

FineMat Applied Materials Co., Ltd.

2025 Minutes of shareholders' regular meetings

Time: 9:00 a.m., June 17, 2025 (Tuesday).

Location: No. 31, Gongye 2nd Road, Annan District, Tainan City (Southern Taiwan Innovation & Research Park Service Center, Ministry of Economic Affairs).

The total number of shares issued by the company is 66,389,753 shares. Excluding the repurchase of 602,000 treasury shares, the total number of actual outstanding shares of the company is 65,787,753 shares.

Total of 46,099,822 shares were represented by shareholders present (13,765,923 shares were present to exercise voting rights electronically), accounting for 70.07% of the company's actual total outstanding shares.

Directors present : Chao Chin-Hsiao(Chairman), Ni Hui-Min(Director), Li Chung-Jen(Director), Chen Cheng-Li(Independent director), Anita Chu(Independent director).

Attendance : CPA Yeh Fang-Ting

Chairperson : Chairman Chao Chin-Hsiao

Minutes Taker : Huang Hsin-Mao

The chair called the meeting to order.

Chair's Remarks: (Omitted)

I : Report items

(I) 2024 Business Report.

Description: For 2024 Business Report, please refer to Attachment 1.

(II) 2024 Audit Committee's Audit Review Report.

Description: For 2024 Audit Committee's Review Report, please refer to Attachment 2.

(III) 2024 Cash Distribution of Annual Earnings.

Description:

1. In accordance with Article 17-1 of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute all or part of dividends and bonuses, capital surplus, legal reserve, and legal reserve in cash, and report to the shareholders' meeting.
2. This motion was passed by the Board of Directors. In order to meet the operational and developmental needs of the company, as well as future fund utilization, and to reserve sufficient funds for operational expansion, the Company intends not to distribute earnings for the year 2024
3. In accordance with Article 16-1 of the Company's Articles of Incorporation : The Company shall allocate 8% to 15% of its annual profit as employee compensation and up to 5% as director compensation. However, if the Company has accumulated losses, such losses shall be offset first.
4. As there was no profit in fiscal year 2024, no employee or director compensation will be allocated.

(IV) Report on Matters Following the Simplified Merger with Etch Home Technology Co., Ltd.

Description :

To simplify the group's investment structure and resource integration, the Company and its wholly owned subsidiary, ETCH HOME TECHNOLOGY CO., LTD., resolved on November 7, 2024, through their respective boards of directors to proceed with a merger in accordance with Article 19 of the Business Mergers and Acquisitions Act. The merger's base date is set for December 31, 2024. Following the merger, the Company will remain as the surviving entity, and ETCH HOME TECHNOLOGY CO., LTD. will be the dissolved entity. The merger has been completed and approved by the Ministry of Economic Affairs.

(V) Report on the Execution of Treasury Stock Repurchase.

Description :

1. Handled in accordance with the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies".
2. Execution status of the Company's repurchase of its shares is as follows:

Session of repurchase	First repurchase in 2021
Purpose of repurchase	Transfer shares to employees
Date of resolution of the Board of Directors	November 5, 2021

Repurchase period	November 8, 2021 to January 4, 2022
Range of repurchase price	NT\$27.34 to NT\$57.70 per share
Type and quantity of shares repurchased	602,000 shares of common stock
Amount of shares repurchased	NT\$24,221,164
The number of the shares repurchased as a percentage of the number scheduled to be repurchased	60.20%
Number of shares cancelled and transferred	0 share
Cumulative number of the Company's shares held	602,000 shares
Cumulative number of the Company's shares held as a percentage of the Company's total issued shares	0.91%

(VI) 「Rules of Procedure for Board of Directors Meetings」 Amendment Proposa

Description :

1. In compliance with legal amendments, the Company plans to revise the "Board Meeting Rules
2. For a comparison of the provisions before and after the revision, please refer to Attachment 3.

(VII) Sustainable Development Best Practice Principles」 Proposed Resolution

Description :

To promote the sustainable development of the Company, and in reference to the relevant provisions of the "Sustainability Development Practice Guidelines for Listed and OTC Companies, the Company has established its own Sustainability Development Practice Guidelines for compliance. For the full "Sustainability Development Practice Guidelines," please refer to Attachment 4.

II : Ratifications

Motion No. 1: Approval of the 2024 Business Report and Financial Statements. Please ratify. (Proposed by the Board of Directors)

Description:

1. The Company's 2024 business report and financial statements have been approved by the Board of Directors on March 12, 2025, and the financial statements have been audited by CPAs Yeh Fang-Ting and Lin Yung-Chih of PwC Taiwan.
 2. For the 2024 business report, please refer to Attachment 1 .
 3. For the Independent Auditors' Report and financial statements, please refer to Attachment 5.
- (The vote will be taken after the chairman consults the shareholders present and no shareholders ask questions)

Resolution:

Voting results: Shares present at the time of voting: 46,099,822.

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
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44,655,328.(including 12,681,429 votes through e-voting)	96.86	38,449. (including 38,449 votes through e-voting)	0.08	0	0	1,406,045. (including 1,046,045. votes through e-voting)	3.05
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RESOLVED, that the above proposal be and hereby was approved as proposed.

**Motion No. 2: Motion for the Distribution of Surplus for the 2024 Fiscal Year. Please ratify.
(Proposed by the Board of Directors)**

Description:

1. The Company's after-tax profit or loss for the 2024 fiscal year was a loss of NTD 62,969,392. For the needs of the Company's operation and development, and the future use of funds, in order to reserve sufficient funds for operational expansion, the Board of Directors resolved to approve that the Company not distribute earnings for the 2024 fiscal year.
2. The earnings distribution plan drawn up by the Company is as follows:

FineMat Applied Materials Co., Ltd.
2024 Earnings Distribution Table

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	6,888,948
Net loss after tax for the current year	(62,969,392)
More: Provision for Special Earnings Reserve	13,070,314
Earnings available for distribution for the year	(43,010,130)
Undistributed earnings at the end of the period	(43,010,130)

Chairman:

Manager:

Accounting Officer:

(The vote will be taken after the chairman consults the shareholders present and no shareholders ask questions)

Resolution:

Voting results: Shares present at the time of voting: 46,099,822.

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,676,175.(including 12,702,276 votes through e-voting)	96.91	39,485. (including 39,485 votes through e-voting)	0.08	0	0	1,384,162. (including 1,024,162 votes through e-voting)	3.00

RESOLVED, that the above proposal be and hereby was approved as proposed.

III : Election Matters

Cause of Motion: Re-election of the Company's Directors, Proposed for Election. (Proposed by the Board of Directors)

Description:

1. The term of the current Board of Directors of the Company is from June 19, 2024, to June 18, 2027. Due to the resignation of Director Li, Wei-Cheng from his position, it is proposed to hold a by-election to fill one board seat. The term of the newly elected director shall be the same as that of the original term.
2. The Company adopts the candidate nomination system for the election of directors. There is a total of 1 candidate for director. The list of candidates is as follows:

Title	Name	Academic Background	Main Work Experience	Current Position	Shares held
Director Candidate	Sheng Tai Co., Ltd. Representative: Wang I-Fan	Master of Science in Chemistry, National Tsing Hua University	Deputy General Manager, Anqing Kaibo Optoelectronics Co., Ltd. General Manager, FineMat Applied Materials Co., Ltd.	General Manager, FineMat Applied Materials Co., Ltd. General Manager, Solar Applied Materials Technology (Shanghai) Co., Ltd General Manager, FineMat (HuangShi) Applied Material Co., Ltd	556,573 shares

Election Results : The elected list is as follows

	Name	Ballots Received
Director	Sheng Tai Co., Ltd. Representative: Wang I-Fan	44,364,554

IV : Matters for Discussion

Proposal 1 : Proposed Amendments to the Articles of Incorporation – Resolution Requested. (Proposed by the Board of Directors)

Description :

1. To support the Company's operational development, certain provisions of the Articles of Incorporation are proposed to be amended.
2. For the Comparison Table of the Articles of Incorporation Before and After Amendment, please refer to Attachment 6.

(The vote will be taken after the chairman consults the shareholders present and no shareholders ask questions)

Resolution:

Voting results: Shares present at the time of voting: 46,099,822.

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,609,627.(including 12,635,728 votes through e-voting)	96.76	72,538. (including 72,538 votes through e-voting)	0.15	0	0	1,417,657. (including 1,057,657 votes through e-voting)	3.07

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2 : Proposed Amendments to the Endorsement and Guarantee Procedures – Resolution Requested.

(Proposed by the Board of Directors)

Description :

1. In response to regulatory amendments and the Company's operational needs, it is proposed to revise the 「 Procedures for Endorsements and Guarantees 」
2. Please refer to Attachment 7 for the Comparison Table of the 「 Procedures for Endorsements and Guarantees 」 Before and After Amendment

(The vote will be taken after the chairman consults the shareholders present and no shareholders ask questions)

Resolution:

Voting results: Shares present at the time of voting: 46,099,822.

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,605,324.(including 12,631,425 votes through e-voting)	96.75	76,151. (including 76,151 votes through e-voting)	0.16	0	0	1,418,347. (including 1,058,347 votes through e-voting)	3.07

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 3 : Proposed Amendments to the Procedures for Loans to Others –Resolution Requested (Proposed by the Board of Directors)

Description :

1. In response to regulatory amendments and the Company's operational needs, it is proposed to revise the 「 Procedures for Lending Funds to Others 」
2. Please refer to Attachment 8 for 「 Procedures for Lending Funds to Others 」 Before and After Amendment.

(The vote will be taken after the chairman consults the shareholders present and no shareholders ask questions)

Resolution:

Voting results: Shares present at the time of voting: 46,099,822.

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,599,170.(including 12,625,271 votes through e-voting)	96.74	82,769. (including 82,769 votes through e-voting)	0.17	0	0	1,417,883. (including 1,057,883 votes through e-voting)	3.07

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 4: Removal of Restrictions on New Directors and Their Representatives Regarding Competition – Resolution Requested. (Proposed by the Board of Directors)

Description:

1. Under Article 209 of the Company Act, a director must obtain shareholders' approval to engage in business within the Company's scope, either for themselves or others.
2. It is proposed that the shareholders' meeting approve, under Paragraph 1 of Article 209 of the Company Act, the removal of non-compete restrictions for newly appointed directors, provided it does not harm the Company's interests.
3. Shareholders' approval is proposed to lift restrictions on the directors and their representatives from the date they assume roles in competing companies. Relevant information on the newly appointed directors' competing activities is as follows.

Title	Name	Holding Positions in Other For-Profit Enterprises
Director	Sheng Tai Co., Ltd. Representative: Wang I-Fan	General Manager, FineMat Applied Materials Co., Ltd. General Manager, Solar Applied Materials Technology (Shanghai) Co., Ltd General Manager, FineMat (HuangShi) Applied Material Co., Ltd
	Elan Investment Co., Ltd. Representative: Tsai Shu-Hsin	Deputy Director, ELAN Microelectronics Corp. Corporate Representative Director, Avisonic Technology Corp.

(The vote will be taken after the chairman consults the shareholders present and no shareholders ask questions)

Resolution:

Voting results: Shares present at the time of voting: 46,099,822.

Approval votes	%	Disapproval votes	%	Invalid votes	%	Abstention votes/ no votes	%
44,399,682.(including 12,425,783 votes through e-voting)	96.31	318,456. (including 318,456 votes through e-voting)	0.69	0	0	1,381,684. (including 1,021,684 votes through e-voting)	2.99

RESOLVED, that the above proposal be and hereby was approved as proposed.

V : Provisional motions : None

VI : Adjournment of the meeting : 9:25 a.m., June 17, 2025.

FineMat Applied Materials Co., Ltd.

2024 Business Report

I. Operational Policy:

The Company's core technology is precision metal etching. Through precision metal etching technology, the Company is deeply engaged in the development of precision metal masks for the OLED panel vapor deposition process. We developed multi-stage etching and alignment technologies to meet customers' process requirements and diverse design specifications. The Company has unique technical capabilities in cumulative experience, and has gradually transformed into a high-end precision metal product manufacturer, expanding into semiconductor, thermal management, and medical device markets to provide a wide range of solutions for customers.

In 2024, the Company's business strategy focused on enhancing technology and refining production based on its core etching technology. The three main directions for operational development were: transforming into a specialized metal etching service provider, expanding the scope of etching business, and acquiring new customers. In 2025, FineMat will center its strategy on exploring new markets and customers, while also extending its business beyond metal etching to diversify industry-related risks. The overall business strategy for 2025 is as follows.

1. Upgrade technology and refined production.
2. Expand the scope of etching business and explore new customer sources.
3. Expand the Group's business scope and develop new ventures.

II. Implementation overview:

Although the penetration rate of OLED panels increased in 2024, overall demand also rose. However, due to the weak economy in China, product price declines and impact of the Company's Operational Transformation, led to an approximately 43% decrease in overall mask revenue, with a corresponding nearly 20% decline in the precision cleaning business. However, due to reduced sales of some low-margin masking products, overall gross profit increased by 17%. Although the Group's consolidated revenue decreased by approximately 21% compared to 2023, the operating loss was narrowed by about 81%, and the pre-tax net profit turned from a loss to a gain.

III. Implementation of operational plan:

Unit: NT\$ Thousand

Item	Actual amount in 2024	Actual amount in 2023	Increase (decrease) %
Operating revenue	890,710	1,121,229	(21%)
Gross profit	242,655	207,186	17%
Operating loss	(16,971)	(89,716)	(81%)
Net income (loss) before tax	1,633	(11,088)	(115%)
Net income (loss) after tax	(20,116)	(28,814)	(30%)
Earnings per share (EPS)	(0.96)	(1.3)	(26%)

IV. Implementation of operating income and expense budget:

The Company did not disclose financial forecasts for 2024

V. Analysis of profitability:

Item		2024	2023
Financial structure	Ratio of Liabilities to Assets (%)	32.07	36.64
	Long-term capital to fixed assets (%)	183.63	184.37
Solvency	Current ratio (%)	169.63	162.40
	Quick ratio (%)	128.70	131.53
Return on total assets (%)		(0.20)	(0.26)
Return on equity (%)		(1.01)	(1.50)
Ratio to paid-in capital (%)	Operating income	(2.56)	(13.51)
	Net income before tax	0.25	(1.67)
Profit margin (%)		(2.26)	(2.57)

VI. Research and development and prospect:

In addition to continuously advancing its precision metal etching technology to better serve customers, FineMat will, in 2025, focus on the development of etched metal components and materials for the thermal management, energy, and semiconductor sectors.

Looking forward, the Company will strengthen its competitiveness through continuous innovation and R&D. In 2025, operations will focus on the following production and sales strategies

1. Actively develop new metal etching products, with a revenue target of over 20% of total sales.
2. Focus on developing and producing thermal, energy, and semiconductor products.
3. Expand equipment capacity to enhance production efficiency.

We hope that in 2025, with the concerted efforts of all employees, we can create better profits for all shareholders and a better living environment for all employees.

Chairman:

Company officer:

Chief Accounting Officer:

FineMat Applied Materials Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2024 business report, consolidated and parent company-only financial statements, and earnings distribution proposal. The consolidated and parent company-only financial statements have been audited by Yeh Fang-Ting and Lin Yung-chih, CPAs of PwC Taiwan, who have issued an unqualified audit report. Said business report, consolidated and parent company only financial statements and earnings distribution proposal have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with the Securities and Exchange Act and Company Act. Please review it accordingly.

FINEMAT APPLIED MATERIALS CO., LTD.

Convener of Audit Committee Meeting: Anita Chu

March 12, 2025

Comparison Table of Amendments to the Rules of Procedure for Board Meetings

Revised article	Current article, Remark	Remark
<p>Article 2 :</p> <p>Board meetings shall be notified at least seven days in advance, stating the time, venue, and agenda. In emergencies, meetings may be called anytime. With consent, notice may be given by phone, fax, or email. No objections may be raised for notice given within seven days.</p> <p>If the board meeting date coincides with a suspension of work and classes announced by the local government, the meeting shall be postponed. The rescheduled meeting notice shall still follow the previous provision and be sent to all directors and independent directors at least seven days in advance.</p>	<p>Article 2 :</p> <p>The Board shall notify all directors and independent directors at least seven days before a meeting, stating the time, location, and agenda. In emergencies, meetings may be called at any time. With consent, notice may be given by phone, fax, or email. Directors may not object to shorter notice.</p>	<p>Supplementary explanation in accordance with the Corporate Governance Q&A – Board Meeting Rules, Question 17.</p>
<p>Article 5-1 :</p> <p>If, at the scheduled meeting time, less than half of all directors are present, the Chair may postpone the meeting, limited to two times and for a total delay not exceeding one hour. If a quorum is still not met after two postponements, the Chair shall reconvene the meeting in accordance with Article 2. The term "all directors" as referred to in the preceding paragraph and Article 16,</p>	<p>Article 5-1 :</p> <p>If, at the scheduled meeting time, less than half of all directors are present, the Chair may postpone the meeting up to twice, with total postponement not exceeding one hour. If attendance remains insufficient, the Chair shall reconvene the meeting in accordance with Article 2.</p>	<p>In accordance with the revision of the Board of Directors' meeting rules for publicly listed companies.</p>

Paragraph 9, Subparagraph 2, shall mean those currently in office.		
<p>Article 9 :</p> <p>Each director shall have one vote. Unless otherwise stipulated by the Securities and Exchange Act or the Company Act, resolutions of the Board of Directors require the attendance of a majority of directors and the consent of a majority of those present. However, if the Chairman consults the attending directors and no objections are raised, the resolution shall be deemed approved. During a Board meeting, if the number of attending directors is less than a majority of the total directors, any attending director may propose, and the Chairman shall announce a suspension of the meeting, applying the provisions of Article 5-1 accordingly. If the Chairman is unable to preside over the meeting or fails to adjourn the meeting according to Article 7, the appointment of a proxy shall follow the provisions set out in Article 3.</p>	<p>Article 9 :</p> <p>Each director shall have one vote. Unless otherwise provided by the Securities and Exchange Act or the Company Act, resolutions of the Board shall require the attendance of a majority of the directors and the consent of a majority of those present. However, if the Chair consults all directors present and no objection is raised, the resolution shall be deemed approved.</p>	<p>In accordance with the revision of the Board of Directors' meeting rules for publicly listed companies.</p>
<p>Article 20: The rules were established on January 18, 2018</p> <p>First amendment on March 20, 2020</p> <p>Second amendment on September 28, 2022</p> <p>Third amendment on November 7, 2024</p>	<p>Article 20: The rules were established on January 18, 2018</p> <p>First amendment on March 20, 2020</p> <p>Second amendment on September 28, 2022</p>	<p>Add revision date.</p>

Sustainable Development Best Practice Principles

Chapter 1 General Principles

- Article 1 In order to fulfill its corporate social responsibility and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company has adopted these Principles with reference to the “Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies.” These Principles are established to manage the Company’s economic, environmental, and social risks and impact.
- Article 2 The principles apply to the Company, including the entire operations of each such company and its business group
The principles encourage the Company to actively fulfill sustainable development in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.
- Article 3 In promoting sustainable development initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.
The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.
- Article 4 To implement sustainable development initiatives, the Company is advised to follow the principles below:
1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.
- Article 5 The Company shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter 2 Exercising Corporate Governance

Article 6 The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Company shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.
The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's furtherance of its sustainable development objectives:

1. Identifying the Company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines.
2. Making sustainable development the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

For the purpose of managing sustainable development initiatives, the Company is advised to create a governance structure for promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

Article 8 The Company is advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9 The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and

discipline system be established.

- Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.
- Chapter 3 Fostering a Sustainable Environment
- Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.
- Article 12 The Company is advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.
- Article 13 The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:
1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
 2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
 3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.
- Article 14 The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.
- Article 15 The Company is advised to take into account the effect of business operations on ecological efficiency, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:
1. Reduce resource and energy consumption of their products and services.
 2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
 3. Improve recyclability and reusability of raw materials or products.
 4. Maximize the sustainability of renewable resources.
 5. Enhance the durability of products.

6. Improve efficiency of products and services.

Article 16 The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17 The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.
3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 18 The Company shall comply with relevant labor laws and the International Bill of Human Rights, including gender equality, the right to work, and prohibition of discrimination. The Company shall adopt human rights policies and management procedures to identify, prevent, and respond to potential human rights impacts from its operations. The Company shall uphold internationally recognized labor rights, including the elimination of all forms of forced labor and discrimination in recruitment and employment. Human resource policies shall promote equality in employment, remuneration, benefits, training, evaluation, and promotion opportunities. An effective and appropriate grievance mechanism shall be provided to address labor-related concerns. Grievance channels shall be clear, accessible, and transparent, with appropriate responses to all complaints.

The Company shall create a positive work environment that supports employee career development by establishing effective training programs. It shall implement fair compensation and benefit policies—including salary, leave, and other welfare measures—and reflect

operational performance in employee remuneration to ensure talent recruitment, retention, and motivation, thereby supporting sustainable business operations.

- Article 19 The Company advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company is advised to organize training on safety and health for their employees on a regular basis.
- Article 20 The Company shall establish a platform to facilitate regular two-way communication between management and employees, allowing employees to access relevant information and express their opinions on the Company's operations, management, and decisions. The Company shall respect the rights of employee representatives to bargain for working conditions, and provide necessary information and resources to enhance dialogue and collaboration among employers, employees, and their representatives. The Company shall also inform employees, through reasonable means, of any operational changes that may have a material impact on them.
- Article 21 The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.
- Article 22 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative. The Company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, The Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy. When the Company enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.
- Chapter 5 Enhancing Disclosure of Sustainable Development Information

- Article 23 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.
- Relevant information relating to sustainable development which the Company shall disclose includes:
1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
 2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
 3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
 4. Major stakeholders and their concerns.
 5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
 6. Other information relating to sustainable development initiatives.
- Article 24 The Company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:
1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
 2. Major stakeholders and their concerns.
 3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
 4. Future improvements and goals.
- Chapter 6 Supplementary Provisions
- Article 25 The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.
- Article 26 These Principles shall be implemented upon approval by the Board of Directors and shall be

submitted to the shareholders' meeting. The same procedure shall apply to any amendments.

Article 27 These Principles were adopted on November 7, 2024, and shall take effect upon implementation.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Existence of sales revenue

Description

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

The Company sells electronic components, high precision metal masks and other metal products and so forth. Since the Company's customers are located in Taiwan, Asia and other areas, sales are easily affected by the

terminal market demand. Also, the verification of the transaction existence takes a relatively longer time due to the massive transaction volume of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters for this year's audit.

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a

matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Fang-Ting

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 12, 2025

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

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

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

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

(Continued)

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

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

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

FINEMAT APPLIED MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

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

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

				Retained Earnings			Other Equity Interest		
						Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Treasury shares	Total
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve				
<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		<u>\$ 663,898</u>	<u>\$ 526,972</u>	<u>\$ 41,495</u>	<u>\$ 10,808</u>	<u>\$ 14,083</u>	<u>(\$ 18,003)</u>	<u>(\$ 24,187)</u>	<u>\$1,215,066</u>
<u>Year ended December 31, 2024</u>									
Balance at January 1, 2024		<u>\$ 663,898</u>	<u>\$ 526,972</u>	<u>\$ 41,495</u>	<u>\$ 10,808</u>	<u>\$ 14,083</u>	<u>(\$ 18,003)</u>	<u>(\$ 24,187)</u>	<u>\$1,215,066</u>
Loss for the year		-	-	-	-	(62,968)	-	-	(62,968)
Other comprehensive income for the year		-	-	-	-	-	13,070	-	13,070
Total comprehensive (loss) income for the year		-	-	-	-	(62,968)	13,070	-	(49,898)
Difference between acquisition or disposal price and carrying amounts of subsidiaries	6(14)	-	12,346	-	-	-	-	-	12,346
Appropriation of 2023 earnings:									
Special reserve	6(15)	-	-	-	7,195	(7,195)	-	-	-
Balance at December 31, 2024		<u>\$ 663,898</u>	<u>\$ 539,318</u>	<u>\$ 41,495</u>	<u>\$ 18,003</u>	<u>(\$ 56,080)</u>	<u>(\$ 4,933)</u>	<u>(\$ 24,187)</u>	<u>\$1,177,514</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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

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

(Continued)

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

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

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

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 consolidated balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. and its subsidiaries (collectively referred herein as the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements section of our report. We are independent of the Group 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 judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2024 consolidated financial statements are stated as follows:

Existence of sales revenue

Description

Refer to Note 4(28) for the accounting policy on revenue recognition and Note 6(21) for the details of operating revenue.

The Group sells electronic components, high precision metal masks and other metal products and so forth. Since the Group'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.

Valuation of inventories - Allowance for valuation loss on microwave semiconductor devices

Description

Refer to Note 4(11) for the accounting policy on inventory valuation, Note 5(2) for the information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(5) for details of allowance for inventory valuation losses.

Due to rapid technology innovations of microwave semiconductor devices, there is a higher risk of inventory devaluation or obsolescence. Inventories of microwave semiconductor devices are stated at the lower of cost and net realizable value. The net realizable value of inventories aged over a certain period and individually recognized as obsolete is estimated based on regular reviews by management of individual inventory conditions.

Due to rapid technology innovations in the relevant industry of products produced by microwave semiconductor devices and given that the determination of the net realizable value of individually identified obsolete inventories involves subjective judgement, we considered the valuation of inventories as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the provision policies on inventory valuation losses and assessed the reasonableness of policies and procedures which were adopted in the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry on microwave semiconductor devices, including the sources of inventory information used to determine net realizable value and the reasonableness of judging obsolete inventories.

- B. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
- C. Verified whether the net realizable value of inventories and the dates used in the inventory aging reports that were applied to value inventories were appropriate, and selected samples from inventory items by each sequence number to recalculate its net realizable value to ascertain the reasonableness of allowance for inventory valuation loss.

Other matter - Parent company only financial statements

We have audited and expressed an unmodified opinion on the parent company only financial statements of FINEMAT APPLIED MATERIALS CO., LTD. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- A. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Fang-Ting

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 12, 2025

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

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

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

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	619,609	21	\$	601,688	19
1136	Financial assets at amortized cost - current	6(2) and 8		215,440	7		326,749	10
1140	Current contract assets	6(21)		54,835	2		32,242	1
1150	Notes receivable, net	6(3)		2,887	-		4,073	-
1170	Accounts receivable, net	6(3), 7 and 12		217,675	8		271,863	9
1200	Other receivables	6(4)(6), 7 and 12		49,153	2		136,777	4
1220	Current income tax assets	6(28)		511	-		319	-
130X	Inventories	5(2), 6(5) and 8		226,215	8		244,710	8
1410	Prepayments			32,797	1		29,147	1
11XX	Total current assets			1,419,122	49		1,647,568	52
Non-current assets								
1535	Financial assets at amortized cost - non-current	6(2) and 8		-	-		50,000	2
1550	Investments accounted for under equity method	6(7)		81,563	3		11,074	-
1600	Property, plant and equipment	6(8), 7 and 8		1,120,807	39		1,166,213	37
1755	Right-of-use assets	6(9) and 8		94,217	3		63,711	2
1760	Investment property, net	6(10) and 8		21,649	1		21,545	1
1780	Intangible assets	6(11)		46,529	2		57,557	2
1840	Deferred income tax assets	6(28)		41,600	1		63,660	2
1915	Prepayments for equipment	6(8)		44,405	1		13,559	-
1920	Guarantee deposits paid	8		19,485	1		24,314	1
1990	Other non-current assets	6(12)		5,295	-		45,489	1
15XX	Total non-current assets			1,475,550	51		1,517,122	48
1XXX	Total assets		\$	2,894,672	100	\$	3,164,690	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 523,737	18	\$ 514,095	16
2110	Short-term notes and bills payable	6(14)	30,000	1	50,000	2
2130	Current contract liabilities	6(21)	13,864	1	6,464	-
2170	Accounts payable		71,687	2	143,441	5
2180	Accounts payable - related parties	7	17,772	1	3,750	-
2200	Other payables	6(15) and 7	84,222	3	127,813	4
2230	Current income tax liabilities	6(28)	6,350	-	6,664	-
2250	Current provisions		276	-	917	-
2280	Current lease liabilities		9,888	-	3,536	-
2320	Long-term liabilities, current portion	6(16) and 8	78,789	3	157,817	5
21XX	Total current liabilities		836,585	29	1,014,497	32
Non-current liabilities						
2540	Long-term borrowings	6(16) and 8	46,485	2	104,792	4
2570	Deferred income tax liabilities	6(28)	8,387	-	27,895	1
2580	Non-current lease liabilities		27,719	1	3,018	-
2600	Other non-current liabilities		9,029	-	9,462	-
25XX	Total non-current liabilities		91,620	3	145,167	5
2XXX	Total liabilities		928,205	32	1,159,664	37
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(18)	663,898	23	663,898	21
Capital reserve						
3200	Capital surplus	6(19)(30)	539,318	18	526,972	16
Retained earnings						
3310	Legal reserve	6(20)	41,495	2	41,495	1
3320	Special reserve		18,003	1	10,808	-
3350	(Accumulated deficit) unappropriated retained earnings		(56,080)	(2)	14,083	1
3400	Other equity interest	6(7)	(4,933)	-	(18,003)	-
3500	Treasury stocks	6(18)	(24,187)	(1)	(24,187)	(1)
31XX	Equity attributable to owners of the parent		1,177,514	41	1,215,066	38
36XX	Non-controlling interest	6(30)	788,953	27	789,960	25
3XXX	Total equity		1,966,467	68	2,005,026	63
Significant Contingent Liabilities and Unrecognized Contract Commitments		9				
Total liabilities and equity			\$ 2,894,672	100	\$ 3,164,690	100

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

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(10)(21) and 7		\$ 890,710	100	\$ 1,121,229	100
5000 Operating costs	6(5)(10)(11)(17) (26)(27) and 7	(	648,055	73	(914,043	82)
5900 Gross profit			242,655	27	207,186	18
Operating expenses	6(11)(17)(26)(27), 7 and 12	(
6100 Selling expenses		(	28,378	3	(35,769	3)
6200 General and administrative expenses		(	143,582	16	(174,923	16)
6300 Research and development expenses		(	77,437	9	(80,562	7)
6450 Expected credit impairment loss		(	10,229	1	(5,648	-
6000 Total operating expenses		(	259,626	29	(296,902	26)
6900 Operating loss		(	16,971	2	(89,716	8)
Non-operating income and expenses						
7100 Interest income	6(2)(22)		8,282	1	6,756	1
7010 Other income	6(23) and 7		11,700	1	40,147	3
7020 Other gains and losses	6(7)(9)(10)(24) and 12		9,628	1	65,542	6
7050 Finance costs	6(9)(25)	(	17,595	2	(25,908	2)
7060 Share of profit or loss of associates and joint ventures accounted for under equity method	6(7)		6,589	1	(7,909	1)
7000 Total non-operating income and expenses			18,604	2	78,628	7
7900 Profit (loss) before income tax			1,633	-	(11,088	1)
7950 Income tax expense	6(28)	(	21,749	2	(17,726	1)
8200 Loss for the year		(	20,116	2	(\$ 28,814	2)
Other comprehensive income (loss) (Net)						
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations		\$	20,298	2	(\$ 37,363	3)
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)		843	-	25,415	2
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	(	3,458	-	(2,185	-
8300 Other comprehensive income (loss) for the year		\$	17,683	2	(\$ 9,763	1)
8500 Total comprehensive loss for the year		(	2,433	-	(\$ 38,577	3)
(Loss) profit attributable to:						
8610 Owners of the parent		(	62,968	7	(\$ 85,571	7)
8620 Non-controlling interest			42,852	5	56,757	5
Loss for the year		(	20,116	2	(\$ 28,814	2)
Comprehensive (loss) income attributable to:						
8710 Owners of the parent		(	49,898	5	(\$ 92,766	8)
8720 Non-controlling interest			47,465	5	54,189	5
Total comprehensive loss for the year		(	2,433	-	(\$ 38,577	3)
Loss per share (in dollars)	6(29)					
9750 Basic		(	0.96		(\$ 1.30	
9850 Diluted		(	0.96		(\$ 1.30	

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

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

Equity attributable to owners of the parent										
	Retained Earnings					Other Equity Interest				
		Capital surplus			Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Treasury stocks	Total	Non-controlling interest	Total
Notes	Common stock		Legal reserve	Special reserve						
<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	\$ 555,722	\$1,840,047
(Loss) profit for the year	-	-	-	-	(85,571)	-	-	(85,571)	56,757	(28,814)
Other comprehensive loss for the year	-	-	-	-	-	(7,195)	-	(7,195)	(2,568)	(9,763)
Total comprehensive (loss) income for the year	-	-	-	-	(85,571)	(7,195)	-	(92,766)	54,189	(38,577)
Adjustment for change in capital reserve of investee companies 6(19)	-	325	-	-	-	-	-	325	465	790
Disposal of investments accounted for under equity method 6(19)	-	(95,778)	-	-	-	-	-	(95,778)	(34,126)	(129,904)
Adjustment of capital reserve due to change in interest of subsidiaries 6(19)(30)	-	118,960	-	-	-	-	-	118,960	276,717	395,677
Appropriation of 2022 earnings										
Special reserve	-	-	-	(5,718)	5,718	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(63,007)	(63,007)
Balance at December 31, 2023	<u>\$ 663,898</u>	<u>\$ 526,972</u>	<u>\$ 41,495</u>	<u>\$ 10,808</u>	<u>\$ 14,083</u>	<u>(\$ 18,003)</u>	<u>(\$ 24,187)</u>	<u>\$1,215,066</u>	<u>\$ 789,960</u>	<u>\$2,005,026</u>
<u>Year ended December 31, 2024</u>										
Balance at January 1, 2024	\$ 663,898	\$ 526,972	\$ 41,495	\$ 10,808	\$ 14,083	(\$ 18,003)	(\$ 24,187)	\$1,215,066	\$ 789,960	\$2,005,026
(Loss) profit for the year	-	-	-	-	(62,968)	-	-	(62,968)	42,852	(20,116)
Other comprehensive income for the year	-	-	-	-	-	13,070	-	13,070	4,613	17,683
Total comprehensive (loss) income for the year	-	-	-	-	(62,968)	13,070	-	(49,898)	47,465	(2,433)
Difference between acquisition or disposal price and carrying amounts of subsidiaries 6(19)(30)	-	12,346	-	-	-	-	-	12,346	(1,472)	10,874
Appropriation of 2023 earnings										
Special reserve	-	-	-	7,195	(7,195)	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(47,000)	(47,000)
Balance at December 31, 2024	<u>\$ 663,898</u>	<u>\$ 539,318</u>	<u>\$ 41,495</u>	<u>\$ 18,003</u>	<u>(\$ 56,080)</u>	<u>(\$ 4,933)</u>	<u>(\$ 24,187)</u>	<u>\$1,177,514</u>	<u>\$ 788,953</u>	<u>\$1,966,467</u>

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

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

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 1,633	(\$ 11,088)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12	10,229	5,648
Loss on inventory market price decline	6(5)	3,737	18,251
Gain on disposal of non-current assets held for sale	6(24)	-	(1,266)
Share of profit or loss of associates and joint ventures accounted for under equity method	6(7)	(6,589)	7,909
Gain on disposal of investments accounted for under equity method	6(7)(24)	-	(81,111)
Depreciation	6(8)(9)(10)	107,498	118,474
(Gain) loss on disposal of property, plant and equipment	6(24)	(691)	10,789
Gain from lease modification	6(9)(24)	(13)	(38)
Amortization	6(11)(26)	12,217	11,985
Prepayments for business facilities transferred to expenses		140	-
Interest income	6(22)	(8,282)	(6,756)
Interest expense	6(25)	17,595	25,908
Changes in assets and liabilities			
Changes in operating assets			
Current contract assets		(22,593)	(14,376)
Notes receivable		1,186	(945)
Accounts receivable		43,796	118,700
Other receivables		10,999	39,307
Inventories		14,736	19,364
Prepayments		(3,650)	14,088
Changes in operating liabilities			
Current contract liabilities		7,400	322
Notes payable		-	(34)
Accounts payable		(71,754)	25,964
Accounts payable - related parties		14,022	(50,284)
Other payables		(17,770)	(10,744)
Current provisions		(641)	58
Other non-current liabilities		(433)	9,462
Cash inflow generated from operations		112,772	249,587
Dividends received	6(7)	2,463	2,350
Interest received		8,257	6,756
Income tax received		-	12
Interest paid		(18,001)	(26,876)
Income tax paid		(23,161)	(42,281)
Net cash flows from operating activities		82,330	189,548

(Continued)

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

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortized cost - current		\$ 161,309	(\$ 361,213)
Acquisition of investments accounted for under equity method	6(7)	(65,520)	-
Cash received from disposal of non-current assets held for sale	6(31)	65,857	15,987
Cash received from disposal of investments accounted for under equity method	6(31)	42,379	63,570
Cash paid for acquisition of property, plant and equipment	6(31)	(57,968)	(68,446)
Proceeds from disposal of property, plant and equipment		12,706	5,479
Acquisition of intangible assets	6(11)	(1,175)	(3,604)
Increase in prepayments for equipment		(38,626)	(11,050)
Decrease (increase) in guarantee deposits paid		4,732	(117)
Decrease (increase) in other non-current assets		8,414	(8,563)
Net cash flows from (used in) investing activities		<u>132,108</u>	<u>(367,957)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	1,663,724	1,863,693
Decrease in short-term borrowings	6(32)	(1,654,066)	(1,860,612)
Increase in short-term notes and bills payable	6(32)	190,000	270,000
Decrease in short-term notes and bills payable	6(32)	(210,000)	(220,000)
Decrease in other payables	6(32)	(14,562)	(14,867)
Payments of lease liabilities	6(32)	(6,121)	(4,576)
Increase in long-term borrowings	6(32)	33,000	7,000
Decrease in long-term borrowings	6(32)	(172,108)	(128,722)
Net cash flow from equity transactions with non-controlling interest	6(30)	10,874	-
Change in non-controlling interests		(47,000)	333,460
Net cash flows (used in) from financing activities		<u>(206,259)</u>	<u>245,376</u>
Effect of exchange rate changes on cash and cash equivalents		9,742	(31,250)
Net increase in cash and cash equivalents		17,921	35,717
Cash and cash equivalents at beginning of year	6(1)	601,688	565,971
Cash and cash equivalents at end of year	6(1)	<u>\$ 619,609</u>	<u>\$ 601,688</u>

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

Comparison Table of Amendments to the Articles of Incorporation

Article	Propose to revise	Existing	Remark
Article 7	<p>The shareholders' meetings of the Company consist of the annual general meeting and special shareholders' meeting. The annual general meeting shall be convened once a year by the Board of Directors pursuant to laws within six months after the close of each fiscal year. The special shareholders' meeting shall be convened pursuant to related laws whenever necessary. Shareholders' meetings may be held via video conferencing or other methods announced by the central competent authority. Shareholders participating in a meeting via video conferencing shall be deemed to have attended in person. The notice for convening a shareholders' meeting may be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. Said notice referred to in the preceding paragraph may be served to the shareholders holding the registered stock less than 1,000 shares upon the Company's public offering by means of a public notice.</p>	<p>The shareholders' meetings of the Company consist of the annual general meeting and special shareholders' meeting. The annual general shall be convened once a year by the Board of Directors pursuant to laws within six months after the close of each fiscal year. The special shareholders' meeting shall be convened pursuant to related laws whenever necessary. The notice for convening a shareholders' meeting may be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. Said notice referred to in the preceding paragraph may be served to the shareholders holding the registered stock less than 1,000 shares upon the Company's public offering by means of a public notice.</p>	Amended in accordance with Article 172-2 of the Company Act.
Article 11-1	<p>The Company may appoint at least 3 independent directors, and the number of independent directors shall not be less than one-third of the total number of directors. The consecutive terms of independent directors shall not exceed three terms. The Company's directors (including independent directors) shall be elected via the candidate nomination system as provided in Article 192-1 of the Company Act. The qualifications, shareholding requirements, restrictions on concurrent positions, nomination and election procedures, and other compliance matters for directors shall be governed by the relevant regulations</p>	<p>The Company may appoint at least 3 independent directors, who shall be no less than one-fifth of the whole directors. The Company's directors (independent directors) shall be elected via the candidate nomination system referred to in Article 192-1 of the Company Act. The professional qualification, shareholdings, restrictions on concurrent positions, nomination and election of independent directors, and other requirements to be met, shall comply with the related requirements posed by the securities competent authority. The Board of Directors may establish functional committees pursuant to laws.</p>	Amended in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article	Propose to revise	Existing	Remark
	<p>stipulated by the competent securities authority.</p> <p>The Board of Directors may establish functional committees in accordance with laws. The establishment and authority of such committees shall comply with the relevant regulations enacted by the competent authority.</p>	<p>Establishment and functions of the related committees shall follow the relevant regulations enacted by the competent authority.</p>	
Article 13	<p>The Chairman shall chair the meeting of the Board of Directors. If the Chairman is on leave or otherwise unable to perform his/her duties, a proxy shall act in accordance with Article 208 of the Company Act. Directors shall attend the meetings of the Board of Directors in person. If a director is unable to attend, he/she may appoint another director as proxy to attend the meeting on his/her behalf by issuing a written proxy for each meeting, specifying the scope of authorization with respect to the meeting agenda. Each proxy may only accept the appointment from one director. Meetings of the Board of Directors may be held via video conference. Directors participating via video conference shall be deemed to have attended the meeting in person.</p>	<p>The Chairman shall chair the meeting of the Board of Directors. If the Chairman is unable to perform duties due to leave of absence or any reason, a proxy shall be appointed in accordance with Article 208 of the Company Act. Directors should attend meetings of the Board of Directors in person. If a director cannot attend for some reason, he or she may appoint another director to attend the meeting on behalf of him/her. However, each director may accept the appointment to act as the proxy of another director only. In case a meeting of the Board of Directors is conducted in the form of video conference, the directors taking part in such a video conference shall be deemed to have attended the meeting in person.</p>	<p>Amended in accordance with Article 205 of the Company Act.</p>
Article 16-1	<p>The Company shall, subject to the earnings for the current year, distribute 8% to 15% of the earnings as employee remuneration (including remuneration to basic-level employees), with no less than 3% allocated to basic-level employees. The Company shall also distribute no more than 5% as director remuneration. Provided that the earnings must first be taken to offset against cumulative losses, if any.</p>	<p>The Company shall, subject to the earnings for the current year, distribute 8%~15% of the earnings as the employee remuneration, and no more than 5% thereof as the director remuneration. provided that the earnings must first be taken to offset against cumulative losses, if any.</p>	<p>Amended in accordance with Article 14, Paragraph 6 of the Securities and Exchange Act and Financial Supervisory Commission Order No. 1130385442</p>
Article 19	<p>The Articles were enacted on May 15, 2007.</p> <p>1st amendments hereto were made on July 12, 2007.</p>	<p>The Articles were enacted on May 15, 2007.</p> <p>1st amendments hereto were made on July 12, 2007.</p>	<p>Add revision date.</p>

Article	Propose to revise	Existing	Remark
	<p>2nd amendments hereto were made on December 25, 2007.</p> <p>3rd amendments hereto were made on June 24, 2008.</p> <p>4th amendments hereto were made on June 24, 2010.</p> <p>5th amendments hereto were made on October 17, 2012.</p> <p>6th amendments hereto were made on June 28, 2016.</p> <p>7th amendments hereto were made on June 29, 2017.</p> <p>8th amendments hereto were made on November 3, 2017.</p> <p>9th amendments hereto were made on May 17, 2018.</p> <p>10th amendments hereto were made on October 3, 2018.</p> <p>11th amendments hereto were made on June 19, 2019.</p> <p>12th amendments hereto were made on June 11, 2020.</p> <p>13th amendments hereto were made on June 8, 2022.</p> <p>14th amendments hereto were made on June 17, 2025.</p>	<p>2nd amendments hereto were made on December 25, 2007.</p> <p>3rd amendments hereto were made on June 24, 2008.</p> <p>4th amendments hereto were made on June 24, 2010.</p> <p>5th amendments hereto were made on October 17, 2012.</p> <p>6th amendments hereto were made on June 28, 2016.</p> <p>7th amendments hereto were made on June 29, 2017.</p> <p>8th amendments hereto were made on November 3, 2017.</p> <p>9th amendments hereto were made on May 17, 2018.</p> <p>10th amendments hereto were made on October 3, 2018.</p> <p>11th amendments hereto were made on June 19, 2019.</p> <p>12th amendments hereto were made on June 11, 2020.</p> <p>13th amendments hereto were made on June 8, 2022.</p>	

Comparison Table of Amendments to the Procedures for Endorsements and Guarantees

Propose to revise	Existing	Remark
<p>Article 5: Procedures for Endorsements and Guarantees</p> <p>2. The responsible personnel shall compile the relevant information and assessment results, submit them to the Audit Committee for approval by more than half of its members, and then to the Board of Directors for resolution. Actions shall be taken based on the Board's decision.</p> <p>The responsible personnel shall maintain a registry for endorsements and guarantees, details such as the guaranteed party, amount, Board resolution or Chairman's approval date, endorsement/guarantee date, evaluated matters, collateral and its assessed value, and the conditions and dates for releasing the endorsement or guarantee.</p>	<p>Article 5: Procedures for Endorsements and Guarantees</p> <p>2. The responsible personnel shall compile the relevant information and assessment results, submit them to the Audit Committee for approval by more than half of its members, and then to the Board of Directors for resolution. Actions shall be taken based on the Board's decision.</p> <p>The responsible personnel shall maintain a registry for endorsements and guarantees, details such as the guaranteed party, amount, Audit Committee approval date, Board resolution or Chairman's approval date, endorsement/guarantee date, evaluated matters, collateral and its assessed value, and conditions and dates for releasing the endorsement or guarantee.</p>	<p>The format of the registry shall be revised accordingly</p>

Comparison Table of Amendments to the Procedures for Loans of Funds to Others

Propose to revise	Existing	Remark
<p>Article 2 Entities to which the company may loan funds</p> <p>According to Article 15 of the Company Act, the Company shall not lend funds to any shareholder or other person, except under the following circumstances:</p> <ol style="list-style-type: none"> 1. The borrower is a company or firm that has business dealings with the Company. 2. The borrower is a company or firm that requires short-term financing. The term "short-term" refers to a period of one year or one business cycle, whichever is longer. <p>Loans between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or loans from such wholly-owned foreign companies to the Company, are not subject to the restriction under Item 2 of the preceding paragraph. However, the lending limits and terms shall still be determined in accordance with Articles 4 and 5.</p>	<p>Article 2 Entities to which the company may loan funds</p> <p>According to Article 15 of the Company Act, the Company shall not lend funds to any shareholder or other person, except under the following circumstances:</p> <ol style="list-style-type: none"> 1. The borrower is a company or firm that has business dealings with the Company. 2. The borrower is a company or firm that requires short-term financing. "Short-term" refers to a period of one year or one business cycle, whichever is longer. <p>Loans between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or loans from such wholly-owned foreign companies to the Company, are not subject to the restriction under Item 2 above.</p>	<p>Amended in accordance with Paragraph 4, Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies</p>
<p>Article 6 Procedures for handling loans of funds</p> <ol style="list-style-type: none"> 1. Application and Review Process <p>The borrower shall formally submit a written application to the Company. The Finance Department shall conduct the initial contact to understand the intended use of funds and the borrower's recent business and financial status. A detailed review shall be conducted in accordance with Article 7, and a credit and review report shall be prepared. The report shall be submitted to the President and the Chairman for review. It shall then be approved by more than half of all Audit Committee members and resolved by the Board of Directors. No other party may be authorized to make the decision.</p>	<p>Article 6 Procedures for handling loans of funds</p> <ol style="list-style-type: none"> 1. Application and Review Process <p>The borrower shall submit a formal written request to the Company. The Finance Department shall conduct a preliminary review to understand the purpose of the funding and the borrower's recent business and financial status. A detailed assessment shall be conducted in accordance with Article 7, and a credit and review report shall be prepared. Upon review by the General Manager and the Chairman, the case shall be submitted for approval by more than half of all Audit Committee members, and then submitted to the</p>	<p>As Paragraph 4 of Article 4 has been deleted, the explanatory text has been revised accordingly.</p>

Propose to revise	Existing	Remark
<p>For loans of funds between the Company and its subsidiaries, or between subsidiaries, the procedures outlined in the preceding paragraph shall apply: approval by more than half of all Audit Committee members and resolution by the Board of Directors are required. The review process shall follow the same procedures, and the Chairman may be authorized to disburse the loan in installments or on a revolving basis within a specific amount and a period not exceeding one year as approved by the Board.</p> <p>The “specific amount” mentioned above, except in cases not subject to the restrictions under Article 2, shall not exceed 10% of the net worth of the Company or the relevant subsidiary, based on the most recent financial statements, for loans to any single entity</p>	<p>Board of Directors for resolution. No delegation of authority is permitted.</p> <p>For loans of funds between the Company and its subsidiaries, or between subsidiaries, the procedures outlined in the preceding paragraph shall apply: approval by more than half of all Audit Committee members and resolution by the Board of Directors are required. The review process shall follow the same procedures, and the Chairman may be authorized to disburse the loan in installments or on a revolving basis within a specific amount and a period not exceeding one year as approved by the Board.</p> <p>The 'specific amount' mentioned above, except in cases not subject to the restrictions under Article 4, shall not exceed 10% of the net worth of the Company or the relevant subsidiary, based on the most recent financial statements, for loans to any single entity.</p>	
<p>Article 6 Procedures for handling loans of funds</p> <p>6. Documentation and Recordkeeping</p> <p>The Company shall maintain a registry for fund lending, recording in detail the borrower, loan amount, date of Board approval, date of disbursement, and the prudential assessment items required under Article 7.</p>	<p>Article 6 Procedures for handling loans of funds</p> <p>6. Documentation and Recordkeeping</p> <p>The Company shall maintain a registry for fund lending, recording in detail the borrower, loan amount, date of Audit Committee approval, date of Board approval, loan disbursement date, and the prudential assessment items required under Article 7.</p>	<p>The text has been revised in accordance with the registry format.</p>
<p>Article 8: Subsequent Measures for Control and Management of Loans, and Procedures for Handling Delinquent Creditor's Rights</p> <p>3. The borrower shall repay the principal and interest in full upon maturity. If repayment is not made on time, the Company may, after giving necessary notice, proceed with legal actions for disposal and recovery. In cases of fund lending between foreign companies in</p>	<p>Article 8: Subsequent Measures for Control and Management of Loans, and Procedures for Handling Delinquent Creditor's Rights</p> <p>3. The borrower shall repay the principal and interest in full upon loan maturity. If an extension is required due to inability to repay on time, a request must be submitted in advance. The extension shall only be permitted upon</p>	<p>Revised in accordance with Article 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by</p>

Propose to revise	Existing	Remark
which the Company directly or indirectly holds 100% of the voting shares, or when such invested companies lend to the Company, the loan term may be extended prior to maturity upon approval by the Board of Directors. Nevertheless, the extended short-term loan must still be repaid through actual cash flow by the end of the extension period.	the consent of more than half of all Audit Committee members and subsequent approval by the Board of Directors. Each extension shall not exceed three months and may only be granted once. In the event of violation, the Company may proceed with legal disposal or recovery against the provided collateral or guarantor.	Public Companies and Q&A No. 39

