

**FINEMAT APPLIED MATERIALS CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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

## INDEPENDENT AUDITORS' 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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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 2023 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 maintain 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.

Lin, Yung-Chih

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

March 14, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

| Assets                    | Notes  | December 31, 2023 |                     | December 31, 2022 |                     |            |
|---------------------------|--|-------------------|---------------------|-------------------|---------------------|------------|
|                           |  | AMOUNT            | %                   | AMOUNT            | %                   |            |
| <b>Current assets</b>     |  |                   |                     |                   |                     |            |
| 1100                      | Cash and cash equivalents                        | 6(1)              | \$ 204,725          | 11                | \$ 132,101          | 6          |
| 1136                      | Financial assets at amortized cost -<br>current  | 6(1) and 8        | 1,049               | -                 | 1,036               | -          |
| 1150                      | Notes receivable, net                            | 6(2)              | 85                  | -                 | 2,541               | -          |
| 1170                      | Accounts receivable, net                         | 5(2), 6(2) and 12 | 95,865              | 5                 | 121,921             | 6          |
| 1180                      | Accounts receivable - related parties,<br>net    | 5(2) and 7        | 15,385              | 1                 | 59,107              | 3          |
| 1200                      | Other receivables                                |                   | 2,162               | -                 | 3,210               | -          |
| 1210                      | Other receivables - related parties              | 7                 | 58,868              | 3                 | 56,588              | 3          |
| 1220                      | Current income tax assets                        | 6(23)             | 302                 | -                 | -                   | -          |
| 130X                      | Inventories                                      | 6(3)              | 64,811              | 3                 | 97,900              | 5          |
| 1410                      | Prepayments                                      |                   | 5,277               | -                 | 14,485              | 1          |
| 11XX                      | <b>Total current assets</b>                      |                   | <u>448,529</u>      | <u>23</u>         | <u>488,889</u>      | <u>24</u>  |
| <b>Non-current assets</b> |  |                   |                     |                   |                     |            |
| 1550                      | Investments accounted for under<br>equity method | 6(4) and 7        | 864,399             | 44                | 873,398             | 42         |
| 1600                      | Property, plant and equipment                    | 6(5), 7 and 8     | 617,814             | 31                | 650,932             | 32         |
| 1755                      | Right-of-use assets                              | 6(6)              | 3,258               | -                 | 4,230               | -          |
| 1760                      | Investment property, net                         | 6(7) and 8        | 279                 | -                 | 584                 | -          |
| 1780                      | Intangible assets                                | 6(8)              | 635                 | -                 | 1,277               | -          |
| 1840                      | Deferred income tax assets                       | 6(23)             | 37,122              | 2                 | 33,248              | 2          |
| 1920                      | Guarantee deposits paid                          |                   | 5,691               | -                 | 4,883               | -          |
| 1990                      | Other non-current assets                         |                   | 602                 | -                 | 869                 | -          |
| 15XX                      | <b>Total non-current assets</b>                  |                   | <u>1,529,800</u>    | <u>77</u>         | <u>1,569,421</u>    | <u>76</u>  |
| 1XXX                      | <b>Total assets</b>                              |                   | <u>\$ 1,978,329</u> | <u>100</u>        | <u>\$ 2,058,310</u> | <u>100</u> |

(Continued)

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity                 |  | Notes       | December 31, 2023   |            | December 31, 2022   |            |
|--|--|-------------|---------------------|------------|---------------------|------------|
|  |  |             | AMOUNT              | %          | AMOUNT              | %          |
| <b>Liabilities</b>                     |  |             |                     |            |                     |            |
| <b>Current liabilities</b>             |  |             |                     |            |                     |            |
| 2100                                   | Short-term borrowings                  | 6(9) and 8  | \$ 410,000          | 21         | \$ 377,000          | 18         |
| 2110                                   | Short-term notes and bills payable     | 6(10)       | 50,000              | 2          | -                   | -          |
| 2130                                   | Current contract liabilities           | 6(16)       | 2,469               | -          | 878                 | -          |
| 2170                                   | Accounts payable                       |             | 58,457              | 3          | 60,513              | 3          |
| 2180                                   | Accounts payable - related parties     | 7           | 833                 | -          | 11,104              | 1          |
| 2200                                   | Other payables                         |             | 33,572              | 2          | 50,398              | 3          |
| 2230                                   | Current income tax liabilities         | 6(23)       | -                   | -          | 9                   | -          |
| 2280                                   | Current lease liabilities              |             | 2,095               | -          | 2,768               | -          |
| 2320                                   | Long-term liabilities, current portion | 6(11) and 8 | 94,854              | 5          | 86,546              | 4          |
| 21XX                                   | <b>Total current liabilities</b>       |             | <u>652,280</u>      | <u>33</u>  | <u>589,216</u>      | <u>29</u>  |
| <b>Non-current liabilities</b>         |  |             |                     |            |                     |            |
| 2540                                   | Long-term borrowings                   | 6(11) and 8 | 79,613              | 4          | 168,444             | 8          |
| 2570                                   | Deferred income tax liabilities        | 6(23)       | 20,725              | 1          | 14,831              | 1          |
| 2580                                   | Non-current lease liabilities          |             | 1,183               | -          | 1,494               | -          |
| 2600                                   | Other non-current liabilities          |             | 9,462               | 1          | -                   | -          |
| 25XX                                   | <b>Total non-current liabilities</b>   |             | <u>110,983</u>      | <u>6</u>   | <u>184,769</u>      | <u>9</u>   |
| 2XXX                                   | <b>Total liabilities</b>               |             | <u>763,263</u>      | <u>39</u>  | <u>773,985</u>      | <u>38</u>  |
| <b>Equity</b>                          |  |             |                     |            |                     |            |
| Share capital                          |  |             |                     |            |                     |            |
| 3110                                   | Common stock                           | 6(13)       | 663,898             | 33         | 663,898             | 32         |
| Capital reserves                       |  |             |                     |            |                     |            |
| 3200                                   | Capital surplus                        | 6(14)       | 526,972             | 27         | 503,465             | 25         |
| Retained earnings                      |  |             |                     |            |                     |            |
| 3310                                   | Legal reserve                          |             | 41,495              | 2          | 41,495              | 2          |
| 3320                                   | Special reserve                        |             | 10,808              | -          | 16,526              | 1          |
| 3350                                   | Unappropriated retained earnings       |             | 14,083              | 1          | 93,936              | 4          |
| 3400                                   | Other equity interest                  |             | ( 18,003)           | ( 1)       | ( 10,808)           | ( 1)       |
| 3500                                   | Treasury stocks                        | 6(13)       | ( 24,187)           | ( 1)       | ( 24,187)           | ( 1)       |
| 3XXX                                   | <b>Total equity</b>                    |             | <u>1,215,066</u>    | <u>61</u>  | <u>1,284,325</u>    | <u>62</u>  |
| Significant Contingent Liabilities and |  |             |                     |            |                     |            |
| Unrecognized Contract Commitments      |  |             |                     |            |                     |            |
| 3X2X                                   | <b>Total liabilities and equity</b>    |             | <u>\$ 1,978,329</u> | <u>100</u> | <u>\$ 2,058,310</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, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

|      | Items  | Notes                      | Year ended December 31 |        |              |       |
|------|--|----------------------------|------------------------|--------|--------------|-------|
|      |  |                            | 2023                   |        | 2022         |       |
|      |  |                            | AMOUNT                 | %      | AMOUNT       | %     |
| 4000 | Sales revenue  | 6(16) and 7                | \$ 398,921             | 100    | \$ 525,671   | 100   |
| 5000 | Operating costs  | 6(3)(8)(12)(21)(22) and 7  | ( 409,589)             | ( 102) | ( 463,997)   | ( 88) |
| 5900 | Gross (loss) profit  |                            | ( 10,668)              | ( 2)   | ( 61,674)    | ( 12) |
|      | Operating expenses   | 6(8)(12)(21)(22), 7 and 12 |                        |        |              |       |
| 6100 | Selling expenses   |                            | ( 20,007)              | ( 5)   | ( 34,455)    | ( 7)  |
| 6200 | General and administrative expenses  |                            | ( 47,544)              | ( 12)  | ( 53,306)    | ( 10) |
| 6300 | Research and development expenses  |                            | ( 35,536)              | ( 9)   | ( 37,463)    | ( 7)  |
| 6450 | Expected credit impairment gain (loss)   |                            | 632                    | -      | ( 783)       | -     |
| 6000 | Total operating expenses   |                            | ( 102,455)             | ( 26)  | ( 126,007)   | ( 24) |
| 6900 | Operating loss   |                            | ( 113,123)             | ( 28)  | ( 64,333)    | ( 12) |
|      | Non-operating income and expenses  |                            |                        |        |              |       |
| 7100 | Interest income  | 6(17) and 7                | 4,239                  | 1      | 1,378        | -     |
| 7010 | Other income   | 6(18) and 7                | 13,256                 | 3      | 9,491        | 2     |
| 7020 | Other gains and losses   | 6(7)(19) and 12            | 1,316                  | 1      | 15,481       | 3     |
| 7050 | Finance costs  | 6(6)(20)                   | ( 11,292)              | ( 3)   | ( 6,792)     | ( 1)  |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for under equity method           | 6(4)                       | 25,142                 | 6      | 11,145       | 2     |
| 7000 | Total non-operating income and expenses  |                            | 32,661                 | 8      | 30,703       | 6     |
| 7900 | Loss before income tax   |                            | ( 80,462)              | ( 20)  | ( 33,630)    | ( 6)  |
| 7950 | Income tax expense   | 6(23)                      | ( 5,109)               | ( 1)   | ( 2,419)     | ( 1)  |
| 8200 | Loss for the year  |                            | ( \$ 85,571)           | ( 21)  | ( \$ 36,049) | ( 7)  |
|      | <b>Other comprehensive (loss) income (Net)</b>   |                            |                        |        |              |       |
|      | <b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>         |                            |                        |        |              |       |
| 8361 | Financial statements translation differences of foreign operations   | 6(4)                       | ( \$ 8,994)            | ( 2)   | \$ 7,146     | 1     |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(23)                      | 1,799                  | -      | ( 1,429)     | -     |
| 8300 | <b>Other comprehensive (loss) income for the year</b>  |                            | ( \$ 7,195)            | ( 2)   | \$ 5,717     | 1     |
| 8500 | <b>Total comprehensive loss for the year</b>   |                            | ( \$ 92,766)           | ( 23)  | ( \$ 30,332) | ( 6)  |
|      | Loss per share (in dollars)  | 6(24)                      |                        |        |              |       |
| 9750 | Basic  |                            | ( \$ 1.30)             |        | ( \$ 0.55)   |       |
| 9850 | Diluted  |                            | ( \$ 1.30)             |        | ( \$ 0.55)   |       |

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

|  | Notes       | Share capital -<br>common stock | Capital surplus | Retained Earnings |                 |                                     | Other Equity Interest  | Treasury shares | Total        |
|--|-------------|---------------------------------|-----------------|-------------------|-----------------|-------------------------------------|--|-----------------|--------------|
|  |             |                                 |                 | Legal reserve     | Special reserve | Unappropriated<br>retained earnings | Financial statements<br>translation differences of<br>foreign operations |                 |              |
| <u>Year ended December 31, 2022</u>  |             |                                 |                 |                   |                 |                                     |  |                 |              |
| Balance at January 1, 2022   |             | \$ 663,898                      | \$ 396,701      | \$ 38,886         | \$ 13,982       | \$ 140,650                          | (\$ 16,525)  | (\$ 24,187)     | \$ 1,213,405 |
| Loss for the year  |             | -                               | -               | -                 | -               | (36,049)                            | -  | -               | (36,049)     |
| Other comprehensive income for the year  |             | -                               | -               | -                 | -               | -                                   | 5,717  | -               | 5,717        |
| Total comprehensive income (loss) for the year   |             | -                               | -               | -                 | -               | (36,049)                            | 5,717  | -               | (30,332)     |
| Adjustment of capital reserve due to change in interests of investee companies                       | 6(4)(14)    | -                               | 95,778          | -                 | -               | -                                   | -  | -               | 95,778       |
| Adjustment of retained earnings due to change in interests of subsidiaries                           | 6(4) and 7  | -                               | -               | -                 | -               | (4,449)                             | -  | -               | (4,449)      |
| Adjustment for change in capital reserve of investee companies                                       | 6(4)(14)    | -                               | 274             | -                 | -               | -                                   | -  | -               | 274          |
| Adjustment of capital reserve and retained earnings due to change in interests of investee companies | 6(4)(14)    | -                               | (2,070)         | -                 | -               | (1,063)                             | -  | -               | (3,133)      |
| Difference between acquisition or disposal price and carrying amounts of subsidiaries                | 6(14) and 7 | -                               | 12,782          | -                 | -               | -                                   | -  | -               | 12,782       |
| Appropriations of 2021 earnings:   |             |                                 |                 |                   |                 |                                     |  |                 |              |
| Legal reserve  | 6(15)       | -                               | -               | 2,609             | -               | (2,609)                             | -  | -               | -            |
| Special reserve  | 6(15)       | -                               | -               | -                 | 2,544           | (2,544)                             | -  | -               | -            |
| Balance at December 31, 2022   |             | \$ 663,898                      | \$ 503,465      | \$ 41,495         | \$ 16,526       | \$ 93,936                           | (\$ 10,808)  | (\$ 24,187)     | \$ 1,284,325 |
| <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 |

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

|  | Notes    | Year ended December 31 |              |
|--|----------|------------------------|--------------|
|  |          | 2023                   | 2022         |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>   |          |                        |              |
| Loss before tax  |          | (\$ 80,462 )           | (\$ 33,630 ) |
| Adjustments  |          |                        |              |
| Adjustments to reconcile profit (loss)   |          |                        |              |
| Expected credit impairment (gain) loss   | 12       | ( 632 )                | 783          |
| Loss on inventory market price decline   | 6(3)     | 5,307                  | 3,420        |
| Share of profit of subsidiaries, associates and joint ventures accounted for under equity method | 6(4)     |                        |              |
| Depreciation   |          | ( 25,142 )             | ( 11,145 )   |
| Gain on disposal of property, plant and equipment  | 6(5)6(7) | 58,983                 | 54,667       |
| Amortization   | 6(19)    | -                      | ( 606 )      |
| Interest income  | 6(8)21   | 642                    | 1,085        |
| Interest expense   | 6(17)    | ( 4,239 )              | ( 1,378 )    |
|  | 6(20)    | 11,292                 | 6,792        |
| Changes in assets and liabilities  |          |                        |              |
| Changes in operating assets  |          |                        |              |
| Notes receivable   |          | 2,456                  | 463          |
| Accounts receivable  |          | 26,688                 | 3,505        |
| Accounts receivable - related parties  |          | 43,722                 | ( 39,441 )   |
| Other receivables  |          | 1,048                  | 473          |
| Other receivables - related parties  |          | 16,463                 | ( 16,730 )   |
| Inventories  |          | 27,782                 | ( 19,763 )   |
| Prepayments  |          | 9,208                  | ( 8,736 )    |
| Changes in operating liabilities   |          |                        |              |
| Current contract liabilities   |          | 1,591                  | 814          |
| Accounts payable   |          | ( 2,056 )              | ( 5,665 )    |
| Accounts payable - related parties   |          | ( 10,271 )             | 5,528        |
| Other payables   |          | ( 12,150 )             | 2,643        |
| Other non-current liabilities  |          | 9,462                  | -            |
| Cash inflow (outflow) generated from operations  |          | 79,692                 | ( 56,921 )   |
| Interest received  |          | 4,239                  | 1,378        |
| Dividends received   | 6(4)     | 48,654                 | 32,717       |
| Interest paid  |          | ( 11,247 )             | ( 6,527 )    |
| Income tax paid  |          | ( 1,601 )              | ( 90 )       |
| Net cash flows from (used in) operating activities   |          | 119,737                | ( 29,443 )   |

(Continued)

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

|  | Notes | Year ended December 31 |             |
|--|-------|------------------------|-------------|
|  |       | 2023                   | 2022        |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                     |       |                        |             |
| Increase in financial assets at amortized cost - current                               |       | (\$ 13 )               | (\$ 8 )     |
| Increase in other receivables - related parties  |       | ( 18,743 )             | ( 39,858 )  |
| Acquisition of investments accounted for under equity method - subsidiary              | 7     | -                      | ( 121,729 ) |
| Proceeds from disposal of investments accounted for under equity method - subsidiaries | 7     | -                      | 20,239      |
| Cash paid for acquisition of property, plant and equipment                             | 6(25) | ( 27,475 )             | ( 50,144 )  |
| Proceeds from disposal of property, plant and equipment                                |       | -                      | 1,827       |
| Acquisition of intangible assets   | 6(8)  | -                      | ( 83 )      |
| Increase in guarantee deposits paid  |       | ( 808 )                | -           |
| Decrease in other non-current assets   |       | 267                    | 460         |
| Net cash flows used in investing activities  |       | ( 46,772 )             | ( 189,296 ) |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>                                     |       |                        |             |
| Increase in short-term borrowings  | 6(26) | 1,410,000              | 1,253,300   |
| Decrease in short-term borrowings  | 6(26) | ( 1,377,000 )          | ( 971,300 ) |
| Increase in short-term notes and bills payable   | 6(26) | 270,000                | -           |
| Decrease in short-term notes and bills payable   | 6(26) | ( 220,000 )            | -           |
| Payments of lease liability  | 6(26) | ( 2,818 )              | ( 2,738 )   |
| Increase in long-term borrowings   | 6(26) | 7,000                  | 35,024      |
| Decrease in long-term borrowings   | 6(26) | ( 87,523 )             | ( 101,884 ) |
| Net cash flows (used in) from financing activities                                     |       | ( 341 )                | 212,402     |
| Net increase (decrease) in cash and cash equivalents                                   |       | 72,624                 | ( 6,337 )   |
| Cash and cash equivalents at beginning of year   | 6(1)  | 132,101                | 138,438     |
| Cash and cash equivalents at end of year   | 6(1)  | \$ 204,725             | \$ 132,101  |

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, 2023 AND 2022

(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 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) 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 2023 are as follows:

| <u>New Standards, Interpretations and Amendments</u>   | <u>Effective date by<br/>International Accounting<br/>Standards Board<br/>("IASB")</u> |
|--|--|
| Amendments to IAS 1, ‘Disclosure of accounting policies’   | January 1, 2023  |
| Amendments to IAS 8, ‘Definition of accounting estimates’  | January 1, 2023  |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023  |
| Amendments to IAS 12, ‘International tax reform - pillar two model rules’                                | May 23, 2023   |

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 2024 are as follows:

| <u>New Standards, Interpretations and Amendments</u>                           | <u>Effective date by IASB</u> |
|--|-------------------------------|
| 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.

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

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

| <u>New Standards, Interpretations and Amendments</u>  | <u>Effective date by IASB</u> |
|---|-------------------------------|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by IASB      |
| IFRS 17, 'Insurance contracts'  | January 1, 2023               |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023               |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023               |
| 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.

#### 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<sup>®</sup> Interpretations, and SIC<sup>®</sup> 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:

| <u>Asset</u>              | <u>Useful lives</u> |
|---------------------------|---------------------|
| 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 ~ 10 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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year ; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of accounts receivable

A. The Company considers customers' characteristics, incorporates the forecast ability, historical collection experience and economic situation, financial condition of the region where the customer is located, and applies under the simplified approach using a provision matrix to estimate the expected credit losses. Since the amount of impairment loss is measured and calculated based on the loss rates established for that assets, significant impairment losses may incur if the future expected credit losses are greater than expected.

B. As of December 31, 2023, the carrying amount of accounts receivable (including related parties) was \$111,250.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

|                 | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------|--------------------------|--------------------------|
| Cash on hand    | \$ 241                   | \$ 246                   |
| Demand deposits | <u>204,484</u>           | <u>131,855</u>           |
|                 | <u>\$ 204,725</u>        | <u>\$ 132,101</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, 2023 and 2022 (shown as 'Financial assets at amortized cost - current') are described in Note 8.

### (2) Notes and accounts receivable, net

|                                       | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--------------------------|--------------------------|
| Notes receivable                      | \$ 85                    | \$ 2,541                 |
| Accounts receivable                   | \$ 96,571                | \$ 123,259               |
| Less: Allowance for doubtful accounts | ( 706)                   | ( 1,338)                 |
|                                       | <u>\$ 95,865</u>         | <u>\$ 121,921</u>        |

A. As of December 31, 2023 and 2022, 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, 2023</u> | <u>December 31, 2022</u> |
|----------------|--------------------------|--------------------------|
| Not past due   | \$ 107,531               | \$ 181,070               |
| Up to 30 days  | 3,613                    | 82                       |
| 31 to 90 days  | 131                      | 539                      |
| 91 to 180 days | <u>681</u>               | <u>675</u>               |
|                | <u>\$ 111,956</u>        | <u>\$ 182,366</u>        |

The above ageing analysis was based on past due date.

C. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$149,434.

D. As of December 31, 2023 and 2022, the Company did not hold any collateral as security for notes receivable and accounts receivable.

E. As of December 31, 2023 and 2022, 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

|                  | December 31, 2023 |                                       |                  |
|------------------|-------------------|---------------------------------------|------------------|
|                  | Cost              | Allowance for market<br>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> |

  

|                  | December 31, 2022 |                                       |                  |
|------------------|-------------------|---------------------------------------|------------------|
|                  | Cost              | Allowance for market<br>price decline | Book value       |
| Merchandise      | \$ 57             | (\$ 57)                               | \$ -             |
| Raw materials    | 99,502            | ( 13,653)                             | 85,849           |
| Supplies         | 2,691             | ( 508)                                | 2,183            |
| Work in progress | 1,278             | -                                     | 1,278            |
| Finished goods   | 11,522            | ( 2,932)                              | 8,590            |
|                  | <u>\$ 115,050</u> | <u>(\$ 17,150)</u>                    | <u>\$ 97,900</u> |

The cost of inventories recognized as expense for the year:

|  | For the years ended December 31, |                   |
|--|----------------------------------|-------------------|
|  | 2023                             | 2022              |
| Cost of goods sold                           | \$ 405,397                       | \$ 466,385        |
| Allowance for inventory market price decline | 5,307                            | 3,420             |
| Loss on discarding of inventory              | 77                               | -                 |
| Revenue from sales of scraps                 | ( 1,192)                         | ( 5,808)          |
|  | <u>\$ 409,589</u>                | <u>\$ 463,997</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, |                   |
|--|----------------------------------|-------------------|
|  | 2023                             | 2022              |
| At January 1   | \$ 873,398                       | \$ 685,082        |
| Addition of investments accounted for under equity method                                | -                                | 117,280           |
| Disposal of investments accounted for under equity method                                | - (                              | 7,457)            |
| Share of profit or loss of investments accounted for under equity method                 | 25,142                           | 11,145            |
| Net change in equity of investments accounted for under equity method                    | 23,507                           | 92,919            |
| Earnings distribution of investments accounted for under equity method                   | ( 48,654) (                      | 32,717)           |
| Other equity interest-financial statements translation differences of foreign operations | ( 8,994)                         | 7,146             |
| At December 31   | <u>\$ 864,399</u>                | <u>\$ 873,398</u> |

B. Details of investments accounted for under equity method:

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| ETCH HOME TECHNOLOGY CO., LTD.              | \$ 42,054         | \$ 85,460         |
| Sense Pad TECH. CO., LTD.                   | 53,027            | 52,811            |
| Htc & Solartech Service (Samoa) Corporation | 368,421           | 441,574           |
| WAVE POWER TECHNOLOGY INC.                  | 400,897           | 293,553           |
|   | <u>\$ 864,399</u> | <u>\$ 873,398</u> |

C. For more information regarding the subsidiaries of the Company, refer to Note 4(2) 'Basis of consolidation' in the 2023 consolidated financial statements'.

D. For the years ended December 31, 2023 and 2022, the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method was \$25,142 and \$11,145, respectively, which were assessed based on the investees' financial statements audited by independent auditors for the corresponding periods.

E. As of December 31, 2023 and 2022, no investments accounted for under equity method held by the Company were pledged to others.

(5) Property, plant and equipment

|                                       | Land              | Buildings<br>and structures | Machinery<br>and equipment | Instruments<br>and equipment | Office<br>equipment | Other<br>equipment | Construction<br>in progress<br>and equipment<br>before acceptance<br>inspection | Total             |
|---------------------------------------|-------------------|-----------------------------|----------------------------|------------------------------|---------------------|--------------------|---|-------------------|
| <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> |

|                                       | <u>Land</u>       | <u>Buildings<br/>and structures</u> | <u>Machinery<br/>and equipment</u> | <u>Instruments<br/>and equipment</u> | <u>Office<br/>equipment</u> | <u>Other<br/>equipment</u> | <u>Construction<br/>in progress<br/>and equipment<br/>before acceptance<br/>inspection</u> | <u>Total</u>      |
|---------------------------------------|-------------------|-------------------------------------|------------------------------------|--------------------------------------|-----------------------------|----------------------------|--|-------------------|
| <u>At January 1, 2022</u>             |                   |                                     |                                    |                                      |                             |                            |  |                   |
| Cost                                  | \$ 227,865        | \$ 390,209                          | \$ 174,421                         | \$ 53,348                            | \$ 1,892                    | \$ 38,130                  | \$ 30,655  | \$ 916,520        |
| Accumulated depreciation              | -                 | ( 126,740)                          | ( 88,016)                          | ( 37,708)                            | ( 598)                      | ( 7,434)                   | -  | ( 260,496)        |
| Accumulated impairment                | -                 | -                                   | ( 1,182)                           | -                                    | -                           | -                          | -  | ( 1,182)          |
|                                       | <u>\$ 227,865</u> | <u>\$ 263,469</u>                   | <u>\$ 85,223</u>                   | <u>\$ 15,640</u>                     | <u>\$ 1,294</u>             | <u>\$ 30,696</u>           | <u>\$ 30,655</u>   | <u>\$ 654,842</u> |
| <u>2022</u>                           |                   |                                     |                                    |                                      |                             |                            |  |                   |
| At January 1                          | \$ 227,865        | \$ 263,469                          | \$ 85,223                          | \$ 15,640                            | \$ 1,294                    | \$ 30,696                  | \$ 30,655  | \$ 654,842        |
| Additions                             | -                 | 4,094                               | 17,407                             | 2,948                                | 286                         | 2,712                      | 21,471   | 48,918            |
| Transfers after acceptance inspection | -                 | -                                   | 14,353                             | 4,913                                | -                           | 414                        | ( 19,680)  | -                 |
| Depreciation                          | -                 | ( 15,924)                           | ( 22,454)                          | ( 8,540)                             | ( 498)                      | ( 4,191)                   | -  | ( 51,607)         |
| Disposals — Cost                      | -                 | ( 751)                              | ( 253)                             | ( 2,000)                             | -                           | ( 2,770)                   | -  | ( 5,774)          |
| — Accumulated depreciation            | -                 | 751                                 | 199                                | 833                                  | -                           | 2,770                      | -  | 4,553             |
| At December 31                        | <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>At December 31, 2022</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> |

- A. Property, plant and equipment of the Company were all for its own use as of December 31, 2023 and 2022.
- B. For the years ended December 31, 2023 and 2022, no borrowing cost was capitalized as part of property, plant and equipment.
- C. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022 is provided in Note 8, 'Pledged assets'.

(6) Leasing arrangements – lessee

- A. The Company leases various assets including 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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Transportation equipment (Business vehicles) | \$ 3,258                 | \$ 4,230                 |

Depeciation charge:

|  | <u>For the years ended December 31,</u> |             |
|--|---|-------------|
|  | <u>2023</u>                             | <u>2022</u> |
| Transportation equipment (Business vehicles) | \$ 2,806                                | \$ 2,754    |

- C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$1,834 and \$—, 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>2023</u>                             | <u>2022</u> |
| <u>Items affecting profit or loss</u> |   |             |
| Interest expense on lease liabilities | \$ 35                                   | \$ 62       |
| Expense on short-term lease contracts | 599                                     | 1,126       |

- E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$3,452 and \$3,926, respectively.

(7) Investment property, net

Movements of investment property are as follows:

| <u>Buildings and structures</u> | For the years ended December 31, |               |
|---------------------------------|----------------------------------|---------------|
|                                 | <u>2023</u>                      | <u>2022</u>   |
| At January 1                    |                                  |               |
| Cost                            | \$ 30,454                        | \$ 30,454     |
| Accumulated depreciation        | ( 2,432)                         | ( 2,126)      |
| Accumulated impairment          | ( 27,438)                        | ( 27,438)     |
|                                 | <u>\$ 584</u>                    | <u>\$ 890</u> |
| Net value at January 1          | \$ 584                           | \$ 890        |
| Depreciation                    | ( 305)                           | ( 306)        |
| Net value at December 31        | <u>\$ 279</u>                    | <u>\$ 890</u> |
| At December 31                  |                                  |               |
| Cost                            | \$ 30,454                        | \$ 30,454     |
| Accumulated depreciation        | ( 2,737)                         | ( 2,432)      |
| Accumulated impairment          | ( 27,438)                        | ( 27,438)     |
|                                 | <u>\$ 279</u>                    | <u>\$ 584</u> |

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

|   | For the years ended December 31, |               |
|---|----------------------------------|---------------|
|   | <u>2023</u>                      | <u>2022</u>   |
| Direct operating expenses arising from the investment property that did not generate rental income during the year (Note) | <u>\$ 305</u>                    | <u>\$ 306</u> |

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

B. The fair value of the investment property held by the Company as at December 31, 2023 and 2022 was \$15,411 and \$15,358, 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, 2023 and 2022, no borrowing cost was capitalized as part of investment property.

D. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022 is provided in Note 8, 'Pledged assets'.

(8) Intangible assets

|                          | Computer software cost           |                 |
|--------------------------|----------------------------------|-----------------|
|                          | For the years ended December 31, |                 |
|                          | 2023                             | 2022            |
| At January 1             |                                  |                 |
| Cost                     | \$ 5,444                         | \$ 5,361        |
| Accumulated amortization | ( 4,167)                         | ( 3,082)        |
|                          | <u>\$ 1,277</u>                  | <u>\$ 2,279</u> |
| Net value at January 1   | \$ 1,277                         | \$ 2,279        |
| Additions                | -                                | 83              |
| Amortization             | ( 642)                           | ( 1,085)        |
| Net value at December 31 | <u>\$ 635</u>                    | <u>\$ 1,277</u> |
| At December 31           |                                  |                 |
| Cost                     | \$ 5,444                         | \$ 5,444        |
| Accumulated amortization | ( 4,809)                         | ( 4,167)        |
|                          | <u>\$ 635</u>                    | <u>\$ 1,277</u> |

A. For the years ended December 31, 2023 and 2022, 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, |                 |
|-------------------------------------|----------------------------------|-----------------|
|                                     | 2023                             | 2022            |
|                                     | Manufacturing expenses           | \$ 257          |
| Selling expenses                    | 33                               | 30              |
| General and administrative expenses | 149                              | 675             |
| Research and development expenses   | 203                              | 163             |
|                                     | <u>\$ 642</u>                    | <u>\$ 1,085</u> |

(9) Short-term borrowings

| 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> |                     |            |
| Nature                    | December 31, 2022 | Interest rate range | Collateral |
| Bank secured borrowings   | \$ 265,000        | 1.725% ~ 2.099%     | Note       |
| Bank unsecured borrowings | 112,000           | 1.75% ~ 2.229%      | None       |
|                           | <u>\$ 377,000</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, 2023 and 2022, refer to Note 6(20), 'Finance cost'.

(10) Short-term notes and bills payable

| Nature                    | December 31, 2023 | Interest rate range | Collateral |
|---------------------------|-------------------|---------------------|------------|
| Commercial papers payable | \$ 50,000         | 1.45% ~ 1.78%       | None       |

There was no such situation for the year ended December 31, 2022.

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 year ended December 31, 2023, refer to Note 6(20), 'Finance cost'.

(11) Long-term borrowings

| Nature                    | Borrowing period        | Interest rate range | Collateral | December 31, 2023 |
|---------------------------|-------------------------|---------------------|------------|-------------------|
| Bank secured borrowings   | 2020.7.27 ~ 2026.9.24   | 1.2896% ~ 2.23%     | Note       | \$ 134,179        |
| Bank unsecured borrowings | 2020.12.15 ~ 2025.12.15 | 1.22% ~ 2.10%       | None       | 40,288            |
|                           |                         |                     |            | 174,467           |
| Less: Current portion     |                         |                     |            | ( 94,854)         |
|                           |                         |                     |            | \$ 79,613         |

| Nature                    | Borrowing period        | Interest rate range | Collateral | December 31, 2022 |
|---------------------------|-------------------------|---------------------|------------|-------------------|
| Bank secured borrowings   | 2020.7.27 ~ 2026.9.24   | 1.1575% ~ 1.8%      | Note       | \$ 204,558        |
| Bank unsecured borrowings | 2020.12.15 ~ 2025.12.15 | 1.095% ~ 1.975%     | None       | 50,432            |
|                           |                         |                     |            | 254,990           |
| Less: Current portion     |                         |                     |            | ( 86,546)         |
|                           |                         |                     |            | \$ 168,444        |

(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, 2023 and 2022, 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, 2023 and 2022 were \$5,031 and \$4,880, 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, |        |
|------------------------------|----------------------------------|--------|
|                              | 2023                             | 2022   |
| 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):

|                             | For the years ended December 31, |                      |
|-----------------------------|----------------------------------|----------------------|
|                             | 2023                             | 2022                 |
|                             | Beginning and ending             | Beginning and ending |
|                             | balance                          | 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, 2023 and 2022, 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, 2023, 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 instalments. 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, 2023 and 2022 are summarised as follows:

| For the year ended<br>December 31, 2023  | Share<br>premium  | Difference between<br>consideration and<br>carrying amount<br>of subsidiaries<br>acquired or disposed | Changes in<br>ownership<br>interests in<br>subsidiaries | Net change<br>in equity of<br>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 of capital reserve due to change in interest of subsidiaries                 | -                 | -   | 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> |

| For the year ended<br>December 31, 2022  | Share<br>premium  | Difference between<br>consideration and<br>carrying amount<br>of subsidiaries<br>acquired or disposed | Changes in<br>ownership<br>interests in<br>subsidiaries | Net change<br>in equity of<br>associates | Total             |
|--|-------------------|---|---|--|-------------------|
| At January 1   | \$ 394,674        | \$ -  | \$ 2,027  | \$ -                                     | \$ 396,701        |
| Transactions with non-controlling interests shareholders of subsidiaries                 | -                 | 12,782  | -   | -  | 12,782            |
| Adjustments for changes in capital reserve of investee companies                         | -                 | -   | 274   | -  | 274               |
| 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                       | -                 | -   | ( 2,070)  | -  | ( 2,070)          |
| At December 31   | <u>\$ 394,674</u> | <u>\$ 12,782</u>  | <u>\$ 231</u>   | <u>\$ 95,778</u>                         | <u>\$ 503,465</u> |

- C. 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 2023 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 each 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 18, 2022, the Board of Directors of the Company resolved not to distribute earnings except for the appropriation of legal reserve and special reserve. On March 14, 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, |                   |
|---------------------------|----------------------------------|-------------------|
|                           | 2023                             | 2022              |
| Metal masks               | \$ 357,342                       | \$ 446,996        |
| Thermal module            | 15,246                           | 39,537            |
| Optical bonding materials | -                                | 10,475            |
| Others                    | 26,333                           | 28,663            |
|                           | <u>\$ 398,921</u>                | <u>\$ 525,671</u> |

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

|                              | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|------------------------------|-------------------|-------------------|-----------------|
| Current contract liabilities | <u>\$ 2,469</u>   | <u>\$ 878</u>     | <u>\$ 64</u>    |

  

|   | For the years ended December 31, |             |
|---|----------------------------------|-------------|
|   | 2023                             | 2022        |
| Revenue recognized that was included in the contract liability balance at the beginning of the year | <u>\$ 790</u>                    | <u>\$ -</u> |

(17) Interest income

|                                    | For the years ended December 31, |                 |
|------------------------------------|----------------------------------|-----------------|
|                                    | 2023                             | 2022            |
| Interest income from bank deposits | \$ 1,165                         | \$ 577          |
| Other interest income              | 3,074                            | 801             |
|                                    | <u>\$ 4,239</u>                  | <u>\$ 1,378</u> |

(18) Other income

|                                | For the years ended December 31, |                 |
|--------------------------------|----------------------------------|-----------------|
|                                | 2023                             | 2022            |
| Technical service income       | \$ 5,719                         | \$ -            |
| Director's remuneration income | 2,860                            | 3,196           |
| Resale of electricity income   | 2,707                            | -               |
| Administrative service income  | 1,177                            | 1,392           |
| Waste liquid recycling income  | 428                              | 2,502           |
| Other income                   | 365                              | 2,401           |
|                                | <u>\$ 13,256</u>                 | <u>\$ 9,491</u> |

(19) Other gains and losses

|   | For the years ended December 31, |                  |
|---|----------------------------------|------------------|
|   | 2023                             | 2022             |
| Currency exchange gain                            | \$ 1,621                         | \$ 15,181        |
| Gain on disposal of property, plant and equipment | -                                | 606              |
| Depreciation charges on investment property       | ( 305)                           | ( 306)           |
|   | <u>\$ 1,316</u>                  | <u>\$ 15,481</u> |

(20) Finance costs

|                                       | For the years ended December 31, |                 |
|---------------------------------------|----------------------------------|-----------------|
|                                       | 2023                             | 2022            |
| Interest expense:                     |                                  |                 |
| Interest expense on bank borrowings   | \$ 11,257                        | \$ 6,730        |
| Interest expense on lease liabilities | 35                               | 62              |
|                                       | <u>\$ 11,292</u>                 | <u>\$ 6,792</u> |

(21) Expenses by nature

|                          | For the year ended December 31, 2023 |                    |                   |
|--------------------------|--------------------------------------|--------------------|-------------------|
|                          | Operating costs                      | Operating expenses | Total             |
| 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> |
|                          | For the year ended December 31, 2022 |                    |                   |
|                          | Operating costs                      | Operating expenses | Total             |
| Employee benefit expense | \$ 80,923                            | \$ 68,334          | \$ 149,257        |
| Depreciation             | 45,994                               | 8,367              | 54,361            |
| Amortization             | 217                                  | 868                | 1,085             |
|                          | <u>\$ 127,134</u>                    | <u>\$ 77,569</u>   | <u>\$ 204,703</u> |

(22) Employee benefit expense

|                                    | 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> |

  

|                                    | For the year ended December 31, 2022 |                           |                   |
|------------------------------------|--------------------------------------|---------------------------|-------------------|
|                                    | <u>Operating costs</u>               | <u>Operating expenses</u> | <u>Total</u>      |
| Wages and salaries                 | \$ 67,593                            | \$ 53,458                 | \$ 121,051        |
| Labor and health insurance expense | 6,423                                | 4,295                     | 10,718            |
| Pension costs                      | 2,629                                | 2,251                     | 4,880             |
| Directors' remuneration            | -                                    | 4,792                     | 4,792             |
| Other personnel expenses           | 4,278                                | 3,538                     | 7,816             |
|                                    | <u>\$ 80,923</u>                     | <u>\$ 68,334</u>          | <u>\$ 149,257</u> |

- A. As of December 31, 2023 and 2022, the Company had 207 and 187 employees, among these, 7 directors were non-employee directors, respectively.
- B. For the years ended December 31, 2023 and 2022, the average employee benefit expense recognized was \$671 and \$803, and the average employee salary expense recognized was \$547 and \$673, respectively. The average wages and salaries in 2023 decreased by approximately 19% compared with 2022.
- 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. For the years ended December 31, 2023 and 2022, there was no employee' compensation and directors' remuneration. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. As the Company had no profit in 2023 and 2022, 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>2023</u>                             | <u>2022</u>     |
| Current income tax:                               |   |                 |
| Current tax on profits for the year               | \$ 1,299                                | \$ -            |
| Tax on undistributed earnings                     | -                                       | 99              |
| Prior year's income tax over estimation           | ( 9)                                    | -               |
| Total current income tax                          | <u>1,290</u>                            | <u>99</u>       |
| Deferred income tax:                              |   |                 |
| Origination and reversal of temporary differences | <u>3,819</u>                            | <u>2,320</u>    |
| Income tax expense                                | <u>\$ 5,109</u>                         | <u>\$ 2,419</u> |

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

|  | <u>For the years ended December 31,</u> |                 |
|--|---|-----------------|
|  | <u>2023</u>                             | <u>2022</u>     |
| Financial statements translation differences of foreign operations | <u>(\$ 1,799)</u>                       | <u>\$ 1,429</u> |

B. Reconciliation between income tax expense and accounting profit:

|  | For the years ended December 31, |                 |
|--|----------------------------------|-----------------|
|  | 2023                             | 2022            |
| Tax on undistributed earnings                              | \$ -                             | \$ 99           |
| Prior year's income tax over estimation                    | ( 9)                             | -               |
| Separate taxation  | 1,299                            | -               |
| Change in assessment of realisation of deferred tax assets | 3,819                            | 2,320           |
| Income tax expense   | <u>\$ 5,109</u>                  | <u>\$ 2,419</u> |

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

|   | 2023               |                              |  |                    |
|---|--------------------|------------------------------|--|--------------------|
|   | January 1          | Recognized in profit or loss | Recognized in other comprehensive income | December 31        |
| Deferred tax assets:                            |                    |                              |  |                    |
| Temporary differences:                          |                    |                              |  |                    |
| Financial statements translation differences    | \$ 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>   |
| 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>   |

|  | 2022               |                                 |   |                    |
|--|--------------------|---------------------------------|---|--------------------|
|  | January 1          | Recognized in<br>profit or loss | Recognized<br>in other<br>comprehensive<br>income | December 31        |
| Deferred tax assets:   |                    |                                 |   |                    |
| Temporary differences:   |                    |                                 |   |                    |
| Financial statements translation differences of foreign operations | \$ 4,132           | \$ -                            | (\$ 1,429)  | \$ 2,703           |
| Allowance for doubtful accounts                                    | 71                 | -                               | -   | 71                 |
| Loss on inventory market value decline                             | 2,746              | 684                             | -   | 3,430              |
| Impairment loss  | 3,069              | ( 131)                          | -   | 2,938              |
| Unrealized loss on foreign currency exchange                       | 85                 | ( 85)                           | -   | -                  |
| Book-tax difference on land cost                                   | 9,501              | -                               | -   | 9,501              |
| Tax losses   | 17,544             | ( 2,939)                        | -   | 14,605             |
|  | <u>\$ 37,148</u>   | <u>(\$ 2,471)</u>               | <u>(\$ 1,429)</u>                                 | <u>\$ 33,248</u>   |
| Deferred tax liabilities:  |                    |                                 |   |                    |
| Temporary differences:   |                    |                                 |   |                    |
| Investment income  | (\$ 13,705)        | \$ 343                          | \$ -  | (\$ 13,362)        |
| Unrealized gain on foreign currency exchange                       | -                  | ( 192)                          | -   | (\$ 192)           |
| Gain recognized in bargain purchase transaction                    | ( 1,277)           | -                               | -   | ( 1,277)           |
|  | <u>(\$ 14,982)</u> | <u>\$ 151</u>                   | <u>\$ -</u>                                       | <u>(\$ 14,831)</u> |
|  | <u>\$ 22,166</u>   | <u>(\$ 2,320)</u>               | <u>(\$ 1,429)</u>                                 | <u>\$ 18,417</u>   |



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

| December 31, 2023    |                                   |                      |   |                    |  |
|----------------------|-----------------------------------|----------------------|---|--------------------|--|
| <u>Year incurred</u> | <u>Amount filed/<br/>assessed</u> | <u>Unused amount</u> | <u>Unrecognized<br/>deferred<br/>tax assets</u> | <u>Expiry year</u> |  |
| 2013                 | \$ 12,636                         | \$ 12,636            | \$ 12,636                                       | 2023               |  |
| 2014                 | 16,383                            | 16,383               | -   | 2024               |  |
| 2020                 | 1,642                             | 1,642                | -   | 2030               |  |
| 2022                 | 9,420                             | 9,420                | -   | 2032               |  |
| 2023                 | 46,952                            | 46,952               | -   | 2033               |  |

| December 31, 2022    |                                   |                      |   |                    |  |
|----------------------|-----------------------------------|----------------------|---|--------------------|--|
| <u>Year incurred</u> | <u>Amount filed/<br/>assessed</u> | <u>Unused amount</u> | <u>Unrecognized<br/>deferred<br/>tax assets</u> | <u>Expiry year</u> |  |
| 2012                 | \$ 50,807                         | \$ 50,807            | \$ 50,807                                       | 2022               |  |
| 2013                 | 12,636                            | 12,636               | -   | 2023               |  |
| 2014                 | 16,383                            | 16,383               | -   | 2024               |  |
| 2020                 | 1,642                             | 1,642                | -   | 2030               |  |
| 2022                 | 42,364                            | 42,364               | -   | 2032               |  |

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 14, 2024.

(24) Loss per share

|                             | For the year ended December 31, 2023 |  |  |
|-----------------------------|--------------------------------------|--|--|
|                             | <u>Amount<br/>after tax</u>          | <u>Weighted average<br/>number of<br/>shares outstanding<br/>(shares in thousands)</u> | <u>Loss per<br/>share<br/>(in dollars)</u> |
| <u>Basic loss per share</u> |                                      |  |  |
| Loss for the year           | <u>(\$ 85,571)</u>                   | <u>65,788</u>  | <u>(\$ 1.30)</u>                           |
|                             | For the year ended December 31, 2022 |  |  |
|                             | <u>Amount<br/>after tax</u>          | <u>Weighted average<br/>number of<br/>shares outstanding<br/>(shares in thousands)</u> | <u>Loss per<br/>share<br/>(in dollars)</u> |
| <u>Basic loss per share</u> |                                      |  |  |
| Loss for the year           | <u>(\$ 36,049)</u>                   | <u>65,788</u>  | <u>(\$ 0.55)</u>                           |

For the years ended December 31, 2023 and 2022, potential ordinary shares were excluded from the calculation of diluted loss per share due to the anti-dilutive effect.

(25) Supplemental cash flow information

Investing activities with partial cash payments:

|   | For the years ended December 31, |                  |
|---|----------------------------------|------------------|
|   | 2023                             | 2022             |
| Purchase of property, plant and equipment | \$ 22,754                        | \$ 48,918        |
| Add: Opening balance of other payables    | 5,495                            | 6,721            |
| Less: Ending balance of other payables    | ( 774)                           | ( 5,495)         |
| Cash paid during the year                 | <u>\$ 27,475</u>                 | <u>\$ 50,144</u> |

(26) Changes in liabilities from financing activities

|   | Short-term borrowings | Commercial papers payable | Lease liabilities | Long-term borrowings (including current portion) | Liabilities from financing activities - gross |
|---|-----------------------|---------------------------|-------------------|--|---|
| 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 | -                     | -                         | 1,834             | -  | 1,834   |
| At December 31, 2023  | <u>\$ 410,000</u>     | <u>\$ 50,000</u>          | <u>\$ 3,278</u>   | <u>\$ 174,467</u>                                | <u>\$ 637,745</u>                             |
|   |                       |                           |                   | Long-term borrowings (including current portion) | Liabilities from financing activities - gross |
| At January 1, 2022  |                       | Short-term borrowings     | Lease liabilities | \$ 321,850                                       | \$ 423,850                                    |
| Changes in cash flow from financing activities                |                       | 282,000                   | ( 2,738)          | ( 66,860)  | 212,402                                       |
| At December 31, 2022  |                       | <u>\$ 377,000</u>         | <u>\$ 4,262</u>   | <u>\$ 254,990</u>                                | <u>\$ 636,252</u>                             |

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

| Names of related parties                                | Relationship with the Company |
|---|-------------------------------|
| Htc & Solartech Service (Samoa) Corporation             | Subsidiary                    |
| Solar Applied Materials Technology (Shanghai) Co., Ltd. | Subsidiary                    |
| FineMat (Shanghai) Applied Materials Co., Ltd.          | Subsidiary                    |
| FineMat (HuangShi) Applied Materials Co., Ltd.          | Subsidiary                    |
| WAVE POWER TECHNOLOGY INC.                              | Subsidiary                    |
| ETCH HOME TECHNOLOGY CO., LTD.                          | Subsidiary                    |
| VN ETCH HOME TECHNOLOGY CO., LTD.                       | Subsidiary                    |
| Galloptech International Company Limited                | Associate                     |
| Huangshi Quanyang Photoelectric Technology Co., Ltd.    | Associate (Note)              |
| HTC & SOLAR TECH SERVICE LIMITED                        | Other related party           |

(Note) In August 2023, the Company's subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., sold its 40.36% shares of 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

|  | For the years ended December 31, |            |
|--|----------------------------------|------------|
|  | 2023                             | 2022       |
| Sales of goods:                                      |                                  |            |
| Huangshi Quanyang Photoelectric Technology Co., Ltd. | \$ 30,975                        | \$ 57,324  |
| ETCH HOME TECHNOLOGY CO., LTD.                       | 18,670                           | 58,686     |
| FineMat (Shanghai) Applied Materials Co., Ltd.       | 17,964                           | 366        |
| Subsidiaries   | 250                              | 3,155      |
| Other related parties                                | 400                              | 3,252      |
|  | \$ 68,259                        | \$ 122,783 |

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 90 days after monthly statements for third parties.

B. Purchases

|                                  | For the years ended December 31, |                  |
|----------------------------------|----------------------------------|------------------|
|                                  | 2023                             | 2022             |
| Purchases of goods:              |                                  |                  |
| HTC & SOLAR TECH SERVICE LIMITED | \$ 3,620                         | \$ 17,557        |
| Associates                       | 3,011                            | 900              |
| ETCH HOME TECHNOLOGY CO., LTD.   | 1,650                            | 8,691            |
| Subsidiaries                     | 98                               | -                |
|                                  | <u>\$ 8,379</u>                  | <u>\$ 27,148</u> |

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

C. Processing expenses and other expenses (listed as ‘operating cost’)

|  | For the years ended December 31, |                 |
|--|----------------------------------|-----------------|
|  | 2023                             | 2022            |
| Other related parties                                | \$ 131                           | \$ 207          |
| Huangshi Quanyang Photoelectric Technology Co., Ltd. | -                                | 4,557           |
| Subsidiaries   | 8                                | 2               |
|  | <u>\$ 139</u>                    | <u>\$ 4,766</u> |

D. Administrative service revenue

|  | For the years ended December 31, |                 |
|--|----------------------------------|-----------------|
|  | 2023                             | 2022            |
| HTC & SOLAR TECH SERVICE LIMITED         | \$ 681                           | \$ 936          |
| Galloptech International Company Limited | 496                              | 456             |
|  | <u>\$ 1,177</u>                  | <u>\$ 1,392</u> |

E. Directors’ remuneration income

|                            | For the years ended December 31, |          |
|----------------------------|----------------------------------|----------|
|                            | 2023                             | 2022     |
| WAVE POWER TECHNOLOGY INC. | \$ 2,860                         | \$ 3,196 |

F. Technical service income

|  | For the years ended December 31, |      |
|--|----------------------------------|------|
|  | 2023                             | 2022 |
| FineMat (HuangShi) Applied Materials Co., Ltd. | \$ 4,396                         | \$ - |

#### G. Investment transactions

- (1) In January 2022, the Company participated in the capital increase of ETCH HOME TECHNOLOGY CO., LTD. for a total investment amounting to \$70,000 in cash. As the Company did not subscribe to the capital increase in proportion to its shareholding ratio, retained earnings decreased by \$4,449.
- (2) In August 2022, the subsidiary, WAVE POWER TECHNOLOGY INC., filed for an initial public offering with the Taipei Exchange. As part of the public process, the Company partially disposed its shares through public market for a total cash consideration of \$20,239. After deducting the book value of \$7,457 on the disposal date, the capital reserve increased by \$12,782.
- (3) In December 2022, the Company participated in the capital increase of Htc & Solartech Service (Samoa) Corporation for a total investment amounting to \$51,729 in cash.

#### H. Receivables from related parties

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Accounts receivable:                                    |                          |                          |
| FineMat (Shanghai) Applied Materials Co., Ltd.          | \$ 13,379                | \$ 176                   |
| ETCH HOME TECHNOLOGY CO., LTD.                          | 1,825                    | 40,717                   |
| FineMat (HuangShi) Applied Materials Co., Ltd.          | 112                      | 141                      |
| VN ETCH HOME TECHNOLOGY CO., LTD.                       | 69                       | 2,943                    |
| Huangshi Quanyang Photoelectric Technology Co., Ltd.    | -                        | 15,130                   |
|   | <u>\$ 15,385</u>         | <u>\$ 58,931</u>         |
|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Other receivables (excluding loans to related parties): |                          |                          |
| HTC & SOLAR TECH SERVICE LIMITED                        | \$ 267                   | \$ -                     |
| VN ETCH HOME TECHNOLOGY CO., LTD.                       | -                        | 16,567                   |
| ETCH HOME TECHNOLOGY CO., LTD.                          | -                        | 163                      |
|   | <u>\$ 267</u>            | <u>\$ 16,730</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.

#### I. Payables to related parties

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Purchase of goods and services:                      |                          |                          |
| Subsidiaries   | \$ 666                   | \$ 916                   |
| HTC & SOLAR TECH SERVICE LIMITED                     | 167                      | 9,769                    |
| Huangshi Quanyang Photoelectric Technology Co., Ltd. | -                        | 419                      |
|  | <u>\$ 833</u>            | <u>\$ 11,104</u>         |

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

J. Loans to related parties

Receivable from related parties:

|                                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------------|--------------------------|--------------------------|
| ETCH HOME TECHNOLOGY CO., LTD.    | \$ 33,853                | \$ 33,726                |
| VN ETCH HOME TECHNOLOGY CO., LTD. | 24,748                   | 6,132                    |
|                                   | <u>\$ 58,601</u>         | <u>\$ 39,858</u>         |

The loans to related parties are payable over 1 year and the interest income was \$2,440 and \$763 for the years ended December 31, 2023 and 2022, respectively.

K. Endorsements and guarantees

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

|  | <u>Nature</u>       | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|---------------------|--------------------------|--------------------------|
| Htc & Solartech Service<br>(Samoa) Corporation       | Financial guarantee | \$ 92,115                | \$ 140,140               |
| FineMat (HuangShi)<br>Applied Materials<br>Co., Ltd. | "                   | 46,058                   | 112,789                  |
| ETCH HOME<br>TECHNOLOGY CO.,<br>LTD.                 | "                   | 80,000                   | 50,000                   |
| VN ETCH HOME<br>TECHNOLOGY CO.,<br>LTD.              | "                   | 153,526                  | 153,135                  |
|  |                     | <u>\$ 371,699</u>        | <u>\$ 456,064</u>        |

As of December 31, 2023 and 2022, the actual amount guaranteed by the Company to the subsidiaries was \$141,412 and \$196,893, respectively.

(3) Key management compensation

|                              | <u>For the years ended December 31,</u> |                  |
|------------------------------|---|------------------|
|                              | <u>2023</u>                             | <u>2022</u>      |
| Short-term employee benefits | <u>\$ 10,528</u>                        | <u>\$ 10,804</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, 2023</u> | <u>December 31, 2022</u> |                      |
| Restricted time deposits (Note 1)         | \$ 1,049                 | \$ 1,036                 | Customs deposits     |
| Land (Note 2)                             | 227,865                  | 227,865                  | Financial guarantees |
| Buildings and structures, net<br>(Note 2) | 253,646                  | 252,223                  | "                    |
|   | <u>\$ 482,560</u>        | <u>\$ 481,124</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, 2023 and 2022, the Company's remaining balance due for construction in progress and prepayments for equipment were \$404 and \$22,635, respectively.

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

## 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, 2023                         |               |               |
|---|---|---------------|---------------|
|   | Foreign currency<br>amount (In thousands) | Exchange rate | Book<br>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        |



|   | December 31, 2022                         |               |               |
|---|---|---------------|---------------|
|   | Foreign currency<br>amount (In thousands) | Exchange rate | Book<br>value |
| (Foreign currency: functional currency) |   |               |               |
| <u>Financial assets</u>                 |   |               |               |
| <u>Monetary items</u>                   |   |               |               |
| USD:NTD                                 | \$ 7,220                                  | 30.66         | \$ 221,362    |
| RMB:NTD                                 | 9,919                                     | 4.383         | 43,472        |
| JPY:NTD                                 | 9,323                                     | 0.23          | 2,148         |
| <u>Non-monetary items</u>               |   |               |               |
| USD:NTD                                 | 16,099                                    | 30.71         | 494,385       |
| <u>Financial liabilities</u>            |   |               |               |
| <u>Monetary items</u>                   |   |               |               |
| USD:NTD                                 | 358                                       | 30.76         | 11,017        |
| RMB:NTD                                 | 6,801                                     | 4.433         | 30,147        |
| JPY:NTD                                 | 19,782                                    | 0.2344        | 4,637         |

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, 2023 and 2022 would increase/decrease by \$1,642 and \$1,769, 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, 2023 and 2022 amounted to \$1,621 and \$15,181, 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, 2023 and 2022 would have decreased/increased by \$901 and \$538, 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, 2023 and 2022, the provision matrix is as follows:

| <u>December 31, 2023</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due             | 0.24%                     | \$ 107,531              | \$ 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>\$ 111,956</u>       | <u>\$ 706</u>         |
| <u>December 31, 2022</u> |                           |                         |                       |
| Not past due             | 0.34%                     | \$ 181,070              | \$ 621                |
| Up to 30 days            | 2.44%                     | 82                      | 2                     |
| 31 to 90 days            | 7.42%                     | 539                     | 40                    |
| Over 181 days            | 100%                      | 675                     | 675                   |
|                          |                           | <u>\$ 182,366</u>       | <u>\$ 1,338</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 years ended December 31,</u> |                 |
|-----------------------------|---|-----------------|
|                             | <u>2023</u>                             | <u>2022</u>     |
| At January 1                | \$ 1,338                                | \$ 555          |
| Expected credit (gain) loss | ( 632)                                  | 783             |
| At December 31              | <u>\$ 706</u>                           | <u>\$ 1,338</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, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Floating rate:           |                          |                          |
| Expiring within one year | \$ 371,600               | \$ 221,550               |
| Expiring beyond one year | -                        | 76,476                   |
|                          | <u>\$ 371,600</u>        | <u>\$ 298,026</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, 2023</u>                         | <u>Less than<br/>1 year</u> | <u>Between 1<br/>and 3 years</u> | <u>Between 3<br/>and 5 years</u> | <u>More than<br/>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                           | -                                | -                            |
| <u>December 31, 2022</u>                         | <u>Less than<br/>1 year</u> | <u>Between 1<br/>and 3 years</u> | <u>Between 3<br/>and 5 years</u> | <u>More than<br/>5 years</u> |
| Non-derivative financial liabilities:            |                             |                                  |                                  |                              |
| Short-term borrowings                            | \$ 378,553                  | \$ -                             | \$ -                             | \$ -                         |
| Accounts payable (including related parties)     | 71,617                      | -                                | -                                | -                            |
| Other payables                                   | 50,398                      | -                                | -                                | -                            |
| Lease liabilities                                | 2,800                       | 1,500                            | -                                | -                            |
| Long-term borrowings (including current portion) | 89,154                      | 157,160                          | 13,555                           | -                            |

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, 2023 and 2022, 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, 2023 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 is 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, 2023

Table 1

Expressed in thousands of NTD

| Number<br>(Note 1) | Financing Company                                       | Name of counterparty                           | Account           | Related parties | Maximum balance | Ending balance<br>(Note 3) | 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 |
|--------------------|---|--|-------------------|-----------------|-----------------|----------------------------|------------------------|---------------|----------------------|--------------------------|----------------------|---------------------------------|----------------|-------|--------------------------------|--|----------|
|                    |   |  |                   |                 |                 |                            | drawn down<br>(Note 4) |               |                      |                          |                      |                                 | Item           | Value |                                |  |          |
| 0                  | FINEMAT APPLIED MATERIALS CO., LTD.                     | VN ETCH HOME TECHNOLOGY COMPANY LTD.           | Other receivables | Y               | \$ 69,850       | \$ 52,199                  | \$ 24,564              | 6.5%          | (Note 2)             | \$ -                     | Operating capital    | \$ -                            | -              | \$ -  | \$ 243,013                     | \$ 486,026                                 | -        |
|                    |   | ETCH HOME TECHNOLOGY CO., LTD.                 | Other receivables | Y               | 35,668          | 33,776                     | 33,776                 | 6.5%          | (Note 2)             | -                        | Operating capital    | -                               | -              | -     | 243,013                        | 486,026                                    | -        |
| 1                  | Solar Applied Materials Technology (Shanghai) Co., Ltd. | FineMat (HuangShi) Applied Materials Co., Ltd. | Other receivables | Y               | 100,694         | 99,521                     | 99,521                 | 3.45%         | (Note 2)             | -                        | Operating capital    | -                               | -              | -     | 135,082                        | 168,853                                    | -        |

(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 1:30.705) as at December 31, 2023.

(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, 2023

Table 2

Expressed in thousands of NTD

| Number<br>(Note 1) | Endorser/guarantor                  | Name of counterparty                           | Relationship (Note 2) | Endorsements                          |                                    | Outstanding<br>balance at<br>December 31,<br>(Note 4) | Actual<br>amount<br>drawn down<br>(Note 4) | Amount of<br>endorsements/<br>guarantees<br>secured with<br>collateral | Ratio of accumulated<br>endorsement/ guarantee<br>amount to net asset<br>value of the<br>endorser/guarantor<br>company | Ceiling on total<br>amount of<br>endorsements/<br>guarantees<br>provided (Note 3) | Provision of<br>endorsements/<br>guarantees by<br>parent company<br>to subsidiary | Provision of<br>endorsements/<br>guarantees by<br>subsidiary to<br>parent company | Provision of<br>endorsements/<br>guarantees to the<br>party in<br>Mainland China | Footnote |
|--------------------|-------------------------------------|--|-----------------------|---------------------------------------|------------------------------------|---|--|--|--|---|---|---|--|----------|
|                    |                                     |  |                       | limit for a single<br>entity (Note 3) | Highest balance<br>during the year |   |  |  |  |   |   |   |  |          |
| 0                  | FINEMAT APPLIED MATERIALS CO., LTD. | Htc & Solartech Service (Samoa) Corporation    | 1                     | \$ 243,013                            | \$ 162,125                         | \$ 92,115   | \$ -                                       | \$ -   | 7.58%  | \$ 486,026  | Y   | N   | N  | —        |
|                    |                                     | FineMat (HuangShi) Applied Materials Co., Ltd. | 1                     | 243,013                               | 112,780                            | 46,058  | 40,674                                     | -  | 3.79%  | 486,026   | Y   | N   | Y  | —        |
|                    |                                     | ETCH HOME TECHNOLOGY CO., LTD.                 | 1                     | 243,013                               | 80,000                             | 80,000  | 40,000                                     | -  | 6.58%  | 486,026   | Y   | N   | N  | —        |
|                    |                                     | VN ETCH HOME TECHNOLOGY COMPANY LTD.           | 1                     | 243,013                               | 162,126                            | 153,526   | 60,738                                     | -  | 12.64%   | 486,026   | Y   | N   | N  | —        |
| 1                  | ETCH HOME TECHNOLOGY CO., LTD.      | VN ETCH HOME TECHNOLOGY COMPANY LTD.           | 1                     | 16,254                                | 48,638                             | 15,353  | 15,353                                     | -  | 37.78%   | 36,572  | 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 1:30.705) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD.  
Significant inter-company transactions during the reporting period  
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

| Number<br>(Note 1) | Company name  | Counterparty  | Relationship (Note 2) | Transaction                 |           |                                      | Percentage of consolidated<br>total operating revenues or<br>total assets (Note 3) |
|--------------------|---|---|-----------------------|-----------------------------|-----------|--------------------------------------|--|
|                    |   |   |                       | Account                     | Amount    | Transaction terms                    |  |
| 0                  | FINEMAT APPLIED MATERIALS CO., LTD.                     | Htc & Solartech Service (Samoa) Corporation             | 1                     | Endorsements and guarantees | \$ 92,115 | —                                    | 3%   |
|                    |   | FineMat (Shanghai) Applied Materials Co., Ltd.          | 1                     | Sales revenue               | 17,964    | 90 days after monthly closing by T/T | 2%   |
|                    |   |   |                       | Accounts receivable         | 13,379    | —                                    | —  |
|                    |   | FineMat (HuangShi) Applied Materials Co., Ltd.          | 1                     | Endorsements and guarantees | 46,058    | —                                    | 1%   |
|                    |   |   |                       | Other income                | 4,396     | —                                    | —  |
|                    |   | ETCH HOME TECHNOLOGY CO., LTD.                          | 1                     | Endorsements and guarantees | 80,000    | —                                    | 3%   |
|                    |   |   |                       | Other receivables           | 33,853    | —                                    | 1%   |
|                    |   |   |                       | Sales revenue               | 18,670    | 90 days after monthly closing by T/T | 2%   |
|                    |   |   |                       | Accounts receivable         | 1,825     | —                                    | —  |
|                    |   |   |                       | Interest income             | 1,810     | —                                    | —  |
|                    |   | VN ETCH HOME TECHNOLOGY CO., LTD.                       | 1                     | Endorsements and guarantees | 153,526   | —                                    | 5%   |
|                    |   |   |                       | Other receivables           | 24,748    | —                                    | 1%   |
|                    |   | WAVE POWER TECHNOLOGY INC.                              | 1                     | Other income                | 2,860     | —                                    | —  |
| 1                  | Htc & Solartech Service (Samoa) Corporation             | FineMat (HuangShi) Applied Materials Co., Ltd.          | 3                     | Interest income             | 3,256     | —                                    | —  |
| 2                  | Solar Applied Materials Technology (Shanghai) Co., Ltd. | FineMat (HuangShi) Applied Materials Co., Ltd.          | 3                     | Other receivables           | 99,506    | —                                    | 3%   |
|                    |   |   | 3                     | Interest income             | 1,578     | —                                    | —  |
| 3                  | FineMat (HuangShi) Applied Materials Co., Ltd.          | Solar Applied Materials Technology (Shanghai) Co., Ltd. | 3                     | Sales revenue               | 17,420    | The end of the current month by T/T  | 2%   |
| 4                  | ETCH HOME TECHNOLOGY CO., LTD.                          | FineMat Applied Materials Co., Ltd.                     | 2                     | Sales revenue               | 1,658     | 90 days after monthly closing by T/T | —  |
|                    |   | VN ETCH HOME TECHNOLOGY CO., LTD.                       | 3                     | Endorsements and guarantees | 15,353    | —                                    | —  |
|                    |   |   |                       | Other receivables           | 1,674     | —                                    | —  |

(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 period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period 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 1:30.705; RMB:USD 1:0.1409) as at December 31, 2023.



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, 2023

Table 4

Expressed in thousands of NTD

| Investor                            | Investee                                    | Location  | Main business activities  | Initial investment amount       |                                 | Shares held as at December 31, 2023 |               |            | Net profit (loss) of the investee for the year ended December 31, 2023 | Investment income (loss) recognized by the Company for the year ended December 31, 2023 | Footnote            |
|-------------------------------------|---|-----------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|---|---------------------|
|                                     |   |           |   | Balance as at December 31, 2023 | Balance as at December 31, 2022 | Number of shares                    | Ownership (%) | Book value |  |   |                     |
| FINEMAT APPLIED MATERIALS CO., LTD. | Sense Pad TECH CO., LTD.                    | Samoa     | Professional investments  | \$ 23,026                       | \$ 23,719                       | 7,580,000                           | 100.00        | \$ 53,027  | \$ 5,707   | \$ 5,707  | 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                         | 119,504                         | 4,268,000                           | 90.81         | 42,054 (   | 46,128) (  | 42,004)   | Subsidiary          |
|                                     | Htc & Solartech Service (Samoa) Corporation | Samoa     | Professional investments  | 316,180                         | 310,579                         | 8,575,900                           | 73.73         | 368,421    | 45,549   | 29,437  | Subsidiary          |
|                                     | WAVE POWER TECHNOLOGY INC.                  | Taiwan    | Manufacture and sales of microwaves and semiconductor components  | 245,715                         | 245,715                         | 12,736,987                          | 37.35         | 400,897    | 86,771   | 32,002  | Subsidiary          |
| 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  | 7,615                           | 7,616                           | 1,934,400                           | 49.00         | 11,074     | 4,677  | -   | (Note 1)            |
| 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                         | 139,735                         | 4,680,000                           | 100.00        | 63,403 (   | 40,411)  | -   | Subsidiary (Note 1) |

(Note 1) Not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD.

Information on investments in Mainland China

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

| Investee in<br>Mainland China                                 | Main business activities   | Paid-in capital | Investment<br>method | Accumulated<br>amount of<br>remittance from<br>Taiwan to<br>Mainland China as<br>of January 1, 2023 | Amount remitted from<br>Taiwan to Mainland<br>China/Amount remitted back<br>to Taiwan for the year ended<br>December 31, 2023 |   | Accumulated<br>amount of<br>remittance from<br>Taiwan to Mainland<br>China as of<br>December 31, 2023 | Net income of<br>investee for the year<br>ended December 31,<br>2023 | Ownership<br>held by the<br>Company<br>(direct or<br>indirect) | Investment income<br>(loss) recognized by<br>the Company for<br>the year ended<br>December 31, 2023 | Book value of<br>investments in<br>Mainland China as of<br>December 31, 2023 | Accumulated<br>amount of<br>investment income<br>remitted back to<br>Taiwan as of<br>December 31, 2023 | Footnote             |
|---|--|-----------------|----------------------|---|---|---|---|--|--|---|--|--|----------------------|
|   |  |                 |                      |   | Remitted to<br>Mainland<br>China  | Remitted<br>back to<br>Taiwan   |   |  |  |   |  |  |                      |
| FineMat (Shanghai) Applied<br>Materials Co., Ltd.             | Sales of electronic components,<br>general instruments and<br>electronic materials   | \$ 13,814       | Note 1               | \$ 13,814   | \$ -  | \$ -  | \$ 13,814   | \$ 3,356   | 100.00%  | \$ 3,356  | \$ 41,870  | \$ -   | (Note 4)             |
| Solar Applied Materials<br>Technology (Shanghai)<br>Co., Ltd. | Manufacture of other metal products,<br>electronic components, computers and<br>its peripherals, and sales of electronic<br>materials, precision equipment clearing<br>and recycling | 30,705          | Note 2               | -   | -   | -   | -   | 59,111   | 73.73%   | 43,583  | 124,495  | -  | (Note 4)             |
| FineMat (HuangShi) Applied<br>Materials Co., Ltd.             | Manufacture of other metal products,<br>electronic components, computers and<br>its peripherals, and sales of electronic<br>materials, precision equipment clearing<br>and recycling | 386,115         | Note 2               | 313,110   | -   | -   | 313,110   | ( 43,352)  | 73.73%   | ( 32,096)   | 242,772  | -  | (Note 4)             |
| Huangshi Quanyang<br>Photoelectric<br>Technology Co., Ltd.    | Manufacture and sales of other metal<br>products, electronic materials,<br>semiconductor components  | 131,271         | Note 3               | -   | -   | -   | -   | ( 25,303)  | -  | ( 7,530)  | -  | -  | (Note 5)<br>(Note 6) |
|   |  |                 |                      | Accumulated amount of<br>remittance from Taiwan to<br>Mainland China as of<br>December 31, 2023     | Investment amount approved by<br>the Investment Commission of the<br>Ministry of Economic Affairs<br>(MOEA)                   | Ceiling on investments in<br>Mainland China imposed by the<br>Investment Commission of MOEA<br>(Note 7) |   |  |  |   |  |  |                      |
| FINEMAT APPLIED MATERIALS CO., LTD.                           |  | \$              |                      | 326,924   | \$ 326,924  | \$  | 1,203,016   |  |  |   |  |  |                      |

(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) Investing in the investee in Mainland China through a company in Mainland China (Solar Applied Materials Technology (Shanghai) Co., Ltd.).

(Note 4) 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, 2023.

(Note 5) It was recognized based on the investee's financial statements that were unaudited by other independent auditors .

(Note 6) In August 2023, the Group's subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., sold its 40.36% shares of Huangshi Quanyang Photoelectric Technology Co., Ltd..

(Note 7) The ceiling amount is 60% of the higher of net worth or consolidated net worth.

(Note 8) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705; RMB:USD 1:0.1409) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD.

Major shareholders information

December 31, 2023

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%         | —        |
| Wistron Corporation        | 4,589,258           | -                | 6.91%         | —        |

(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, 2023  
(Expressed in thousands of New Taiwan dollars)

| Item                                | Description   | Amount            |
|-------------------------------------|---|-------------------|
| Cash:                               |   |                   |
| Cash on hand                        |   | \$ 241            |
| Demand deposits — New Taiwan dollar |   | 109,182           |
| — Foreign Currencies                | Including USD 2,386 thousand<br>@ 30.66, RMB 5,144 thousand<br>@ 4.302 and JPY 199 thousand<br>@ 0.2152 | 95,302            |
|                                     |   | <u>\$ 204,725</u> |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| <u>Client Name</u>                    | <u>Description</u>  | <u>Amount</u>    | <u>Footnote</u> |
|---------------------------------------|---------------------|------------------|-----------------|
| Company A                             | Accounts receivable | \$ 48,029        | —               |
| Company B                             | "                   | 15,391           | —               |
| Company C                             | "                   | 7,185            | —               |
| Company D                             | "                   | 6,281            | —               |
| Company E                             | "                   | 5,069            | —               |
| Others (individually less than 5%)    | "                   | <u>14,616</u>    | —               |
|                                       |                     | 96,571           |                 |
| Less: Allowance for doubtful accounts |                     | ( <u>706</u> )   | —               |
|                                       |                     | <u>\$ 95,865</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF OTHER ACCOUNTS RECEIVABLE — RELATED PARTIES  
DECEMBER 31, 2023  
(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 | ETCH HOME TECHNOLOGY CO., LTD.       | \$ 33,853        | —               |
| "                                      | VN ETCH HOME TECHNOLOGY COMPANY LTD. | 24,748           | —               |
| Other receivables                      | HTC & SOLAR TECH SERVICE LIMITED     | 267              | —               |
|  |                                      | <u>\$ 58,868</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| Item   | Amount    |                      | Footnote |
|--|-----------|----------------------|----------|
|  | Cost      | Net Realizable Value |          |
| Merchandise                                    | \$ 57     | \$ -                 | (Note)   |
| Raw materials                                  | 81,265    | 63,284               | "        |
| Supplies                                       | 2,640     | 1,898                | "        |
| Work in progress                               | 1,316     | 1,316                | "        |
| Finished goods                                 | 1,990     | 2,715                | "        |
|  | 87,268    | \$ 69,213            |          |
| Less: Allowance for inventory valuation losses | ( 22,457) |                      |          |
|  | \$ 64,811 |                      |          |

(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, 2023  
(Expressed in thousands of New Taiwan dollars)

| Investees                                   | Beginning Balance                  |                   | Increase                           |                   | Decrease                           |                     | Ending Balance                     |                            |                   | Market value or net assets value |                     |            |          |
|---|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|---------------------|------------------------------------|----------------------------|-------------------|----------------------------------|---------------------|------------|----------|
|   | Number of shares<br>(in thousands) | Amount            | Number of shares<br>(in thousands) | Amount            | Number of shares<br>(in thousands) | Amount              | Number of shares<br>(in thousands) | Percentage<br>of ownership | Amount            | Unit price<br>(in dollars)       | Total amount        | Collateral | Footnote |
| Sense Pad TECH. CO., LTD.                   | 7,580                              | \$ 52,811         | -                                  | \$ 5,707          | -                                  | (\$ 5,491)          | 7,580                              | 100.00%                    | \$ 53,027         | \$ 7.00                          | \$ 53,027           | None       | —        |
| ETCH HOME TECHNOLOGY CO., LTD.              | 4,268                              | 85,460            | -                                  | -                 | -                                  | ( 43,406)           | 4,268                              | 90.81%                     | 42,054            | 9.85                             | 42,054              | "          | —        |
| Htc & Solartech Service (Samoa) Corporation | 8,576                              | 441,574           | -                                  | 29,436            | -                                  | ( 102,589)          | 8,576                              | 73.73%                     | 368,421           | 42.96                            | 368,421             | "          | —        |
| WAVE POWER TECHNOLOGY INC.                  | 12,737                             | 293,553           | -                                  | 151,287           | -                                  | ( 43,943)           | 12,737                             | 37.35%                     | 400,897           | 111.50                           | 1,420,176           | "          | —        |
|   | <u>33,161</u>                      | <u>\$ 873,398</u> | <u>-</u>                           | <u>\$ 186,430</u> | <u>-</u>                           | <u>(\$ 195,429)</u> | <u>33,161</u>                      |                            | <u>\$ 864,399</u> |                                  | <u>\$ 1,883,678</u> |            |          |



FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – COST  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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, 2023  
(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, 2023  
(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, 2023  
(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                       | \$ 60,000             | 2023.4.27~2024.4.30    | 2.10%                | \$ 70,000              | None                           | —               |
| "                    | Taishin International Bank         | 20,000                | 2022.12.31~2023.12.31  | 2.36%                | 50,000                 | "                              | —               |
| "                    | Cathay United Bank                 | 55,000                | 2023.12.25~2024.12.25  | 2.02%                | 100,000                | "                              | —               |
| "                    | Taiwan Shin Kong Commercial Bank   | 40,000                | 2023.5.23~2024.5.8     | 2.25%                | 60,000                 | "                              | —               |
| "                    | Chang Hwa Commercial Bank          | 30,000                | 2023.6.8~2024.5.31     | 2.00%                | 30,000                 | "                              | —               |
| "                    | Mega International Commercial Bank | 20,000                | 2023.3.2~2024.3.1      | 2.05%                | 60,000                 | "                              | —               |
| "                    | Yuanta Commercial Bank             | 10,000                | 2023.5.4~2024.5.3      | 1.91%                | 30,000                 | "                              | —               |
| Secured borrowings   | E.SUN Commercial Bank              | 100,000               | 2023.6.15~2024.6.15    | 0.5%~2.00%           | 100,000                | Land, buildings and structures | —               |
| "                    | O-Bank                             | <u>75,000</u>         | 2023.12.21~2024.12.20  | 2.304%               | 180,000                | "                              | —               |
|                      |                                    | <u>\$ 410,000</u>     |                        |                      |                        |                                |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

| <u>Vendor Name</u>                 | <u>Description</u> | <u>Amount</u>    | <u>Footnote</u> |
|------------------------------------|--------------------|------------------|-----------------|
| Company F                          | Accounts payable   | \$ 49,568        | —               |
| Others (individually less than 5%) | "                  | <u>8,889</u>     | —               |
|                                    |                    | <u>\$ 58,457</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u>                                   | <u>Description</u> | <u>Amount</u>    |
|---|--------------------|------------------|
| Wages and salaries and bonuses payable        | —                  | \$ 18,415        |
| Payable on import/export (customs) expenses   | —                  | 2,519            |
| Payable on utilities expense                  | —                  | 2,043            |
| Payable on labor and health insurance expense | —                  | 1,999            |
| Others (individually less than 5%)            | —                  | 8,596            |
|   |                    | <u>\$ 33,572</u> |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF LONG-TERM LIABILITIES, CURRENT PORTION  
DECEMBER 31, 2023  
(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 | 1.2896%       | \$ 71,442        | Land, buildings and structures | Note 1   |
| CTBC Bank                                    | "                         | 2021.09.24~2026.09.24 | 2.23%         | 2,268            | "                              | Note 2   |
| Cathay United Bank                           | Unsecured bank borrowings | 2020.12.15~2025.12.15 | 1.22%         | 15,144           | None                           | Note 3   |
| The Shanghai<br>Commercial &<br>Savings Bank | "                         | 2022.07.11~2025.07.11 | 2.10%         | <u>6,000</u>     | "                              | Note 4   |
|  |                           |                       |               | <u>\$ 94,854</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.

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2023  
(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 | 1.2896%       | \$ 116,069       | Land, buildings and structures | Note 1   |
| CTBC Bank                                    | "                         | 2021.09.24~2026.09.24 | 2.23%         | 18,110           | "                              | Note 2   |
| Cathay United Bank                           | Unsecured bank borrowings | 2020.12.15~2025.12.15 | 1.22%         | 30,288           | None                           | Note 3   |
| The Shanghai<br>Commercial &<br>Savings Bank | "                         | 2022.07.11~2025.07.11 | 2.10%         | <u>10,000</u>    | "                              | Note 4   |
|  |                           |                       |               | 174,467          |                                |          |
|  | Less: Current portion     |                       |               | <u>( 94,854)</u> |                                |          |
|  |                           |                       |               | <u>\$ 79,613</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.



FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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                       | 132 thousand pieces | \$ 360,292      |                   | —               |
| Thermal Module                    | 859 thousand pieces | 15,251          |                   | —               |
| Others                            |                     | <u>26,344</u>   |                   | —               |
|                                   |                     |                 | \$ 401,887        |                 |
| Less: Sales returns and discounts |                     |                 | <u>( 2,966)</u>   | —               |
| Operating revenue                 |                     |                 | <u>\$ 398,921</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| Item   | Amount            |
|--|-------------------|
| Merchandise at January 1, 2023               | \$ 57             |
| Add: Merchandise purchase                    | -                 |
| Merchandise at December 31, 2023             | ( 57)             |
| Cost of purchasing and selling               | -                 |
| Raw materials at January 1, 2023             | 99,502            |
| Add: Raw materials purchased                 | 181,082           |
| Less: Sale of raw materials                  | ( 23,752)         |
| Disposal of raw materials                    | ( 77)             |
| Raw materials at December 31, 2023           | ( 81,265)         |
| Raw materials used during the year           | 175,490           |
| Supplies at January 1, 2023                  | 2,691             |
| Add: Supplies purchased                      | 19,008            |
| Less: Sale of supplies                       | ( 219)            |
| Supplies at December 31, 2023                | ( 2,640)          |
| Supplies used during the year                | 18,840            |
| Direct labor                                 | 46,011            |
| Manufacturing overhead                       | 122,659           |
| Manufacturing cost                           | 363,000           |
| Work in progress at January 1, 2023          | 1,278             |
| Add: Transfers from finished goods           | 19,755            |
| Process and transfer in                      | 5,257             |
| Work in progress at December 31, 2023        | ( 1,316)          |
| Cost of finished goods                       | 387,974           |
| Finished goods at January 1, 2023            | 11,522            |
| Add: Finished goods purchased                | 3,675             |
| Less: Transfers to work in progress          | ( 19,755)         |
| Finished goods at December 31, 2023          | ( 1,990)          |
| Cost of goods production and marketing       | 381,426           |
| Sale of raw materials                        | 23,752            |
| Sale of supplies                             | 219               |
| Cost of goods sold                           | 405,397           |
| Loss on scrapped inventories                 | 77                |
| Allowance for inventory market price decline | 5,307             |
| Revenue from sale of scrap                   | ( 1,192)          |
| Operating costs                              | <u>\$ 409,589</u> |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF MANUFACTURING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u>                                | <u>Description</u> | <u>Amount</u>     | <u>Footnote</u> |
|--|--------------------|-------------------|-----------------|
| Wages and salaries                         | —                  | \$ 21,208         | —               |
| Utilities expense                          | —                  | 19,543            | —               |
| Insurance expense                          | —                  | 7,418             | —               |
| Depreciation                               | —                  | 48,683            | —               |
| Other expenses (individually less than 5%) | —                  | 25,807            | —               |
|  |                    | <u>\$ 122,659</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u>                                | <u>Description</u> | <u>Amount</u>    | <u>Footnote</u> |
|--|--------------------|------------------|-----------------|
| Wages and salaries                         | —                  | \$ 4,914         | —               |
| Freight                                    | —                  | 9,704            | —               |
| Import/export (customs) expense            | —                  | 2,332            | —               |
| Other expenses (individually less than 5%) | —                  | <u>3,057</u>     | —               |
|  |                    | <u>\$ 20,007</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| Item                                       | Description | Amount           | Footnote |
|--|-------------|------------------|----------|
| Wages and salaries                         | —           | \$ 25,259        | —        |
| Professional service fees                  | —           | 5,484            | —        |
| Depreciation                               | —           | 4,719            | —        |
| Insurance expense                          | —           | 2,859            | —        |
| Other expenses (individually less than 5%) | —           | <u>9,223</u>     | —        |
|  |             | <u>\$ 47,544</u> |          |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u>                                | <u>Description</u> | <u>Amount</u>    | <u>Footnote</u> |
|--|--------------------|------------------|-----------------|
| Wages and salaries                         | —                  | \$ 21,570        | —               |
| Depreciation                               | —                  | 4,882            | —               |
| Insurance expense                          | —                  | 2,733            | —               |
| Utilities expense                          | —                  | 2,533            | —               |
| Other expenses (individually less than 5%) | —                  | 3,818            | —               |
|  |                    | <u>\$ 35,536</u> |                 |

FINEMAT APPLIED MATERIALS CO., LTD.  
STATEMENT OF OTHER INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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, 2023  
(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, DEPLETION AND  
AMORTISATION EXPENSES IN THE CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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.