

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

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

FINEMAT APPLIED MATERIALS CO., LTD.
DECEMBER 31, 2024 AND 2023 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FINEMAT APPLIED MATERIALS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. (the "Company") as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Existence of sales revenue

Description

Refer to Note 4(24) for the accounting policy on revenue recognition and Note 6(16) for the details of operating revenue.

The Company sells electronic components, high precision metal masks and other metal products and so forth. Since the Company's customers are located in Taiwan, Asia and other areas, sales are easily affected by the terminal market demand. Also, the verification of the transaction existence takes a relatively longer time due to the massive transaction volume of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters for this year's audit.

How our audit addressed the matter

We performed the following audit procedures in response of the above key audit matter:

- A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorization procedures and collection processes to evaluate the management's effectiveness of internal controls over sales revenue recognition.
- B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.
- C. We sampled and tested the accounting entries recognized for sales revenue, including verifying the nature of the entries and checking the supporting documents. For the same purpose, we also sampled and checked the reasonableness of the debit notes issued after the balance sheet date and examined the related supporting documents.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Fang-Ting

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 12, 2025

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

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

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

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 168,029	9	\$ 204,725	11
1136	Financial assets at amortized cost - current	6(1) and 8	1,065	-	1,049	-
1150	Notes receivable, net	6(2)	2,610	-	85	-
1170	Accounts receivable, net	6(2) and 12	101,334	5	95,865	5
1180	Accounts receivable - related parties, net	7 and 12	2,241	-	15,385	1
1200	Other receivables	12	130	-	2,162	-
1210	Other receivables - related parties	7 and 12	97,322	5	58,868	3
1220	Current income tax assets	6(23)	511	-	302	-
130X	Inventories	6(3)	48,100	3	64,811	3
1410	Prepayments		4,169	-	5,277	-
11XX	Total current assets		<u>425,511</u>	<u>22</u>	<u>448,529</u>	<u>23</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4) and 7	830,790	44	864,399	44
1600	Property, plant and equipment	6(5) and 8	606,476	32	617,814	31
1755	Right-of-use assets	6(6)	3,974	-	3,258	-
1760	Investment property, net	6(7) and 8	198	-	279	-
1780	Intangible assets	6(8)	1,268	-	635	-
1840	Deferred income tax assets	6(23)	37,280	2	37,122	2
1920	Guarantee deposits paid		3,400	-	5,691	-
1990	Other non-current assets		335	-	602	-
15XX	Total non-current assets		<u>1,483,721</u>	<u>78</u>	<u>1,529,800</u>	<u>77</u>
1XXX	Total assets		<u>\$ 1,909,232</u>	<u>100</u>	<u>\$ 1,978,329</u>	<u>100</u>

(Continued)

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

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 495,000	26	\$ 410,000	21
2110	Short-term notes and bills payable	6(10)	30,000	2	50,000	2
2130	Current contract liabilities	6(16)	2,004	-	2,469	-
2170	Accounts payable		26,977	1	58,457	3
2180	Accounts payable - related parties	7	1,892	-	833	-
2200	Other payables		38,333	2	33,572	2
2280	Current lease liabilities		1,823	-	2,095	-
2320	Long-term liabilities, current portion	6(11) and 8	78,789	4	94,854	5
21XX	Total current liabilities		<u>674,818</u>	<u>35</u>	<u>652,280</u>	<u>33</u>
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	43,824	2	79,613	4
2570	Deferred income tax liabilities	6(23)	1,876	-	20,725	1
2580	Non-current lease liabilities		2,171	-	1,183	-
2600	Other non-current liabilities		9,029	1	9,462	1
25XX	Total non-current liabilities		<u>56,900</u>	<u>3</u>	<u>110,983</u>	<u>6</u>
2XXX	Total liabilities		<u>731,718</u>	<u>38</u>	<u>763,263</u>	<u>39</u>
Equity						
Share capital						
3110	Common stock	6(13)	663,898	35	663,898	33
Capital reserve						
3200	Capital surplus	6(14)	539,318	28	526,972	27
Retained earnings						
3310	Legal reserve	6(15)	41,495	2	41,495	2
3320	Special reserve		18,003	1	10,808	-
3350	(Accumulated deficit) unappropriated retained earnings		(56,080)	(3)	14,083	1
3400	Other equity interest		(4,933)	-	(18,003)	(1)
3500	Treasury stocks	6(13)	(24,187)	(1)	(24,187)	(1)
3XXX	Total equity		<u>1,177,514</u>	<u>62</u>	<u>1,215,066</u>	<u>61</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 1,909,232</u>	<u>100</u>	<u>\$ 1,978,329</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	\$ 287,310	100	\$ 398,921	100
5000	Operating costs	6(3)(8)(12)(21)(22) and 7	(255,515)	(89)	(409,589)	(102)
5900	Gross profit (loss)		31,795	11	10,668	2
	Operating expenses	6(8)(12)(21)(22), 7 and 12				
6100	Selling expenses		(15,230)	(5)	(20,007)	(5)
6200	General and administrative expenses		(50,117)	(17)	(47,544)	(12)
6300	Research and development expenses		(34,471)	(12)	(35,536)	(9)
6450	Expected credit impairment gain		239	-	632	-
6000	Total operating expenses		(99,579)	(34)	(102,455)	(26)
6900	Operating loss		(67,784)	(23)	(113,123)	(28)
	Non-operating income and expenses					
7100	Interest income	6(17) and 7	4,999	2	4,239	1
7010	Other income	6(18) and 7	13,406	4	13,256	3
7020	Other gains and losses	6(7)(19) and 12	14,675	5	1,316	1
7050	Finance costs	6(6)(20)	(11,795)	(4)	(11,292)	(3)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	(8,621)	(3)	25,142	6
7000	Total non-operating income and expenses		12,664	4	32,661	8
7900	Loss before income tax		(55,120)	(19)	(80,462)	(20)
7950	Income tax expense	6(23)	(7,848)	(3)	(5,109)	(1)
8200	Loss for the year		(\$ 62,968)	(22)	(\$ 85,571)	(21)
	Other comprehensive income (loss) (Net)					
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(4)	\$ 16,338	6	(\$ 8,994)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)	(3,268)	(1)	1,799	-
8300	Other comprehensive income (loss) for the year		\$ 13,070	5	(\$ 7,195)	(2)
8500	Total comprehensive loss for the year		(\$ 49,898)	(17)	(\$ 92,766)	(23)
	Loss per share (in dollars)	6(24)				
9750	Basic		(\$ 0.96)		(\$ 1.30)	
9850	Diluted		(\$ 0.96)		(\$ 1.30)	

The accompanying notes are an integral part of these parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Common stock	Capital surplus	Retained Earnings			Other	Treasury shares	Total
				Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Equity Interest Financial statements translation differences of foreign operations		
<u>Year ended December 31, 2023</u>									
Balance at January 1, 2023		\$ 663,898	\$ 503,465	\$ 41,495	\$ 16,526	\$ 93,936	(\$ 10,808)	(\$ 24,187)	\$1,284,325
Loss for the year		-	-	-	-	(85,571)	-	-	(85,571)
Other comprehensive loss for the year		-	-	-	-	-	(7,195)	-	(7,195)
Total comprehensive loss for the year		-	-	-	-	(85,571)	(7,195)	-	(92,766)
Adjustment for change in capital reserve of investee companies	6(4)(14)	-	325	-	-	-	-	-	325
Disposal of investments accounted for under equity method	6(4)(14)	-	(95,778)	-	-	-	-	-	(95,778)
Adjustment of capital reserve due to change in interest of subsidiaries	6(4)(14)	-	118,960	-	-	-	-	-	118,960
Appropriation of 2022 earnings:									
Special reserve	6(15)	-	-	-	(5,718)	5,718	-	-	-
Balance at December 31, 2023		\$ 663,898	\$ 526,972	\$ 41,495	\$ 10,808	\$ 14,083	(\$ 18,003)	(\$ 24,187)	\$1,215,066
<u>Year ended December 31, 2024</u>									
Balance at January 1, 2024		\$ 663,898	\$ 526,972	\$ 41,495	\$ 10,808	\$ 14,083	(\$ 18,003)	(\$ 24,187)	\$1,215,066
Loss for the year		-	-	-	-	(62,968)	-	-	(62,968)
Other comprehensive income for the year		-	-	-	-	-	13,070	-	13,070
Total comprehensive (loss) income for the year		-	-	-	-	(62,968)	13,070	-	(49,898)
Difference between acquisition or disposal price and carrying amounts of subsidiaries	6(14)	-	12,346	-	-	-	-	-	12,346
Appropriation of 2023 earnings:									
Special reserve	6(15)	-	-	-	7,195	(7,195)	-	-	-
Balance at December 31, 2024		\$ 663,898	\$ 539,318	\$ 41,495	\$ 18,003	(\$ 56,080)	(\$ 4,933)	(\$ 24,187)	\$1,177,514

The accompanying notes are an integral part of these parent company only financial statements.

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

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 55,120)	(\$ 80,462)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12	(239)	(632)
Loss on inventory market price decline	6(3)	636	5,307
Share of profit or loss of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	8,621	(25,142)
Depreciation	6(5)(6)(7)	52,548	58,983
Amortization	6(8)(21)	484	642
Interest income	6(17)	(4,999)	(4,239)
Interest expense	6(20)	11,795	11,292
Changes in assets and liabilities			
Changes in operating assets			
Notes receivable		32	2,456
Accounts receivable		15,445	26,688
Accounts receivable - related parties		11,266	43,722
Other receivables		2,000	1,048
Other receivables - related parties		53	16,463
Inventories		18,140	27,782
Prepayments		1,174	9,208
Changes in operating liabilities			
Current contract liabilities		(465)	1,591
Accounts payable		(34,138)	(2,056)
Accounts payable - related parties		(149)	(10,271)
Other payables		679	(12,150)
Other non-current liabilities		(433)	9,462
Cash inflow generated from operations		27,330	79,692
Interest received		4,999	4,239
Dividends received	6(4)	53,857	48,654
Interest paid		(11,760)	(11,247)
Income tax paid		(3,591)	(1,601)
Net cash flows from operating activities		<u>70,835</u>	<u>119,737</u>

(Continued)

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

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost - current		(\$ 16)	(\$ 13)
Increase in other receivables - related parties		(36,867)	(18,743)
Acquisition of investments accounted for under equity method - subsidiary	7	(41,640)	-
Proceeds from disposal of investments accounted for under equity method - subsidiaries	7	19,514	-
Cash paid for acquisition of property, plant and equipment	6(25)	(21,738)	(27,475)
Acquisition of intangible assets	6(8)	(1,117)	-
Decrease (increase) in guarantee deposits paid		3,380	(808)
Decrease in other non-current assets		267	267
Cash received from absorption and merger of subsidiaries	6(25)	24,932	-
Net cash flows used in investing activities		(53,285)	(46,772)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	1,480,000	1,410,000
Decrease in short-term borrowings	6(26)	(1,435,000)	(1,377,000)
Increase in short-term notes and bills payable	6(26)	190,000	270,000
Decrease in short-term notes and bills payable	6(26)	(210,000)	(220,000)
Payments of lease liability	6(26)	(2,392)	(2,818)
Increase in long-term borrowings	6(26)	18,000	7,000
Decrease in long-term borrowings	6(26)	(94,854)	(87,523)
Net cash flows used in financing activities		(54,246)	(341)
Net (decrease) increase in cash and cash equivalents		(36,696)	72,624
Cash and cash equivalents at beginning of year	6(1)	204,725	132,101
Cash and cash equivalents at end of year	6(1)	\$ 168,029	\$ 204,725

The accompanying notes are an integral part of these parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. HISTORY AND ORGANISATION

(1) FINEMAT APPLIED MATERIALS CO., LTD. (the “Company”) was incorporated on May 25, 2007 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company is primarily engaged in the manufacture of electronic components and computers and its peripherals, duplication of data storage media, wholesale of electronic materials, secondary processing of steel materials and other metal products.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since November 25, 2019.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 12, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. The parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, critical accounting judgements, estimates and key sources of assumption uncertainly.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

- (c) Assets that are expected to be realized within 12 months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within 12 months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at amortized cost

Financial assets at amortized cost are those that meet all of the following criteria:

- A. The objective of the Company's business model is achieved by collecting contractual cash flows.
- B. The assets' contractual cash flows represent solely payments of principal and interest.

(6) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(8) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the cost of inventory is higher than net realized value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(10) Investments accounted for using the equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, "Profit for the year" and "Other comprehensive income for the year" reported in an entity's nonconsolidated statement of comprehensive income, shall equal to "profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will

flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives
Buildings and structures	3 ~ 50 years
Machinery and equipment	3 ~ 12 years
Instruments and equipment	3 ~ 8 years
Office equipment	3 ~ 5 years
Other equipment	2 ~ 15 years

(12) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability:
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(13) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 50 years.

(14) Intangible assets

Intangible assets comprise computer software, which is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise long-term and short-term bank loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give

rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(22) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is resolved from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

- (a) Sales are recognized when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sale revenue is recognized based on the contract price, net of the estimated sales taxes, returns and discounts. For collection terms for sales transactions, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have no significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 279	\$ 241
Demand deposits	<u>167,750</u>	<u>204,484</u>
	<u>\$ 168,029</u>	<u>\$ 204,725</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Company's time deposits pledged to others as collateral as of December 31, 2024 and 2023 (shown as 'Financial assets at amortized cost - current') are described in Note 8.

(2) Notes and accounts receivable, net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ 2,610	\$ 85
Accounts receivable	\$ 101,769	\$ 96,571
Less: Allowance for doubtful accounts	(435)	(706)
	<u>\$ 101,334</u>	<u>\$ 95,865</u>

A. As of December 31, 2024 and 2023, the Company's notes receivable were not past due.

B. The ageing analysis of accounts receivable (including related parties) is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Not past due	\$ 99,081	\$ 107,531
Up to 30 days	3,541	3,613
31 to 90 days	1,254	131
91 to 180 days	65	681
Over 180 days	69	-
	<u>\$ 104,010</u>	<u>\$ 111,956</u>

The above ageing analysis was based on past due date.

C. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$184,907.

D. As of December 31, 2024 and 2023, the Company did not hold any collateral as security for notes receivable and accounts receivable.

E. As of December 31, 2024 and 2023, the Company has no accounts and notes receivable pledged to others.

F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(3) Inventories

	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for market price decline</u>	<u>Book value</u>
Merchandise	\$ 57	(\$ 57)	\$ -
Raw materials	63,580	(21,344)	42,236
Supplies	1,941	(609)	1,332
Work in progress	1,016	-	1,016
Finished goods	4,599	(1,083)	3,516
	<u>\$ 71,193</u>	<u>(\$ 23,093)</u>	<u>\$ 48,100</u>

	December 31, 2023		
	Allowance for market		
	Cost	price decline	Book value
Merchandise	\$ 57	(\$ 57)	\$ -
Raw materials	81,265	(20,859)	60,406
Supplies	2,640	(742)	1,898
Work in progress	1,316	(409)	907
Finished goods	1,990	(390)	1,600
	<u>\$ 87,268</u>	<u>(\$ 22,457)</u>	<u>\$ 64,811</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 255,606	\$ 405,397
Loss on inventory market price decline	636	5,307
Loss on discarding of inventory	-	77
Revenue from sales of scraps	(727)	(1,192)
	<u>\$ 255,515</u>	<u>\$ 409,589</u>

(4) Investments accounted for under the equity method

A. Movements in investments accounted for under equity method were as follows:

	For the years ended December 31,	
	2024	2023
At January 1	\$ 864,399	\$ 873,398
Acquisition of investments accounted for under equity method – subsidiaries (Note1)	37,576	-
Disposal of investments accounted for under equity method – subsidiaries (Note1)	(3,104)	-
Share of profit or loss of investments accounted for under equity method	(8,621)	25,142
Net changes from absorption and merger of subsidiaries (Note 2)	(21,941)	-
Net change in equity of investments accounted for under equity method	-	23,507
Earnings distribution of investments accounted for under equity method	(53,857)	(48,654)
Other equity interest – financial statements translation differences of foreign operations	16,338	(8,994)
At December 31	<u>\$ 830,790</u>	<u>\$ 864,399</u>

(Note 1) Please refer to Note 7(2) 6, 'Investment transactions'.

(Note 2) In order to integrate resources and enhance operational efficiency, the Company absorbed and merged with its subsidiary, ETCH HOME TECHNOLOGY CO., LTD., on December 31, 2024, resulting to a decrease in investments accounted for using the equity method by \$63,512. Additionally, the Company obtained 100% equity interest in VN ETCH HOME TECHNOLOGY CO., LTD. which increased investments accounted for using the equity method by \$41,572.

B. Details of investments accounted for under equity method:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
WAVE POWER TECHNOLOGY INC.	\$ 400,125	\$ 400,897
Htc & Solartech Service (Samoa) Corporation	359,617	368,421
VN ETCH HOME TECHNOLOGY CO., LTD.	41,572	-
Sense Pad TECH. CO., LTD.	29,476	53,027
ETCH HOME TECHNOLOGY CO., LTD.	-	42,054
	<u>\$ 830,790</u>	<u>\$ 864,399</u>

C. For more information regarding the subsidiaries of the Company, refer to Note 4(2) 'Basis of consolidation' in the 2024 consolidated financial statements'.

D. As of December 31, 2024 and 2023, no investments accounted for under equity method held by the Company were pledged to others.

(5) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Instruments and equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2024</u>								
Cost	\$ 227,865	\$ 413,335	\$ 221,954	\$ 76,313	\$ 2,178	\$ 40,504	\$ 269	\$ 982,418
Accumulated depreciation	-	(159,968)	(133,688)	(54,499)	(1,641)	(13,626)	-	(363,422)
Accumulated impairment	-	-	(1,182)	-	-	-	-	(1,182)
	<u>\$ 227,865</u>	<u>\$ 253,367</u>	<u>\$ 87,084</u>	<u>\$ 21,814</u>	<u>\$ 537</u>	<u>\$ 26,878</u>	<u>\$ 269</u>	<u>\$ 617,814</u>
<u>2024</u>								
At January 1	\$ 227,865	\$ 253,367	\$ 87,084	\$ 21,814	\$ 537	\$ 26,878	\$ 269	\$ 617,814
Additions	-	976	3,251	336	-	810	16,591	21,964
Transfers after acceptance inspection	-	-	1,500	-	-	90	(1,590)	-
Acquired from absorption and merger	-	-	3,577	-	50	9,936	3,210	16,773
Depreciation	-	(15,930)	(23,409)	(5,775)	(304)	(4,657)	-	(50,075)
Disposal – Cost	-	-	-	-	(25)	-	-	(25)
– Accumulated depreciation	-	-	-	-	25	-	-	25
At December 31	<u>\$ 227,865</u>	<u>\$ 238,413</u>	<u>\$ 72,003</u>	<u>\$ 16,375</u>	<u>\$ 283</u>	<u>\$ 33,057</u>	<u>\$ 18,480</u>	<u>\$ 606,476</u>
<u>At December 31, 2024</u>								
Cost	\$ 227,865	\$ 414,311	\$ 240,060	\$ 76,649	\$ 2,445	\$ 54,719	\$ 18,480	\$ 1,034,529
Accumulated depreciation	-	(175,898)	(166,875)	(60,274)	(2,162)	(21,662)	-	(426,871)
Accumulated impairment	-	-	(1,182)	-	-	-	-	(1,182)
	<u>\$ 227,865</u>	<u>\$ 238,413</u>	<u>\$ 72,003</u>	<u>\$ 16,375</u>	<u>\$ 283</u>	<u>\$ 33,057</u>	<u>\$ 18,480</u>	<u>\$ 606,476</u>

(Note) Please refer to Note 6(25) ‘Supplementary cash flow information’.

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Instruments and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment before acceptance inspection</u>	<u>Total</u>
<u>At January 1, 2023</u>								
Cost	\$ 227,865	\$ 393,552	\$ 205,928	\$ 59,209	\$ 2,178	\$ 38,486	\$ 32,446	\$ 959,664
Accumulated depreciation	-	(141,913)	(110,271)	(45,415)	(1,096)	(8,855)	-	(307,550)
Accumulated impairment	-	-	(1,182)	-	-	-	-	(1,182)
	<u>\$ 227,865</u>	<u>\$ 251,639</u>	<u>\$ 94,475</u>	<u>\$ 13,794</u>	<u>\$ 1,082</u>	<u>\$ 29,631</u>	<u>\$ 32,446</u>	<u>\$ 650,932</u>
<u>2023</u>								
At January 1	\$ 227,865	\$ 251,639	\$ 94,475	\$ 13,794	\$ 1,082	\$ 29,631	\$ 32,446	\$ 650,932
Additions	-	4,240	6,654	3,929	-	895	7,036	22,754
Transfers after acceptance inspection	-	15,543	9,372	13,175	-	1,123	(39,213)	-
Depreciation	-	(18,055)	(23,417)	(9,084)	(545)	(4,771)	-	(55,872)
At December 31	<u>\$ 227,865</u>	<u>\$ 253,367</u>	<u>\$ 87,084</u>	<u>\$ 21,814</u>	<u>\$ 537</u>	<u>\$ 26,878</u>	<u>\$ 269</u>	<u>\$ 617,814</u>
<u>At December 31, 2023</u>								
Cost	\$ 227,865	\$ 413,335	\$ 221,954	\$ 76,313	\$ 2,178	\$ 40,504	\$ 269	\$ 982,418
Accumulated depreciation	-	(159,968)	(133,688)	(54,499)	(1,641)	(13,626)	-	(363,422)
Accumulated impairment	-	-	(1,182)	-	-	-	-	(1,182)
	<u>\$ 227,865</u>	<u>\$ 253,367</u>	<u>\$ 87,084</u>	<u>\$ 21,814</u>	<u>\$ 537</u>	<u>\$ 26,878</u>	<u>\$ 269</u>	<u>\$ 617,814</u>

- A. Property, plant and equipment of the Company were all for its own use as of December 31, 2024 and 2023.
- B. For the years ended December 31, 2024 and 2023, no borrowing cost was capitalized as part of property, plant and equipment.
- C. For the years ended December 31, 2024 and 2023, no impairment loss was recognized as part of property, plant and equipment.
- D. Information about property, plant and equipment that were pledged to others as collateral as of December 31, 2024 and 2023 is provided in Note 8, 'Pledged assets'.

(6) Leasing arrangements – lessee

- A. The Company leases business vehicles. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

Carrying amounts:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Transportation equipment (Business vehicles)	\$ 3,974	\$ 3,258

Depreciation charge:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Transportation equipment (Business vehicles)	\$ 2,392	\$ 2,806

- C. For the years ended December 31, 2024, and 2023, the additions to right-of-use assets were \$3,108 and \$1,834, respectively.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 50	\$ 35
Expense on short-term lease contracts	126	599

- E. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$2,568 and \$3,452, respectively.

(7) Investment property, net

Movements of investment property are as follows:

	<u>Buildings and structures</u>	
	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
At January 1		
Cost	\$ 30,454	\$ 30,454
Accumulated depreciation	(2,737)	(2,432)
Accumulated impairment	(27,438)	(27,438)
	<u>\$ 279</u>	<u>\$ 584</u>
Net value at January 1	\$ 279	\$ 584
Depreciation	(81)	(305)
Net value at December 31	<u>\$ 198</u>	<u>\$ 279</u>
At December 31		
Cost	\$ 30,454	\$ 30,454
Accumulated depreciation	(2,818)	(2,737)
Accumulated impairment	(27,438)	(27,438)
	<u>\$ 198</u>	<u>\$ 279</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year (Note)	<u>\$ 81</u>	<u>\$ 305</u>

(Note) Listed as 'Other gains and losses'.

B. The fair value of the investment property held by the Company as at December 31, 2024 and 2023 was \$24,740 and \$15,411, respectively, which was valued by referring to the actual price registration. Valuation is categorized within Level 3 in the fair value hierarchy.

C. For the years ended December 31, 2024 and 2023, no borrowing cost was capitalized as part of investment property.

D. For the years ended December 31, 2024 and 2023, no impairment loss was recognized as part of investment property.

E. Information about investment property that was pledged to others as collateral as of December 31, 2024 and 2023 is provided in Note 8, 'Pledged assets'.

(8) Intangible assets

	Computer software cost	
	For the years ended December 31,	
	2024	2023
At January 1		
Cost	\$ 5,444	\$ 5,444
Accumulated amortization	(4,809)	(4,167)
	<u>\$ 635</u>	<u>\$ 1,277</u>
Net value at January 1	\$ 635	\$ 1,277
Additions	1,117	-
Amortization	(484)	(642)
Net value at December 31	<u>\$ 1,268</u>	<u>\$ 635</u>
At December 31		
Cost	\$ 6,561	\$ 5,444
Accumulated amortization	(5,293)	(4,809)
	<u>\$ 1,268</u>	<u>\$ 635</u>

A. For the years ended December 31, 2024 and 2023, no borrowing cost was capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2024	2023
	Manufacturing expenses	\$ 88	$ 257
Selling expenses	10	33
General and administrative expenses	314	149
Research and development expenses	72	203
	<u>\$ 484</u>	<u>\$ 642</u>

(9) Short-term borrowings

Nature	December 31, 2024	Interest rate range	Collateral
Bank unsecured borrowings	\$ 350,000	0.5% ~ 2.496%	None
Bank secured borrowings	145,000	2.12% ~ 2.565%	Note
	<u>\$ 495,000</u>		
Nature	December 31, 2023	Interest rate range	Collateral
Bank unsecured borrowings	\$ 235,000	1.91% ~ 2.36%	None
Bank secured borrowings	175,000	0.5% ~ 2.304%	Note
	<u>\$ 410,000</u>		

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Company for the years ended December 31, 2024 and 2023, refer to Note 6(20), 'Finance cost'.

(10) Short-term notes and bills payable

<u>Nature</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial papers payable	\$ <u>30,000</u>	1.70%	None
<u>Nature</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial papers payable	\$ <u>50,000</u>	1.45% ~ 1.78%	None

A. The above commercial papers were issued and unsecured by China Bills Finance Corporation and MEGA BILLS FINANCE CO., LTD..

B. For more information about interest expenses recognized by the Company for the years ended December 31, 2024 and 2023, refer to Note 6(20), 'Finance cost'.

(11) Long-term borrowings

<u>Nature</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Bank secured borrowings	2020.7.27 ~ 2026.9.24	1.42% ~ 2.47%	Note	\$ 60,469
Bank unsecured borrowings	2020.12.15 ~ 2027.10.7	1.35% ~ 2.35%	None	<u>62,144</u>
				122,613
Less: Current portion				(78,789)
				<u>\$ 43,824</u>
<u>Nature</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Bank secured borrowings	2020.7.27 ~ 2026.9.24	1.29% ~ 2.23%	Note	\$ 134,179
Bank unsecured borrowings	2020.12.15 ~ 2025.12.15	1.22% ~ 2.10%	None	<u>40,288</u>
				174,467
Less: Current portion				(94,854)
				<u>\$ 79,613</u>

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Company for the years ended December 31, 2024 and 2023, refer to Note 6(20), 'Finance cost'.

(12) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau

of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were \$4,358 and \$5,031, respectively.

(13) Share capital

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

	For the years ended December 31,	
	2024	2023
Beginning and ending balance	65,788	65,788

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows (in thousands of shares):

<u>Reason for reacquisition</u>	For the years ended December 31,	
	2024	2023
	Beginning and ending balance	Beginning and ending balance
To be reissued to employees	602	602

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2024 and 2023, the balances of treasury shares purchased by the Company both amounted to \$24,187.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 year period are to be retired.

C. As of December 31, 2024, the Company's authorized capital was \$1,000,000 (including \$60,000 reserved for employee stock options), and the paid-in capital was \$663,898, consisting of 66,390 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share, which were issued in installments. All proceeds from shares issued have been collected.

(14) Capital reserve

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

10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements in capital surplus for the years ended December 31, 2024 and 2023 are summarised as follows:

For the year ended December 31, 2024	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Total
At January 1	\$ 394,674	\$ 12,782	\$ 119,516	\$ 526,972
Transactions with non-controlling interests of subsidiaries	-	12,346	-	12,346
At December 31	<u>\$ 394,674</u>	<u>\$ 25,128</u>	<u>\$ 119,516</u>	<u>\$ 539,318</u>

For the year ended December 31, 2023	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	\$ 394,674	\$ 12,782	\$ 231	\$ 95,778	\$503,465
Adjustments for changes in capital reserve of investee companies	-	-	325	-	325
Changes in subsidiaries, associates and joint ventures accounted for under equity method	-	-	-	(95,778)	(95,778)
Adjustments for changes in retained earnings of investee companies	-	-	118,960	-	118,960
At December 31	<u>\$ 394,674</u>	<u>\$ 12,782</u>	<u>\$ 119,516</u>	<u>\$ -</u>	<u>\$526,972</u>

C. For more information about changes in adjustments of capital reserve due to transactions with non-controlling interest of subsidiaries, refer to Note 7(2)6., 'Investment transactions'.

D. For more information about changes in adjustments of capital reserve due to change in interest of subsidiaries, refer to Note 6(30), 'Transactions with non-controlling interest' in the 2024 consolidated financial statements.

(15) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, but if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is no longer required to be set aside. In addition,

after special reserve is set aside or reversed in accordance with relevant regulations, the remainder along with accumulated unappropriated earnings will be proposed by the Board of Directors and resolved at the shareholders' meeting to be distributed as dividends. The Company's dividend policy takes into account not only the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. but also the shareholders' interests, balanced dividends and the Company's long-term financial plan, etc. Each year, the appropriation is proposed by the Board of Directors and then reported to the shareholders' meeting for approval. The Company is in the growth stage and has a plan to expand its production lines and capital needs in the coming years, and thus the balanced dividend policy is adopted to have a sound financial structure and maintain a good capital adequacy ratio. In addition to appropriating the earnings in accordance with the aforementioned regulations, the dividend and bonus may be distributed in the form of cash or shares, and if there are any earnings in the current year, 10% ~ 80% of distributable earnings of the current year shall be appropriated as dividends and bonuses to shareholders, of which cash dividends shall account for at least 10% of the total dividends distributed. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The special reserve previously set aside by the Company on initial application of IFRSs in accordance with the Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, amounted to \$369.
- D. On March 14, 2024 and March 15, 2023, the Board of Directors of the Company resolved not to distribute earnings except for the appropriation of legal reserve and special reserve. For the year ended December 31, 2024, the Board of Directors resolved not to distribute earnings due to loss incurred during the year.

(16) Operating revenue

- A. The Company's revenue is mainly from sales contracts with customers, and such revenue is derived from the transfer of goods at a point in time in the following major product lines:

	For the years ended December 31,	
	2024	2023
Metal masks	\$ 259,384	\$ 357,342
Thermal module	13,354	15,246
Others	14,572	26,333
	<u>\$ 287,310</u>	<u>\$ 398,921</u>

B. The Company has recognized the following revenue-related contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Current contract liabilities	\$ 2,004	\$ 2,469	\$ 878
	<u>For the years ended December 31,</u>		
	<u>2024</u>	<u>2023</u>	
Revenue recognized that was included in the contract liability balance at the beginning of the year	\$ 481	\$ 790	

(17) Interest income

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 985	\$ 1,165
Other interest income	4,014	3,074
	<u>\$ 4,999</u>	<u>\$ 4,239</u>

(18) Other income

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Technical service income	\$ 5,293	\$ 5,719
Resale of electricity income	4,185	2,707
Director's remuneration income	2,480	2,860
Administrative service income	774	1,177
Waste liquid recycling income	-	428
Other income	674	365
	<u>\$ 13,406</u>	<u>\$ 13,256</u>

(19) Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Currency exchange gain	\$ 14,756	\$ 1,621
Depreciation charges on investment property	(81)	(305)
	<u>\$ 14,675</u>	<u>\$ 1,316</u>

(20) Finance costs

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest expense:		
Interest expense on bank borrowings	\$ 11,745	\$ 11,257
Interest expense on lease liabilities	50	35
	<u>\$ 11,795</u>	<u>\$ 11,292</u>

(21) Expenses by nature

	For the year ended December 31, 2024		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 61,226	\$ 61,567	\$ 122,793
Depreciation	43,118	9,349	52,467
Amortization	88	396	484
	<u>\$ 104,432</u>	<u>\$ 71,312</u>	<u>\$ 175,744</u>

	For the year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 78,880	\$ 59,809	\$ 138,689
Depreciation	48,683	9,995	58,678
Amortization	257	385	642
	<u>\$ 127,820</u>	<u>\$ 70,189</u>	<u>\$ 198,009</u>

(22) Employee benefit expense

	For the year ended December 31, 2024		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 49,303	\$ 47,861	\$ 97,164
Labor and health insurance expense	5,606	4,735	10,341
Pension costs	2,140	2,218	4,358
Directors' remuneration	-	3,881	3,881
Other personnel expenses	4,177	2,872	7,049
	<u>\$ 61,226</u>	<u>\$ 61,567</u>	<u>\$ 122,793</u>

	For the year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 64,608	\$ 44,837	\$ 109,445
Labor and health insurance expense	6,951	5,224	12,175
Pension costs	2,611	2,420	5,031
Directors' remuneration	-	4,486	4,486
Other personnel expenses	4,710	2,842	7,552
	<u>\$ 78,880</u>	<u>\$ 59,809</u>	<u>\$ 138,689</u>

A. As of December 31, 2024 and 2023, the Company had 179 and 207 employees, among these, 7 directors were non-employee directors, respectively.

B. For the years ended December 31, 2024 and 2023, the average employee benefit expense recognized was \$691 and \$671, and the average employee salary expense recognized was \$565 and \$547, respectively. The average wages and salaries in 2024 increased by approximately 3% compared with 2023.

C. In accordance with the Company's compensation policy, directors' remuneration is determined by considering the extent of their contribution in the Company's operations and the general pay

levels in the same industry; managers' remuneration is assessed based on their positions, responsibilities of the job, contribution to the Company and performance evaluations during the year, and by reference to the general pay levels in the same industry. The aforementioned directors' and managers' remunerations shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. Employees' compensation is determined by reference to the pay levels in the industry and their job titles, levels, types, responsibilities, etc., and the professional capacities, education and work experience and education levels are also the main factors considered in the salary evaluation.

- D. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 8%~15% for employees' compensation and shall not be higher than 5% for directors' remuneration. Provided that the Company has accumulated deficit, earnings shall be first used to cover accumulated deficit. Directors' remuneration is distributed in the form of cash while employees' compensation may be distributed in the form of cash or shares. The employees, including the employees of the Company's subsidiaries, who meet certain specific requirements are entitled to receive the above cash or shares. The profit of the current year is the profit before deducting tax, employees' compensation and directors' remuneration. The distribution of employees' compensation and directors' remuneration is subject to the approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance and shall also be reported at the shareholders' meeting.
- E. As the Company had no profit in 2024 and 2023, there was no need to estimate and pay remuneration to employees and directors.

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

(23) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current tax on profits for the year	\$ 3,497	\$ 1,299
Prior year's income tax over estimation	(89)	(9)
Total current income tax	<u>3,408</u>	<u>1,290</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>4,440</u>	<u>3,819</u>
Income tax expense	<u>\$ 7,848</u>	<u>\$ 5,109</u>

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

	For the years ended December 31,	
	2024	2023
Financial statements translation differences of foreign operations	\$ 3,268	(\$ 1,799)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2024	2023
Prior year's income tax over estimation	(\$ 89)	(\$ 9)
Separate taxation	3,497	1,299
Change in assessment of realisation of deferred tax assets	4,440	3,819
Income tax expense	\$ 7,848	\$ 5,109

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Absorption and merger	December 31
Deferred tax assets:					
Temporary differences:					
Financial statements translation differences of foreign operations	\$ 4,502	(\$ 475)	(\$ 3,268)	\$ 475	\$ 1,234
Allowance for doubtful accounts	71	-	-	-	71
Loss on inventory market value decline	4,491	(452)	-	579	4,618
Impairment loss	2,807	(131)	-	-	2,676
Unrealized loss on foreign currency exchange	871	(871)	-	-	-
Book-tax difference on land cost	9,501	-	-	-	9,501
Loss from equity method investments	-	-	-	8,139	8,139
Tax losses	14,879	(11,539)	-	7,701	11,041
	<u>\$ 37,122</u>	<u>(\$ 13,468)</u>	<u>(\$ 3,268)</u>	<u>\$ 16,894</u>	<u>\$ 37,280</u>

For the year ended December 31, 2024

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Absorption and merger	December 31
Deferred tax liabilities:					
Temporary differences:					
Investment income	(\$ 19,448)	\$ 9,586	\$ -	\$ 9,862	\$ -
Unrealized gain on foreign currency exchange	-	(1,835)	-	(41)	(1,876)
Gain recognized in bargain purchase transaction	(1,277)	1,277	-	-	-
	<u>(\$ 20,725)</u>	<u>\$ 9,028</u>	<u>\$ -</u>	<u>\$ 9,821</u>	<u>(\$ 1,876)</u>
	<u>\$ 16,397</u>	<u>(\$ 4,440)</u>	<u>(\$ 3,268)</u>	<u>\$ 26,715</u>	<u>\$ 35,404</u>

For the year ended December 31, 2023

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences of foreign operations	\$ 2,703	\$ -	\$ 1,799	\$ 4,502
Allowance for doubtful accounts	71	-	-	71
Loss on inventory market value decline	3,430	1,061	-	4,491
Impairment loss	2,938	(131)	-	2,807
Unrealized loss on foreign currency exchange	-	871	-	871
Book-tax difference on land cost	9,501	-	-	9,501
Tax losses	14,605	274	-	14,879
	<u>\$ 33,248</u>	<u>\$ 2,075</u>	<u>\$ 1,799</u>	<u>\$ 37,122</u>

For the year ended December 31, 2023

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities:				
Temporary differences:				
Investment income	(\$ 13,362)	(\$ 6,086)	\$ -	(\$ 19,448)
Unrealized gain on foreign currency exchange	(192)	192	-	-
Gain recognized in bargain purchase transaction	(1,277)	-	-	(1,277)
	<u>(\$ 14,831)</u>	<u>(\$ 5,894)</u>	<u>\$ -</u>	<u>(\$ 20,725)</u>
	<u>\$ 18,417</u>	<u>(\$ 3,819)</u>	<u>\$ 1,799</u>	<u>\$ 16,397</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2024					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year	
2020	\$ 1,642	\$ 1,642	\$ -	2030	
2022	6,611	6,611	-	2032	
2023	46,950	46,950	-	2033	
December 31, 2023					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year	
2014	\$ 16,383	\$ 16,383	\$ -	2024	
2020	1,642	1,642	-	2030	
2022	9,420	9,420	-	2032	
2023	46,952	46,952	-	2033	

E. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 12, 2025.

(24) Loss per share

	For the year ended December 31, 2024		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the year	(\$ 62,968)	65,788	(\$ 0.96)

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the year	(\$ 85,571)	65,788	(\$ 1.30)

For the years ended December 31, 2024 and 2023, potential ordinary shares were excluded from the calculation of diluted loss per share due to the anti-dilutive effect.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 21,964	\$ 22,754
Add: Opening balance of other payables	774	5,495
Less: Ending balance of other payables	(1,000)	(774)
Cash paid for acquisition of property, plant and equipment	<u>\$ 21,738</u>	<u>\$ 27,475</u>

B. Operating activities with no cash flow effects:

	For the years ended December 31,	
	2024	2023
(a)Accounts receivable – related parties from absorption and merger offset against accounts payable – related parties	<u>\$ 645</u>	<u>\$ -</u>
(b)Accounts payable – related parties from absorption and merger offset against accounts receivable – related parties	<u>\$ 3,180</u>	<u>\$ -</u>

C. Cash received from absorption and merger of subsidiaries:

On December 31, 2024, the Company absorbed and merged with its wholly-owned subsidiary, ETCH HOME TECHNOLOGY CO., LTD. The acquired assets and assumed liabilities are as follows:

	<u>December 31, 2024</u>
Cash	\$ 24,932
Other current assets	28,944
Investments accounted for under equity method	41,572
Property, plant and equipment	16,773
Other non-current assets	27,845
Other current liabilities	(62,762)
Other non-current liabilities	(13,791)
	<u>63,513</u>
Less: Offset investment accounted for under equity method due to absorption and merger	(63,513)
	<u>\$ -</u>
Cash received from absorption and merger of subsidiaries	<u>\$ 24,932</u>

(26) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Commercial papers payable</u>	<u>Lease liabilities</u>	<u>Long-term borrowings (including current portion)</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2024	\$ 410,000	\$ 50,000	\$ 3,278	\$ 174,467	\$ 637,745
Changes in cash flow from financing activities	45,000	(20,000)	(2,392)	(76,854)	(54,246)
Impact of absorption and merger on subsidiary	40,000	-	-	25,000	65,000
Changes in cash flow from other non-cash financing activities	<u>-</u>	<u>-</u>	<u>3,108</u>	<u>-</u>	<u>3,108</u>
At December 31, 2024	<u>\$ 495,000</u>	<u>\$ 30,000</u>	<u>\$ 3,994</u>	<u>\$ 122,613</u>	<u>\$ 651,607</u>
				<u>Long-term borrowings (including current portion)</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2023	\$ 377,000	\$ -	\$ 4,262	\$ 254,990	\$ 636,252
Changes in cash flow from financing activities	33,000	50,000	(2,818)	(80,523)	(341)
Changes in cash flow from other non-cash financing activities	<u>-</u>	<u>-</u>	<u>1,834</u>	<u>-</u>	<u>1,834</u>
At December 31, 2023	<u>\$ 410,000</u>	<u>\$ 50,000</u>	<u>\$ 3,278</u>	<u>\$ 174,467</u>	<u>\$ 637,745</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
FineMat (Shanghai) Applied Materials Co., Ltd.	Subsidiary
FineMat (HuangShi) Applied Materials Co., Ltd.	Subsidiary
WAVE POWER TECHNOLOGY INC.	Subsidiary
ETCH HOME TECHNOLOGY CO., LTD. (Note 1)	Subsidiary
VN ETCH HOME TECHNOLOGY CO., LTD.	Subsidiary
Galloptech International Company Limited	Affiliated companies
Huangshi Quanyang Photoelectric Technology Co., Ltd. (Note 2)	Affiliated companies
HTC & SOLAR TECH SERVICE LIMITED	Associate

(Note 1) The Company absorbed and merged with ETCH HOME TECHNOLOGY CO., LTD. on December 31, 2024, resulting in the dissolution.

(Note 2) In August 2023, the Company's subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., sold its 40.36% equity interest in Huangshi Quanyang Photoelectric Technology Co., Ltd. to Magic Star Technology (Ningbo) Co., Ltd.. Consequently, Huangshi Quanyang Photoelectric Technology Co., Ltd. was no longer a related party of the Company since August 2023.

(2) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
ETCH HOME TECHNOLOGY CO., LTD.	\$ 10,474	\$ 18,670
FineMat (Shanghai) Applied Materials Co., Ltd.	5,080	17,964
Subsidiaries	333	250
Huangshi Quanyang Photoelectric Technology Co., Ltd.	-	30,975
Other related parties	-	400
	<u>\$ 15,887</u>	<u>\$ 68,259</u>

The sales prices and credit terms from related parties were the same with third parties. Collection terms are 60 ~ 90 days after monthly statements for related parties and 30 ~ 120 days after monthly statements for third parties.

B. Purchases

	For the years ended December 31,	
	2024	2023
Purchases of goods:		
ETCH HOME TECHNOLOGY CO., LTD.	\$ 1,859	\$ 1,650
HTC & SOLAR TECH SERVICE LIMITED	125	3,620
Affiliated companies	34	3,011
Subsidiaries	-	98
	<u>\$ 2,018</u>	<u>\$ 8,379</u>

The purchase prices and payment terms from related parties were the same with third parties. Payment terms are 30 ~ 90 days after monthly statements for related parties and 30 ~ 90 days after monthly statements for third parties.

C. Administrative service revenue

	For the years ended December 31,	
	2024	2023
Galloptech International Company Limited	\$ 592	\$ 496
HTC & SOLAR TECH SERVICE LIMITED	182	681
	<u>\$ 774</u>	<u>\$ 1,177</u>

D. Directors' remuneration income

	For the years ended December 31,	
	2024	2023
WAVE POWER TECHNOLOGY INC.	\$ 2,480	\$ 2,860

E. Technical service income

	For the years ended December 31,	
	2024	2023
Huangshi Quanyang Photoelectric Technology Co., Ltd.	\$ -	\$ 4,396

F. Investment transactions

(a) ETCH HOME TECHNOLOGY CO., LTD.

I. The Company acquired the remaining 9.19% equity interest of its subsidiary, ETCH HOME TECHNOLOGY CO., LTD. in January 2024 for a total cash consideration of \$8,640. The book value of this transaction on the acquisition date was \$4,576, and accordingly, capital reserve decreased by \$4,064.

II. In June 2024, the Company participated in the capital increase of ETCH HOME TECHNOLOGY CO., LTD. for a total investment amounting to \$33,000.

(b) WAVE POWER TECHNOLOGY INC.

In December 2024, the Company partially disposed its shares in WAVE POWER TECHNOLOGY INC. for a total cash consideration of \$19,514. After deducting the book value of \$3,104 on the disposal date, the capital reserve increased by \$16,410.

G. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
VN ETCH HOME TECHNOLOGY CO., LTD.	\$ 1,705	\$ 69
FineMat (HuangShi) Applied Materials Co., Ltd.	536	13,379
ETCH HOME TECHNOLOGY CO., LTD.	-	1,825
Huangshi Quanyang Photoelectric Technology Co., Ltd.	-	112
	<u>\$ 2,241</u>	<u>\$ 15,385</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other receivables (excluding loans to related parties):		
VN ETCH HOME TECHNOLOGY CO., LTD.	\$ 1,788	\$ -
WAVE POWER TECHNOLOGY INC.	66	-
HTC & SOLAR TECH SERVICE LIMITED	-	267
	<u>\$ 1,854</u>	<u>\$ 267</u>

The receivables from related parties arise mainly from sale transactions and purchase of packaging and machines on behalf of others. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

H. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Purchase of goods and services:		
VN ETCH HOME TECHNOLOGY CO., LTD.	\$ 1,853	\$ -
HTC & SOLAR TECH SERVICE LIMITED	22	167
ETCH HOME TECHNOLOGY CO., LTD.	-	666
Galloptech International Company Limited	17	-
	<u>\$ 1,892</u>	<u>\$ 833</u>

The payables to related parties arise mainly from purchase transactions and are unsecured in nature and bear no interest.

I. Loans to related parties

Receivable from related parties:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
VN ETCH HOME TECHNOLOGY CO., LTD.	\$ 95,468	\$ 24,748
ETCH HOME TECHNOLOGY CO., LTD.	-	33,853
	<u>\$ 95,468</u>	<u>\$ 58,601</u>

The loans to related parties are payable over 1 year and the interest income was \$3,881 and \$2,440 for the years ended December 31, 2024 and 2023, respectively.

J. Endorsements and guarantees

Endorsements and guarantees provided by the Company to subsidiaries are as follows:

	<u>Nature</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
VN ETCH HOME TECHNOLOGY CO., LTD.	Financial guarantee	\$ 81,963	\$ 153,526
HTC & SOLAR TECH SERVICE LIMITED	"	-	92,115
Huangshi Quanyang Photoelectric Technology Co., Ltd.	"	-	46,058
ETCH HOME TECHNOLOGY CO., LTD.	"	70,000	80,000
		<u>\$ 151,963</u>	<u>\$ 371,699</u>

As of December 31, 2024 and 2023, the actual amount guaranteed by the Company to the subsidiaries was \$76,676 and \$141,412, respectively.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 10,185</u>	<u>\$ 10,528</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Restricted time deposits (Note 1)	\$ 1,065	\$ 1,049	Customs deposits
Land (Note 2)	227,865	227,865	Financial guarantees
Buildings and structures, net (Note 2)	238,611	253,646	"
	<u>\$ 467,541</u>	<u>\$ 482,560</u>	

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2024 and 2023, the Company's remaining balance due for construction in progress and prepayments for equipment were \$7,986 and \$404, respectively.

(2) Information about endorsements and guarantees to subsidiaries is provided in Note 7(2)J.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company also ensures it has sufficient financial resources and operating plans to support the working capital needs, capital expenditures, dividend payments, etc. in the future.

(2) Financial instruments

A. Information on the Company's financial instruments by category is provided in Note 6.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I. The Company operates internationally and is exposed to exchange rate risk arising from various currencies, primarily with respect to the USD, RMB and JPY. Foreign exchange rate risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

II. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

III. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Company does not hedge the investments.

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

December 31, 2024				
	Foreign currency amount (In thousands)		Exchange rate	Book value
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 4,133		32.735	\$ 135,288
RMB:NTD	14,669		4.453	65,321
<u>Non-monetary items</u>				
USD:NTD	11,868		32.785	389,093
VND:NTD	32,863,500		0.001265	41,572
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	65		32.84	2,136
RMB:NTD	3,445		4.503	15,514
December 31, 2023				
	Foreign currency amount (In thousands)		Exchange rate	Book value
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 6,473		30.66	\$ 198,416
RMB:NTD	11,805		4.302	50,789
<u>Non-monetary items</u>				
USD:NTD	13,725		30.71	421,448
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	35		30.76	1,063
RMB:NTD	9,852		4.352	42,878

V. Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other variables held constant, the Company's net profit after tax for the years ended December 31, 2024 and 2023 would increase/decrease by \$1,464 and \$1,642, respectively.

VI. Total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to \$14,756 and \$1,621, respectively.

Price risk

The Company did not engage in any financial instrument transactions with price variations, thus, the Company does not expect market risk arising from variations in the market prices.

Cash flow and fair value interest rate risk

Regarding the sensitivity analysis of interest rate risk, if the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit (loss), net of tax for the years ended December 31, 2024 and 2023 would have decreased/increased by \$940 and \$901, respectively. The main factor is that increases/decreases in interest expense result from floating rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- III. In line with the credit risk management procedure, payment reminders are sent when the contract payments are past due, and the default occurs when the contract payments are past due over a certain period of time.
- IV. The Company classifies customer's accounts receivable in accordance with credit risk on trade. The Company applied the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecastability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

<u>December 31, 2024</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.03% ~ 0.21%	\$ 196,565	\$ 246
Up to 30 days	1.40%	3,541	49
31 to 90 days	6.07% ~ 12.26%	1,254	84
91 to 180 days	19.99% ~ 33.51%	65	19
Over 181 days	100.00%	69	69
		<u>\$ 201,494</u>	<u>\$ 467</u>

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.24%	\$ 168,561	\$ 450
Up to 30 days	1.58%	3,613	57
31 to 90 days	6.92%	131	9
91 to 180 days	24.45% ~ 36.35%	681	190
		<u>\$ 172,986</u>	<u>\$ 706</u>

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

	<u>For the year ended December 31, 2024</u>		
	<u>Accounts Receivable</u>	<u>Other Receivables</u>	<u>Total</u>
At January 1	\$ 706	\$ -	\$ 706
Expected credit (gain) loss	(271)	32	(239)
At December 31	<u>\$ 435</u>	<u>\$ 32</u>	<u>\$ 467</u>

	<u>For the year ended December 31, 2023</u>		
	<u>Accounts Receivable</u>	<u>Other Receivables</u>	<u>Total</u>
At January 1	\$ 1,338	\$ -	\$ 1,338
Expected credit gain	(632)	-	(632)
At December 31	<u>\$ 706</u>	<u>\$ -</u>	<u>\$ 706</u>

(c) Liquidity risk

- I. Cash flow forecasting is performed in finance division of the Company. Finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- II. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Company is expected to readily generate cash inflows for managing liquidity risk.
- III. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 326,870	\$ 371,600
Expiring beyond one year	7,000	-
	<u>\$ 333,870</u>	<u>\$ 371,600</u>

- IV. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 497,317	\$ -	\$ -	\$ -
Commercial papers payable	30,000	-	-	-
Accounts payable (including related parties)	28,869	-	-	-
Other payables	38,333	-	-	-
Lease liabilities	1,885	2,200	-	-
Long-term borrowings (including current portion)	80,380	44,743	-	-
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 411,193	\$ -	\$ -	\$ -
Commercial papers payable	50,000	-	-	-
Accounts payable (including related parties)	59,290	-	-	-
Other payables	33,572	-	-	-
Lease liabilities	2,128	1,205	-	-
Long-term borrowings (including current portion)	96,682	80,480	-	-

V. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(7) 'Investment property, net'.

- C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables, and long-term borrowings (including current portion)) are approximate to their fair values.
- D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirements, only information related to the year ended December 31, 2024 is disclosed)

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Except for endorsements and guarantees as described in table 2, there was no such situation.

(4) Major shareholders information

Major shareholders information: Refer to table 6.

14. SEGMENT INFORMATION

Not applicable.

FINEMAT APPLIED MATERIALS CO., LTD.

Loans to others

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

Number (Note 1)	Financing Company	Name of counterparty	Account	Related parties	Maximum balance	Actual amount		Interest rate	Nature for financing	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 4)	Maximum amount available for loan (Note 4)	Footnote
						Ending balance (Note 3)	drawn down (Note 4)						Item	Value			
0	FINEMAT APPLIED MATERIALS CO., LTD.	VN ETCH HOME TECHNOLOGY COMPANY LTD.	Other receivables	Y	\$ 188,298	\$ 134,000	\$ 95,077	2.5%~6.5%	(Note 2)	\$ -	Operating capital	\$ -	-	\$ -	\$ 235,503	\$ 471,006	-
		ETCH HOME TECHNOLOGY CO.,LTD.	Other receivables	Y	35,800	-	-	6.5%	(Note 2)	-	Operating capital	-	-	-	235,503	471,006	-
1	Solar Applied Materials Technology (Shanghai) Co., Ltd.	FineMat (HuangShi) Applied Materials Co., Ltd.	Other receivables	Y	118,170	71,648	49,258	3.45%	(Note 2)	-	Operating capital	-	-	-	139,990	174,988	-

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

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 2) For short-term financing.

(Note 3) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:32.785) as at December 31, 2024.

(Note 4) In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follow:

1. Loan total limit:
 - (1) 40% of net worth in the most recent financial statements.
 - (2) For loans granted by the Company's subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries or loans granted between domestic and foreign entities, is the creditor's net worth in the most recent financial statements.
2. Limit for a single Company:
 - (1) Trading partner: each company does not exceed the amount of business transactions.
 - (2) Short-term financing: each company does not exceed 20% net worth of the Company's most recent financial statements; 40% net worth of the subsidiaries's most recent financial statements.
 - (3) For loans granted by the Company's subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries or loans granted between domestic and foreign entities, is 80% of the creditor's net worth in the most recent financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.

Provision of endorsements and guarantees to others

For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD

Number (Note 1)	Endorser/guarantor	Name of counterparty	Relationship (Note 2)	Endorsements		Outstanding balance at December 31, (Note 4)	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
				limit for a single entity (Note 3)	Highest balance during the year									
0	FINEMAT APPLIED MATERIALS CO., LTD.	Htc & Solartech Service (Samoa) Corporation	1	\$ 235,503	\$ 94,740	\$ -	\$ -	\$ -	—	\$ 471,006	Y	N	N	—
		FineMat (HuangShi) Applied Materials Co., Ltd.	1	235,503	47,370	-	-	-	—	471,006	Y	N	Y	—
		ETCH HOME TECHNOLOGY CO., LTD.	1	235,503	140,000	70,000	55,000	-	5.94%	471,006	Y	N	N	—
		VN ETCH HOME TECHNOLOGY COMPANY LTD.	1	235,503	162,726	81,963	21,676	-	6.96%	471,006	Y	N	N	—
1	ETCH HOME TECHNOLOGY CO., LTD.	VN ETCH HOME TECHNOLOGY COMPANY LTD.	1	23,027	16,273	-	-	-	—	51,811	Y	N	N	—

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

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 2) The numbers filled in for the relationship with the Company are as follows:

1. The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) 1. The limit of total amount of endorsements is 40% of the Company's net worth, and the limit for a single party is 20% of the Company's net worth. The limit of total amount of endorsements provided by ETCH HOME TECHNOLOGY CO., LTD. is 90% of net worth, and the limit for a single party is 40% of ETCH HOME TECHNOLOGY CO., LTD.'s net worth.

2. For endorsements/guarantees provided by the Company due to business dealings, except to the amount endorsements/guarantees shall be limited to the business dealing amount. The business dealing amount is the higher of purchase or sales amount between the entities.
3. Between subsidiaries whose parent Company directly and indirectly holds more than 90% of the voting shares, an endorsement guarantee may be made, and its amount shall not exceed 10% of the net worth of the parent Company.

However, this does not apply to inter-company endorsement guarantees where the Company directly and indirectly holds 100% of the voting shares.

(Note 4) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:32.785) as at December 31, 2024.

FINEMAT APPLIED MATERIALS CO., LTD.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2024

Table 3

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				Account	Amount	Transaction terms	
0	FINEMAT APPLIED MATERIALS CO., LTD.	FineMat (Shanghai) Applied Materials Co., Ltd.	1	Sales revenue	\$ 5,080	90 days after monthly closing by T/T	1%
		ETCH HOME TECHNOLOGY CO., LTD.	1	Endorsements and guarantees	70,000	—	2%
				Sales revenue	10,474	60 days after monthly closing by T/T	1%
				Interest income	1,125	—	—
		VN ETCH HOME TECHNOLOGY CO., LTD.	1	Endorsements and guarantees	81,963	—	3%
				Other receivables	97,256	—	3%
				Interest income	2,756	—	—
				Accounts receivable	1,705	—	—
				Other income	2,543	—	—
				WAVE POWER TECHNOLOGY INC.	1	Other income	2,543
1	Solar Applied Materials Technology (Shanghai) Co., Ltd.	FineMat (HuangShi) Applied Materials Co., Ltd.	3	Other receivables	49,263	—	2%
				Interest income	2,812	—	—
2	FineMat (HuangShi) Applied Materials Co., Ltd.	Solar Applied Materials Technology (Shanghai) Co., Ltd.	3	Sales revenue	27,720	The end of the current month by T/T	3%
3	ETCH HOME TECHNOLOGY CO., LTD.	FineMat Applied Materials Co., Ltd.	2	Sales revenue	1,859	90 days after monthly closing	—
		VN ETCH HOME TECHNOLOGY CO., LTD.	3	Sales revenue	1,031	120 days after monthly closing by T/T	—
4	VN ETCH HOME TECHNOLOGY CO., LTD.	FineMat Applied Materials Co., Ltd.	2	Accounts receivable	1,853	—	—
		ETCH HOME TECHNOLOGY CO., LTD.	3	Sales revenue	2,937	30 days after monthly closing by T/T	—

(Note 1) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

(Note 4) If transactions between the parent company and its subsidiaries or between its subsidiaries refer to the same transaction, they are only in the opposite direction of the transaction and are not disclosed separately; only transactions with amount over NT\$1 million are disclosed.

(Note 5) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:32.785; RMB:USD 1:0.1366) as at December 31, 2024.

FINEMAT APPLIED MATERIALS CO., LTD.

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

For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
FINEMAT APPLIED MATERIALS CO., LTD.	WAVE POWER TECHNOLOGY INC.	Taiwan	Manufacture and sales of microwaves and semiconductor components	\$ 242,610	\$ 245,715	12,636,987	37.06	\$ 400,125	\$ 86,809	\$ 30,354	Subsidiary
	Htc & Solartech Service (Samoa) Corporation	Samoa	Professional investments	337,599	316,180	8,575,900	73.73	359,617 (	29,498) (	21,749)	Subsidiary
	VN ETCH HOME TECHNOLOGY COMPANY LTD.	Vietnam	Manufacture and sales of electronic components, communication equipment and apparatus and other metal products	-	-	4,680,000	100.00	41,572 (	28,725)	-	Subsidiary (Note 1)
	Sense Pad TECH CO., LTD.	Samoa	Professional investments	24,585	23,026	7,580,000	100.00	29,476 (	348) (	348)	Subsidiary
	ETCH HOME TECHNOLOGY CO., LTD.	Taiwan	Manufacture and sales of electronic components and communication equipment and apparatus, and wholesale and retail of electronic materials, telecommunication apparatus and machinery and tools	-	119,504	-	-	- (	16,828) (	16,878)	Subsidiary (Note 1)
Sense Pad TECH CO., LTD.	Galloptech International Company Limited	Hong Kong	Sales of semiconductor equipment, mechanical and electrical equipment and optic equipment and after-sales services	8,131	7,615	1,934,400	49.00	12,786	6,941	-	(Note 2)
ETCH HOME TECHNOLOGY CO., LTD.	VN ETCH HOME TECHNOLOGY COMPANY LTD.	Vietnam	Manufacture of sales of electronic components, communication equipment and apparatus and other metal products	-	144,701	-	-	- (	28,725)	-	Subsidiary (Note 1) (Note 2)
WAVE POWER TECHNOLOGY INC.	Yugyokuen Ceramics Co.,Ltd.	Japan	Engage in the sales of ceramic and metallized brazing products	62,370	-	15,000	24.63	68,777	14,726	3,257	-

(Note 1) On December 31, 2024, the Company absorbed and merged with its subsidiary, ETCH HOME TECHNOLOGY CO. Additionally, the Company obtained 100% equity interest of VN ETCH HOME TECHNOLOGY COMPANY LTD., due to the transaction.

(Note 2) Not required to disclose income (loss) recognized by the Company.

(Note 3) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:32.785 ; JPY:NTD 1:0.2079) as at December 31, 2024.

FINEMAT APPLIED MATERIALS CO., LTD.

Information on investments in Mainland China

For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income (loss) of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
FineMat (Shanghai) Applied Materials Co., Ltd.	Sales of electronic components, general instruments and electronic materials	\$ 14,750	Note 1	\$ 14,750	\$ -	\$ -	\$ 14,750	(\$ 3,425)	100.00%	(\$ 3,425)	\$ 15,786	\$ -	(Note 3)
Solar Applied Materials Technology (Shanghai) Co., Ltd.	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	32,785	Note 2	-	-	-	-	202	73.73%	149	129,018	-	(Note 3)
FineMat (HuangShi) Applied Materials Co., Ltd.	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	412,271	Note 2	334,320	-	-	334,320	(30,291)	73.73%	(22,334)	229,311	-	(Note 3)
<u>Company name</u>		<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024</u>		<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>		<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)</u>							
FINEMAT APPLIED MATERIALS CO., LTD.		\$ 349,070		\$ 349,070	\$ -	\$ -	\$ 1,179,880						

(Note 1) Investing in the investee in Mainland China through a company incorporated in the third area (Sense Pad TECH CO., LTD.).

(Note 2) Investing in the investee in Mainland China through a company incorporated in the third area (Htc & Solartech Service (Samoa) Corporation).

(Note 3) It was recognized based on the investee's financial statements that were audited and attested by R.O.C. parent company's CPA for the year ended December 31, 2024.

(Note 4) The ceiling amount is 60% of the higher of net worth or consolidated net worth.

(Note 5) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:32.785; RMB:USD 1:0.1366) as at December 31, 2024.

FINEMAT APPLIED MATERIALS CO., LTD.

Major shareholders information

December 31, 2024

Table 6

Expressed in shares

Name of major shareholders	Name of shares held		Ownership (%)	Footnote
	Ordinary stock	Preference stock		
Elan Investment Corp.	8,900,373	-	13.40%	—
Chao Chin Hsiao	6,396,814	-	9.63%	—

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

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		\$ 279
Demand deposits — New Taiwan dollar		127,278
— Foreign Currencies	Including USD 697 thousand @ 32.735, RMB 3,950 thousand @ 4.453 and JPY 267 thousand @ 0.2079	40,472
		<u>\$ 168,029</u>

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Company A	Accounts receivable	\$ 42,270	—
Company B	"	9,705	—
Company C	"	9,024	—
Company D	"	8,511	—
Others (individually less than 5%)	"	<u>32,259</u>	—
		101,769	
Less: Allowance for doubtful accounts		(<u>435</u>)	—
		<u>\$ 101,334</u>	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OTHER ACCOUNTS RECEIVABLE — RELATED PARTIES, NET
DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Receivable of loans to related parties	VN ETCH HOME TECHNOLOGY COMPANY LTD.	\$ 95,468	—
Other receivables	VN ETCH HOME TECHNOLOGY COMPANY LTD.	1,788	—
"	WAVE POWER TECHNOLOGY INC.	66	—
		<u>\$ 97,322</u>	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Footnote
	Cost	Net Realizable Value	
Merchandise	\$ 57	\$ -	(Note)
Raw materials	63,580	50,096	"
Supplies	1,941	1,424	"
Work in progress	1,016	1,016	"
Finished goods	4,599	4,552	"
	71,193	\$ 57,088	
Less: Allowance for inventory valuation losses	(23,093)		
	\$ 48,100		

(Note) Refer to Note 4(9) 'Inventories' of parent company only financial statements for the way the Company determines net realizable value of inventories.

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

Investees	Beginning Balance		Increase		Decrease		Ending Balance			Market value or net assets value			Collateral	Footnote
	Number of shares		Number of shares		Number of shares		Number of shares		Percentage	Unit price				
	(in thousands)	Amount	(in thousands)	Amount	(in thousands)	Amount	(in thousands)	of ownership	Amount	(in dollars)	Total amount			
WAVE POWER TECHNOLOGY INC.	12,737	\$ 400,897	-	\$ 30,354	(100)	(\$ 31,126)	12,637	37.06%	\$ 400,125	\$ 191.00	\$ 2,413,667	None	—	
Htc & Solartech Service (Samoa) Corporation	8,576	368,421	-	12,944	-	(21,748)	8,576	73.73%	359,617	41.93	359,617	"	—	
VN ETCH HOME TECHNOLOGY COMPANY LTD.	-	-	4,680	41,572	-	-	4,680	100.00%	41,572	8.88	41,572	"	Note	
ETCH HOME TECHNOLOGY CO., LTD.	4,268	42,054	3,732	42,400	(8,000)	(84,454)	-	—	-	-	-	"	Note	
Sense Pad TECH. CO., LTD.	7,580	53,027	-	2,633	-	(26,184)	7,580	100.00%	29,476	3.89	29,476	"	—	
	<u>33,161</u>	<u>\$ 864,399</u>	<u>8,412</u>	<u>\$ 129,903</u>	<u>(8,100)</u>	<u>(\$ 163,512)</u>	<u>33,473</u>		<u>\$ 830,790</u>		<u>\$ 2,844,332</u>			

(Note) On December 31, 2024, the Company obtained 100% ownership of VN ETCH HOME TECHNOLOGY COMPANY LTD. through the absorption and merger of its subsidiary, ETCH HOME TECHNOLOGY CO., LTD.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(5) ‘Property, plant and equipment’ of parent company only financial statements.

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

Refer to Note 6(5) ‘Property, plant and equipment’ of parent company only financial statements.
Refer to Note 4(11) ‘Property, plant and equipment’ of parent company only financial statements for the depreciation method and useful lives of the assets.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF CHANGES IN DEFERRED TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(23) 'Income tax' of parent company only financial statements.

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

<u>Nature</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Loan commitment</u>	<u>Collateral</u>	<u>Footnote</u>
Unsecured borrowings	Bank SinoPac	\$ 40,000	2024.7.1~2025.6.30	2.225%	\$ 70,000	None	—
"	Taishin International Bank	20,000	2023.12.31~2024.12.31	2.47%	80,000	"	—
"	Cathay United Bank	60,000	2024.12.25~2025.12.25	2.20%	60,000	"	—
"	Taiwan Shin Kong Commercial Bank	30,000	2024.5.16~2025.5.16	2.37%	60,000	"	—
"	Chang Hwa Commercial Bank	30,000	2024.7.5~2025.5.31	2.125%	50,000	"	—
"	Mega International Commercial Bank	40,000	2024.3.2~2025.3.1	2.175%	60,000	"	—
"	Yuanta Commercial Bank	20,000	2024.5.27~2025.5.26	2.225%	30,000	"	—
"	E.SUN Commercial Bank	30,000	2024.5.15~2025.5.15	0.50%	30,000	"	—
"	Taipei Fubon Bank	40,000	2023.12.26~2024.12.26	2.321%~2.322%	57,339	"	—
"	CTBC Bank	40,000	2024.5.3~2025.3.31	2.493%~2.496%	50,000	"	—
Secured borrowings	E.SUN Commercial Bank	70,000	2024.5.15~2025.5.15	2.12%	70,000	Land, buildings and structures	—
"	O-Bank	<u>75,000</u>	2023.12.21~2024.12.20	2.504%~2.565%	180,000	"	—
		<u>\$ 495,000</u>					

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Guarantee/ Accepting agency</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Amount</u>			<u>Note</u>
				<u>Issurance amount</u>	<u>Unamortized discounts of short-term transactions intruments</u>	<u>Book value</u>	
Commercial paper	China Bills Finance Corporation	2024.3.29~2025.3.28	1.70%	\$ 30,000	\$ -	\$ 30,000	—

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Company E	Accounts payable	\$ 12,834	—
Company C	"	3,865	—
Company F	"	2,747	—
Company G	"	2,121	—
Others (individually less than 5%)	"	<u>5,410</u>	—
		<u>\$ 26,977</u>	

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries and bonuses payable	—	\$ 21,324	—
Repair and maintenance expense payable	—	2,614	—
Others (individually less than 5%)	—	<u>14,395</u>	—
		<u>\$ 38,333</u>	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF LONG-TERM LIABILITIES, CURRENT PORTION
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Creditor	Nature	Contract period	Interest rate	Amount	Collateral	Footnote
O-Bank	Secured bank borrowings	2020.07.07~2025.07.06	1.4200%	\$ 44,627	Land, buildings and structures	Note 1
CTBC Bank	"	2021.09.24~2026.09.24	2.47%	2,268	"	Note 2
Cathay United Bank	Unsecured bank borrowings	2020.12.15~2025.12.15	1.35%	15,144	None	Note 3
The Shanghai Commercial & Savings Bank	"	2022.07.11~2025.07.11	2.23%	4,000	"	Note 4
"	"	2024.09.20~2027.09.20	2.35%	1,500	"	Note 5
"	"	2022.07.11~2025.07.11	2.23%	10,000	"	Note 6
"	"	2024.09.20~2027.09.20	2.35%	1,250	"	Note 7
				<u>\$ 78,789</u>		

(Note 1) Principal is payable in 31 equal monthly installments from January 15, 2023.

(Note 2) Principal is payable in 43 monthly installments of \$189 from February 24, 2023 and the remaining amount is repayable at maturity.

(Note 3) Principal is payable in 43 equal monthly installments from January 1, 2022.

(Note 4) Principal is payable in 36 equal monthly installments from September 11, 2023.

(Note 5) Principal is payable in 24 equal monthly installments from November 7, 2025.

(Note 6) Principal is payable in 24 equal monthly installments from September 1, 2024.

(Note 7) Principal is payable in 24 equal monthly installments from November 1, 2025.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Creditor	Nature	Contract period	Interest rate	Amount	Collateral	Footnote
O-Bank	Secured bank borrowings	2020.07.07~2025.07.06	1.42%	\$ 44,627	Land, buildings and structures	Note 1
CTBC Bank	"	2021.09.24~2026.09.24	2.47%	15,842	"	Note 2
Cathay United Bank	Unsecured bank borrowings	2020.12.15~2025.12.15	1.35%	15,144	None	Note 3
The Shanghai Commercial & Savings Bank	"	2022.07.11~2025.07.11	2.23%	4,000	"	Note 4
"	"	2024.09.20~2027.09.20	2.35%	18,000	"	Note 5
"	"	2022.07.11~2025.07.11	2.23%	10,000	"	Note 6
"	"	2024.09.20~2027.09.20	2.35%	15,000	"	Note 7
				<u>122,613</u>		
	Less: Current portion			<u>(78,789)</u>		
				<u>\$ 43,824</u>		

(Note 1) Principal is payable in 31 equal monthly installments from January 15, 2023.

(Note 2) Principal is payable in 43 monthly installments of \$189 from February 24, 2023 and the remaining amount is repayable at maturity.

(Note 3) Principal is payable in 43 equal monthly installments from January 1, 2022.

(Note 4) Principal is payable in 36 equal monthly installments from September 11, 2023.

(Note 5) Principal is payable in 24 equal monthly installments from November 7, 2025.

(Note 6) Principal is payable in 24 equal monthly installments from September 1, 2024.

(Note 7) Principal is payable in 24 equal monthly installments from November 1, 2025.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>		<u>Footnote</u>
		<u>Subtotal</u>	<u>Total</u>	
Metal masks	86 thousand pieces	\$ 259,417		—
Thermal Module	208 thousand pieces	13,355		—
Others		<u>14,572</u>		—
			\$ 287,344	
Less: Sales returns and discounts			<u>(34)</u>	—
Operating revenue			<u>\$ 287,310</u>	

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

Item	Amount
Merchandise at January 1, 2024	\$ 57
Add: Merchandise purchase	-
Merchandise at December 31, 2024	(57)
Cost of purchasing and selling	-
Raw materials at January 1, 2024	81,265
Add: Raw materials purchased	78,913
Impact of absorption and merger on subsidiary	1,566
Less: Sale of raw materials	(12,156)
Raw materials at December 31, 2024	(63,580)
Raw materials used during the year	86,008
Supplies at January 1, 2024	2,640
Add: Supplies purchased	10,789
Impact of absorption and merger on subsidiary	164
Less: Sale of supplies	(298)
Supplies at December 31, 2024	(1,941)
Supplies used during the year	11,354
Direct labor	34,956
Manufacturing overhead	107,600
Manufacturing cost	239,918
Work in progress at January 1, 2024	1,316
Add: Transfers from finished goods	13,445
Process and transfer in	2,229
Work in progress at December 31, 2024	(1,016)
Cost of finished goods	255,892
Finished goods at January 1, 2024	1,990
Add: Finished goods purchased	2,979
Impact of absorption and merger on subsidiary	335
Less: Transfers to work in progress	(13,445)
Finished goods at December 31, 2024	(4,599)
Cost of goods production and marketing	243,152
Sale of raw materials	12,156
Sale of supplies	298
Cost of goods sold	255,606
Loss on inventory market price decline	636
Revenue from sale of scrap	(727)
Operating costs	<u>\$ 255,515</u>

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries	—	\$ 16,487	—
Utilities expense	—	22,204	—
Insurance expense	—	5,839	—
Depreciation	—	43,118	—
Repair and maintenance expense	—	5,465	—
Other expenses (individually less than 5%)	—	<u>14,487</u>	—
		<u>\$ 107,600</u>	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	\$ 5,951	—
Freight	—	4,685	—
Import/export (customs) expense	—	2,010	—
Other expenses (individually less than 5%)	—	2,584	—
		\$ 15,230	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries	—	\$ 26,802	—
Professional service fees	—	4,503	—
Depreciation	—	3,859	—
Insurance expense	—	3,199	—
Other expenses (individually less than 5%)	—	<u>11,754</u>	—
		<u>\$ 50,117</u>	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries	—	\$ 21,207	—
Depreciation	—	5,101	—
Insurance expense	—	2,316	—
Utilities expense	—	2,772	—
Other expenses (individually less than 5%)	—	<u>3,075</u>	—
		<u>\$ 34,471</u>	

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(18) 'Other income' of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(20) 'Finance costs' of parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.
STATEMENT OF SUMMARY EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION
EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(21) 'Expenses by nature' and Note 6(22) 'Employee benefit expense' of parent company only financial statements.