|--|--|-------------------|
| | 2025 | 2024 |
| Short-term benefits | \$ 156,862 | \$ 153,594 |
| Post-employment benefits | 7,400 | 7,141 |
| Other employee benefits | <u>6,448</u> | <u>7,751</u> |
| Total employee benefits expense | <u>\$ 170,710</u> | <u>\$ 168,486</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 98,456 | \$ 102,394 |
| Operating expenses | <u>72,254</u> | <u>66,092</u> |
| | <u>\$ 170,710</u> | <u>\$ 168,486</u> |

f. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of 1% and up to 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company expect to resolve the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 60% of the compensation of employees as compensation distributions for non-executive employees. Due to the pre-tax net loss for the three months ended March 31, 2024, there were no compensation of employees and the remuneration of directors estimated. The compensation of employees (including non-executive employees) and the remuneration of directors and supervisors for the three months and ended March 31, 2025 were as follows:

| | For the Three Months Ended March 2025 | |
|---------------------------|--|---------------|
| | Accrual Rate | Amount |
| Compensation of employees | 1% | \$ 1,053 |
| Remuneration of directors | 1% | 1,053 |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2024 and 2023 that were resolved by the board of directors in March 2025 and 2024, respectively, are as shown below:

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2024 | 2023 |
| Compensation of employees | \$ 2,964 | \$ 847 |
| Remuneration of directors | 2,964 | 847 |

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Three Months Ended March 31 | |
|---|--|-----------------|
| | 2025 | 2024 |
| Current tax | | |
| In respect of the current period | \$ 22,932 | \$ 2,496 |
| Deferred tax | | |
| In respect of the current period | <u>375</u> | <u>4,521</u> |
| Income tax expense recognized in profit or loss | <u>\$ 23,307</u> | <u>\$ 7,017</u> |

b. Income tax assessments

Income tax returns through 2022 of the Company have been assessed by the tax authorities.

20. EARNINGS (LOSS) PER SHARE

| | Net Profit Attributable to Owners of the Company | Number of Shares (In Thousands) | Earnings (Loss) Per Shares (NT\$) |
|--|---|---------------------------------------|---|
| <u>For the Three Months Ended March 31, 2025</u> | | | |
| Basic earnings per share | | | |
| Net income available to ordinary shareholders of the parent | \$ 82,495 | 276,983 | <u>\$ 0.30</u> |
| Effect of potentially dilutive ordinary shares: | | | |
| Compensation of employees | <u>-</u> | <u>184</u> | |
| Diluted earnings per share | | | |
| Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares) | <u>\$ 82,495</u> | <u>277,167</u> | <u>\$ 0.30</u> |
| <u>For the Three Months Ended March 31, 2024</u> | | | |
| Basic loss per share | | | |
| Net loss available to ordinary shareholders of the parent | <u>\$ (32,095)</u> | <u>(280,526)</u> | <u>\$ (0.11)</u> |

There was a net loss after tax for the three months ended March 31, 2024. If the compensation of employees is converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities approximate the fair value or the fair value may not be measured reliably.

b. Fair value of financial instruments measured at fair value on recurring basis

Fair value hierarchy

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|------------------|----------------|----------------|------------------|
| <u>March 31, 2025</u> | | | | |
| Financial assets at FVTPL | | | | |
| Mutual funds | <u>\$ 18,754</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,754</u> |
| <u>December 31, 2024</u> | | | | |
| Financial assets at FVTPL | | | | |
| Mutual funds | <u>\$ 17,846</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,846</u> |
| <u>March 31, 2024</u> | | | | |
| Financial assets at FVTPL | | | | |
| Mutual funds | <u>\$ 26,360</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,360</u> |

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2025 and 2024.

c. Categories of financial instruments

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---------------------------|------------------------------|---------------------------|
| <u>Financial assets</u> | | | |
| Financial assets at FVTPL | \$ 18,754 | \$ 17,846 | \$ 26,360 |
| Financial assets at amortized cost (1) | 2,395,569 | 2,514,510 | 2,422,283 |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortized cost (2) | 6,160,391 | 6,335,312 | 6,472,399 |

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets - current and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include notes receivable and payable, trade receivables and payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by policies approved by the Group's board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the risk management committee.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

Refer to Note 25 for the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including non-functional monetary items that have been written off in the consolidated financial statements).

Sensitivity analysis

The Group is mainly exposed to the US dollar. If the exchange rate of the functional currency changed by 1% against the US dollar, the net profit (loss) before tax would have changed by \$3,234 thousand and \$3,200 thousand for the three months ended March 31, 2025 and 2024, respectively.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the end of the year does not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group make deposits and borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------------------|---------------------------|------------------------------|---------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 20,118 | \$ 16,948 | \$ 102,170 |
| Financial liabilities | 97,719 | 112,778 | 53,061 |
| Cash flow interest rate risk | | | |
| Financial assets | 1,169,139 | 1,213,787 | 1,139,991 |
| Financial liabilities | 5,881,922 | 6,071,481 | 6,052,699 |

Sensitivity analysis

For financial assets and liabilities, assuming all other variables were held constant, a hypothetical increase in interest rates by 25 basis point (0.25%) would have resulted in a change in the net profit (loss) before tax by approximately \$2,945 thousand and \$3,070 thousand for the three months ended March 31, 2025 and 2024, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

| Non-derivative Financial Liabilities | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years |
|---|-------------------------|---------------------|-------------------|--------------------|
| <u>March 31, 2025</u> | | | | |
| Non-interest bearing | \$ 264,847 | \$ 462 | \$ 13,160 | \$ - |
| Lease liabilities | 57,030 | 42,602 | - | - |
| Variable interest rate liabilities | <u>3,264,705</u> | <u>2,263,117</u> | <u>308,500</u> | <u>45,600</u> |
| | <u>\$ 3,586,582</u> | <u>\$ 2,306,181</u> | <u>\$ 321,660</u> | <u>\$ 45,600</u> |

| Non-derivative Financial Liabilities | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years |
|---|-------------------------|---------------------|-------------------|--------------------|
| <u>December 31, 2024</u> | | | | |
| Non-interest bearing | \$ 250,330 | \$ 462 | \$ 13,039 | \$ - |
| Lease liabilities | 59,441 | 55,295 | - | - |
| Variable interest rate liabilities | <u>3,218,489</u> | <u>2,266,565</u> | <u>540,827</u> | <u>45,600</u> |
| | <u>\$ 3,528,260</u> | <u>\$ 2,322,322</u> | <u>\$ 553,866</u> | <u>\$ 45,600</u> |
| <u>March 31, 2024</u> | | | | |
| Non-interest bearing | \$ 404,552 | \$ 462 | \$ 14,686 | \$ - |
| Lease liabilities | 32,422 | 22,008 | - | - |
| Variable interest rate liabilities | <u>2,944,386</u> | <u>2,225,734</u> | <u>789,461</u> | <u>93,118</u> |
| | <u>\$ 3,381,360</u> | <u>\$ 2,248,204</u> | <u>\$ 804,147</u> | <u>\$ 93,118</u> |

b) Financing facilities

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---------------|---------------------------|------------------------------|---------------------------|
| Amount used | \$ 7,871,070 | \$ 7,843,399 | \$ 7,884,667 |
| Amount unused | <u>9,149,890</u> | <u>9,158,513</u> | <u>8,348,507</u> |
| | <u>\$ 17,020,960</u> | <u>\$ 17,001,912</u> | <u>\$ 16,233,174</u> |

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

a. Related party name and category

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|----------------------------|-------------------------------|
| Santorics Metals Co., Ltd. | Others |
| Beittia Metals Co., Ltd. | Others |
| Ping-Yiao Chang | Others |
| Hsiou-Miao Lee | Others |
| Hsin-Ta Chang | Others |
| Li-Shen Chang | Others |

b. Sales of goods

| Line Item | Related Party Category | For the Three Months Ended March 31 | |
|------------------|-------------------------------|--|-------------------|
| | | 2025 | 2024 |
| Sales | Others | <u>\$ 19,914</u> | <u>\$ 131,916</u> |

There was no significant difference in sales prices and terms between related and third parties. The general credit term of payment was within 60 days of the transaction. General customers were required to pay the payment according to the agreed period with a contract, and a few important customers have a collection period within 60 to 90 days.

c. Purchases of goods

| Related Party Category | For the Three Months Ended March 31 | |
|------------------------|--|-------------------|
| | 2025 | 2024 |
| Others | <u>\$ 33,367</u> | <u>\$ 225,124</u> |

The transaction terms to the related parties were payments of L/C within 45 to 50 days and there was no significant difference with the third parties.

d. Rental income

| Line Item | Related Party Category/Name | For the Three Months Ended March 31 | |
|---------------|--------------------------------------|--|---------------|
| | | 2025 | 2024 |
| Rental income | Others Santorics Metals Co., Ltd. | <u>\$ 686</u> | <u>\$ 686</u> |

The above is the factory lease agreement signed between the Company and its related party, and the contract period is from September 1, 2014 to August 31, 2026. The rental rates are based on the rental rates in the nearby area and subject to agreements between the two parties. The related party provided a guarantee deposit of \$500 thousand for the lease.

e. Receivables from related parties

| Line Item | Related Party Category | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------|---|-------------------|----------------------|-------------------|
| Trade receivables | Others Santorics Metals Co., Ltd. | <u>\$ -</u> | <u>\$ 65,951</u> | <u>\$ 39,385</u> |
| Notes receivable | Others | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 240</u> |
| Other receivables | Others | <u>\$ 725</u> | <u>\$ 797</u> | <u>\$ 1,593</u> |

The outstanding trade receivables from related parties are unsecured. For the 3 months ended March 31, 2025 and 2024, no impairment losses were recognized for trade receivables from related parties.

f. Payables to related parties

| Line Item | Related Party Category | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|----------------|---------------------------------------|-------------------|----------------------|-------------------|
| Trade payables | Others | <u>\$ 18,491</u> | <u>\$ -</u> | <u>\$ -</u> |
| Notes payable | Others Beittia Metals Co., Ltd. | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,835</u> |
| Other payables | Others | <u>\$ 756</u> | <u>\$ 1,585</u> | <u>\$ 762</u> |

The outstanding trade payables to related parties are unsecured.

g. Lease arrangements

| Line Item | Related Party Category/Name | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------------------|-----------------------------|--|----------------------|-------------------|
| Lease liabilities | Others | | | |
| | Beittia Metals Co., Ltd. | \$ 71,224 | \$ 78,880 | \$ 8,085 |
| | Others | <u>3,710</u> | <u>4,358</u> | <u>6,294</u> |
| | | <u>\$ 74,934</u> | <u>\$ 83,238</u> | <u>\$ 14,379</u> |
| | | For the Three Months Ended March 31 | | |
| Related Party Category | | 2025 | 2024 | |

Finance costs

| | | |
|--------|---------------|--------------|
| Others | <u>\$ 515</u> | <u>\$ 55</u> |
|--------|---------------|--------------|

The above is the factory lease agreement signed between the Company and the related parties, and the contract period is from January 1, 2022 to August 31, 2026. The rental rates are based on the rental rates in the nearby area and subject to agreements between the two parties. The Company provided a refundable deposit of \$5,000 thousand for the lease.

h. Endorsements and guarantees: Refer to Table 2

i. Remuneration of key management personnel

| | For the Three Months Ended March 31 | |
|------------------------------|--|-----------------|
| | 2025 | 2024 |
| Short-term employee benefits | <u>\$ 7,126</u> | <u>\$ 7,072</u> |

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------------------------|---------------------|----------------------|---------------------|
| Property, plant and equipment | \$ 1,121,435 | \$ 1,124,125 | \$ 1,185,779 |
| Pledged bank deposits | <u>927</u> | <u>986</u> | <u>-</u> |
| | <u>\$ 1,122,362</u> | <u>\$ 1,125,111</u> | <u>\$ 1,185,779</u> |

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of March 31, 2025, December 31, 2024 and March 31, 2024, unused letters of credit for purchases of raw materials amounted to approximately \$432,367 thousand, \$237,649 thousand and \$405,688 thousand, respectively.
- b. Unrecognized commitments were as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|---------------------------|------------------------------|---------------------------|
| Acquisition of property, plant and equipment | <u>\$ 37,891</u> | <u>\$ 62,386</u> | <u>\$ 139,066</u> |

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

| | <u>March 31, 2025</u> | | | <u>December 31, 2024</u> | | |
|------------------------------|-----------------------------|--------------------------|----------------------------|-----------------------------|--------------------------|----------------------------|
| | Foreign Currency | Exchange Rate | Carrying Amount | Foreign Currency | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | | | | |
| Monetary items | | | | | | |
| USD | \$ 11,139 | 33.205 | \$ 369,870 | \$ 8,919 | 32.785 | \$ 292,409 |
| USD (USD/CNY) | 3,373 | 7.1782 | 112,000 | 839 | 7.1884 | 27,507 |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items | | | | | | |
| USD | 65 | 33.205 | 2,158 | 33 | 32.785 | 1,082 |
| USD (USD/CNY) | 4,707 | 7.1782 | 156,296 | 4,719 | 7.1884 | 154,712 |
| <u>March 31, 2024</u> | | | | | | |
| | Foreign Currency | Exchange Rate | Carrying Amount | | | |
| <u>Financial assets</u> | | | | | | |
| Monetary items | | | | | | |
| USD | \$ 14,444 | 32.00 | \$ 462,208 | | | |
| USD (USD/CNY) | 372 | 7.095 | 11,904 | | | |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items | | | | | | |
| USD | 90 | 32.00 | 2,880 | | | |
| USD (USD/CNY) | 4,726 | 7.095 | 151,232 | | | |

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Group, realized and unrealized foreign exchange gains for the three months ended March 31, 2025 and 2024, amounted to \$8,899 thousand and \$22,005 thousand, respectively. Due to the variety of foreign currencies involved in foreign currency transactions and the functional currencies of entities within the Group, it is not possible to disclose exchange gains and losses by each significantly impacted foreign currency.

26. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Significant marketable securities held (excluding investments in subsidiaries): None.
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 6) Intercompany relationships and significant intercompany transactions: Table 5.
- 7) Information on investees: Table 6.

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Tables 3 and 5.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Tables 3 and 5.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

27. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

| | For the Three Months Ended March 31, 2025 | | For the Three Months Ended March 31, 2024 | |
|--|--|-----------------------------|--|-----------------------------|
| | Department Revenue | Department Profit (Loss) | Department Revenue | Department Profit (Loss) |
| Operating areas of Republic of China | \$ 2,079,531 | \$ 130,996 | \$ 2,162,480 | \$ (16,050) |
| Operating areas of the People's Republic of China | 594,633 | 6,411 | 710,255 | 7,455 |
| Operating areas of the Africa | - | (1,847) | - | (2,690) |
| Total from continuing operations | <u>\$ 2,674,164</u> | 135,560 | <u>\$ 2,872,735</u> | (11,285) |
| Finance costs | | (38,894) | | (37,558) |
| Exchange gains | | 8,899 | | 22,005 |
| Interest income | | 479 | | 952 |
| Net gain on financial assets at fair value through profit or loss | | 78 | | 808 |
| Loss on disposal of property, plant and equipment | | (320) | | - |
| Profit (loss) before tax | | <u>\$ 105,802</u> | | <u>\$ (25,078)</u> |

Segment profit represented the profit before tax earned by each segment without interest income, finance costs, gains (losses) on disposal of property, plant and equipment, exchange gains (losses), net gains (losses) on financial assets at fair value through profit or loss and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance (Notes 4 and 5) | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Bad Debt | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit | Note |
|-----|--|-----------------------------------|-----------------------------|---------------|--------------------------------|--------------------------------|-------------------------|---------------|----------------------|-----------------------------|----------------------------------|------------------------|------------|-------|-----------------------------------|---------------------------|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | Froch Enterprise International Co., Ltd. | Century Nova Steel Co., Ltd. - CN | Other receivables | Yes | \$ 216,199 | \$ 216,199 | \$ 216,199 | 0.2% | Short-term financing | \$ - | Operation | \$ - | - | \$ - | \$ 545,859 (Note 1) | \$ 545,859 (Note 1) | |
| 2 | Century Nova Steel Co., Ltd. | Century Nova Steel Co., Ltd. - CN | Other receivables | Yes | 555,099 | 555,099 | 555,099 | 0.2% | Short-term financing | - | Operation | - | - | - | 2,628,952 (Note 2) | 2,628,952 (Note 2) | |
| 3 | Froch Stainless Co., Ltd. | Century Nova Steel Co., Ltd. - CN | Other receivables | Yes | 69,387 | 69,387 | 69,387 | 0.2% | Short-term financing | - | Operation | - | - | - | 108,688 (Note 3) | 108,688 (Note 3) | |

Note 1: The total amount of loans made by Froch Enterprise International Co., Ltd. and the amount of loans made by a single enterprise that directly or indirectly holds 100% of the voting rights to the parent company shall not exceed 100% of the net value of the loans made to the Company during the period audited or reviewed by an accountant.

Note 2: The total amount of loans made by Century Nova Steel Co., Ltd. and the amount of loans made by a single enterprise that directly or indirectly holds 100% of the voting rights to the parent company shall not exceed 100% of the net value of the loans made to the Company during the period audited or reviewed by an accountant.

Note 3: The total amount of loans made by Froch Stainless Co., Ltd. and the amount of loans made by a single enterprise that directly or indirectly holds 100% of the voting rights to the parent company shall not exceed 100% of the net value of the loans made to the Company during the period audited or reviewed by an accountant.

Note 4: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

Note 5: Significant intercompany accounts and transactions have been eliminated.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor | Endorsed/Guaranteed Party | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China | Note |
|-----|-----------------------------------|------------------------------------|--------------|--|---|--|----------------------------|--|---|---|--|--|---|------|
| | | Name | Relationship | | | | | | | | | | | |
| 0 | Froch Enterprise Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | 2 | \$ 2,496,153 | \$ 1,195,380 | \$ 1,195,380 | \$ 265,985 | \$ - | 23 | \$ 2,496,153 | Yes | - | Yes | |
| 1 | Century Nova Steel Co., Ltd. - CN | Froch Metal (Suzhou) Co., Ltd. | 1 | 497,031 | 23,129 | 23,129 | 927 | - | 0.5 | 994,062 | - | - | Yes | |
| | | Froch Stainless Co., Ltd. - CN | 1 | 497,031 | 23,129 | 23,129 | - | - | 0.5 | 994,062 | - | - | Yes | |

Note 1: The relationship between guarantor and guaranteed party:

1. Companies that do business with each other.
2. Subsidiary which is directly or indirectly held over 50% of the issued share capital.

Note 2: The total amount of the Company's external endorsement guarantee and the amount of the Company's endorsement guarantee for a single enterprise holding 100% voting rights shall not exceed 48% of the net value of the endorsing company in the current period audited or reviewed by an accountant; for a single enterprise that does not hold 100% of the voting rights, the amount of the endorsement guarantee shall be limited to 24% of the net value of the endorsing company for the period audited or audited by an accountant.

Note 3: The total amount of the subsidiaries' external endorsement guarantee shall not exceed 48% of the net value of the endorsing company in the current period audited or reviewed by an accountant.

Note 4: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Purchaser or Seller | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|------------------------------------|--|------------------------|---------------------|--------------|---------------|-----------------------------|----------------------|-----------------------------|-------------------------------------|---------------|--------|
| | | | Purchases/ Sales | Amount | % of Total | Payment/Collection Terms | Unit Price | Payment/Collection Terms | Ending Balance | % of Total | |
| Century Nova Steel, Co., Ltd. - CN | Froch Metal (Suzhou) Co., Ltd. Froch Stainless Co., Ltd. - CN | Associate Associate | Sales | \$ (122,275) | (21) | Note 1 | Note 1 | Note 1 | \$ - | - | Note 2 |
| | | | Sales | (413,394) | (72) | Note 1 | Note 1 | Note 1 | 360,828 | 97 | Note 2 |
| Froch Metal (Suzhou) Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | Associate | Purchases | 122,275 | 100 | Note 1 | Note 1 | Note 1 | - | - | Note 2 |
| Froch Stainless Co., Ltd. - CN | Century Nova Steel, Co., Ltd. - CN | Associate | Purchases | 413,394 | 100 | Note 1 | Note 1 | Note 1 | (360,828) | (100) | Note 2 |

Note 1: Subject to the market price agreement between the parties, and the terms of collection are 90 days after the transaction.

Note 2: Significant intercompany accounts and transactions have been eliminated.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL

MARCH 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name | Related Party | Relationship | Trade Receivables - Related Parties (Note) | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Doubtful Accounts |
|--|------------------------------------|--------------|---|------------------|---------|---------------|---|---------------------------------------|
| | | | | | Amount | Actions Taken | | |
| Century Nova Steel, Co., Ltd. - CN | Froch Stainless Co., Ltd. - CN | Associate | \$ 360,828 | 4.71 | \$ - | - | \$ 298,363 | \$ - |
| Froch Enterprise International Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | Associate | 216,199 | - | - | - | - | - |
| Century Nova Steel Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | Associate | 555,099 | - | - | - | - | - |

Note: Significant intercompany accounts and transactions have been eliminated.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Company Name | Counterparty | Relationship (Note 1) | Transaction Details | | | Percentage of Consolidated Net Revenue or Total Assets (%) |
|-----|--|------------------------------------|--------------------------|-------------------------------|-----------------|---------------|--|
| | | | | Financial Statements Accounts | Amount (Note 2) | Payment Terms | |
| 1 | Froch Metal (Suzhou) Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | 3 | Cost of goods sold | \$ 122,275 | T/T 90 days | 5 |
| | | | | Prepayments for purchases | 127,575 | T/T 90 days | 1 |
| 2 | Century Nova Steel, Co., Ltd. - CN | Froch Stainless Co., Ltd. - CN | 3 | Sales revenue | 413,394 | T/T 90 days | 15 |
| | | | | Trade receivables | 360,828 | T/T 90 days | 3 |
| 3 | Froch Enterprise International Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | 3 | Other receivables | 216,199 | - | 1 |
| 4 | Century Nova Steel Co., Ltd. | Century Nova Steel, Co., Ltd. - CN | 3 | Other receivables | 555,099 | - | 5 |

Note 1: Relationship of counterparty: (1) parent company to subsidiary; (2) subsidiary to parent company; and (3) subsidiary to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE THREE MONTHS ENDED MARCH 31, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of March 31, 2025 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 1) | Note |
|----------------------------|--|------------------------|--|----------------------------|--------------------------|----------------------|-------------------------|--------------------------|-----------------------------------|---------------------------------|-------------------|
| | | | | March 31, 2025 | December 31, 2024 | Number of Shares | Percentage of Ownership | Carrying Amount (Note 1) | | | |
| Froch Enterprise Co., Ltd. | Century Nova Steel Co., Ltd. | British Virgin Islands | International investment business | \$ 1,530,998 | \$ 1,530,998 | 49,000,000 | 100% | \$ 2,628,391 | \$ 7,413 | \$ 7,413 | Subsidiary |
| | Froch Enterprise International Co., Ltd. | British Cayman Islands | International investment business | 115,366 | 115,366 | 3,550,000 | 100% | 554,012 | 768 | 768 | Subsidiary |
| | Froch Stainless Co., Ltd. | British Samoa | International investment business | 14,959 | 14,959 | 500,000 | 100% | 108,689 | (8,991) | (8,991) | Subsidiary |
| | Froch Africa Co., Ltd. | British Virgin Islands | International investment business | 477,442 | 477,442 | 15,000,000 | 100% | 502,462 | (3,660) | (3,660) | Subsidiary |
| Froch Africa Co., Ltd. | Froch Stainless Morocco | Morocco | Operating stainless steel and other steel pipe production and sales businesses | 479,124 (US\$ 14,954) | 479,124 (US\$ 14,954) | 138,119 | 100% | 502,269 | (3,667) (US\$ 111) | (3,667) (US\$ 111) | Sub-subsubsidiary |

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: For information on investments in mainland China, see Table 7.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, U.S. Dollars, Unless Stated Otherwise)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025 | Net Income (Loss) of the Investee | Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Notes 3 and 6) | Carrying Amount as of March 31, 2025 (Notes 3 and 6) | Accumulated Repatriation of Investment Income as of March 31, 2025 |
|--|--|--|--|---|---------------------|--------|--|-----------------------------------|--|--|--|--|
| | | | | | Outward | Inward | | | | | | |
| Froch Metal (Suzhou) Co., Ltd | Operating stainless steel and other steel pipe sales businesses | \$ 103,236 (US\$ 3,000) | The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China. | \$ 110,492 (US\$ 3,400) | \$ - | \$ - | \$ 110,492 (US\$ 3,400) | \$ 519 | 100% | \$ 519 | \$ 262,766 | \$ - |
| Century Nova Steel, Co., Ltd. - CN | Operating stainless steel and other steel pipe production and sales businesses | 1,680,898 (US\$ 54,000) (Note 1) | The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China. | 1,530,998 (US\$ 49,000) | - | - | 1,530,998 (US\$ 49,000) | 6,374 | 100% | 6,374 | 2,070,963 | - |
| Zhangjiagang Free Trade Zone Froch International Trading Co., Ltd. | Import and export business, entrepot trade and trade between enterprises in bonded areas | 16,250 (US\$ 500) | The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China. | 4,875 (US\$ 150) | - | - | 4,875 (US\$ 150) | (22) | 100% (Note 2) | (22) | 26,813 | - |
| Froch Stainless Co., Ltd. - CN | Operating stainless steel and other steel pipe sales businesses | 17,951 (US\$ 600) | The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China. | 14,959 (US\$ 500) | - | - | 14,959 (US\$ 500) | (11,007) | 100% (Note 5) | (11,007) | 5,068 | - |

| Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2025 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4) |
|--|--|--|
| \$ 1,457,176 (US\$ 46,950) | \$ 1,672,697 (US\$ 58,000) | \$ 3,120,191 |

Note 1: The equipment is priced at US\$6,100 thousand and the rest is invested in cash.

Note 2: The Company established Zhangjiagang Free Trade Zone Froch International Trading Co., Ltd. as a joint venture between Froch Enterprise International Co., Ltd. and Froch Metal (Suzhou) Co., Ltd., holding 30% and 70% equity respectively.

Note 3: Except for Century Nova Steel, Co., Ltd. - CN and Froch Stainless Co., Ltd. - CN whose financial statements have been reviewed by the independent auditors, all the financial statements of remaining subsidiaries were not reviewed.

Note 4: According to the "Regulations for Screening of Application to Engage in Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs, the amount is calculated using 60% of higher net worth or combined net worth.

Note 5: The Company established Froch Stainless Co., Ltd. - CN as a joint venture between Froch Stainless Co., Ltd. and Century Nova Steel, Co., Ltd. - CN, holding 83% and 17% equity respectively.

Note 6: Significant intercompany accounts and transactions have been eliminated.