

**ELITE MATERIAL CO., LTD. AND
SUBSIDIARIES**

**Consolidated Financial Statements with
CPA's Review Report**

Second Quarter of 2023 and 2022

**Address: No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328,
Taiwan (R.O.C.)
Tel: (03)483-7937**

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CPA's Review Report

To the Board of Directors of Elite Material Co., Ltd.:

Foreword

The consolidated balance sheet of Elite Material Co., Ltd. and its subsidiaries on June 30, 2023 and 2022 and the consolidated income statement from April 1 to June 30, and from January 1 to June 30 in 2023 and 2022, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statements notes (including the summary of major accounting policies) from January 1 to June 30 in 2023 and 2022 are reviewed by the CPA. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 “Interim Financial Reporting”, it is the management’s responsibility to prepare a fair representation of the consolidated financial statements, and the CPA’s responsibility to draw a conclusion on the consolidated financial statements based on the review results.

Scope of the report

The CPA has reviewed in accordance with the TWSRE2410. The procedures performed in reviewing the consolidated financial statements include inquiries (primarily with those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly smaller than that of the audit work, so the CPA may not be able to detect all the matters that can be identified through the audit work, and therefore cannot express an audit opinion.

Conclusion

According to the review results of the CPA, it was not found that the consolidated financial statements of Elite Material Co., Ltd. did not comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 “Interim Financial Reporting”, which cannot properly express the consolidated financial position of Elite Material Co., Ltd. and its subsidiaries on June 30, 2023 and 2022, and the consolidated financial performance from April 1 to June 30, and from January 1 to June 30 in 2023 and 2022, and consolidated cash flow from January 1 to June 30 in 2023 and 2022.

KPMG

CPA:

Securities Competent Chin-Kuan-Cheng-Shen-Tzu No. 1000011652
Authority Approval : Chin-Kuan-Cheng-Shen-Tzu No. 1080303300
Certified Number

July 26, 2023

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Stockholders' Equity		Amount	%	Amount	%	Amount	%
Current Assets:								Current Liabilities:							
1100	Cash and cash equivalents (Note 6 (1))	\$ 13,951,042	29	10,443,618	24	9,596,220	22	2100	Short-term borrowings (Note 6 (8))	\$ 7,433,526	16	5,209,815	12	3,942,389	9
1150	Notes receivable, net (Note 6 (3))	103,952	-	212,623	1	131,657	-	2170	Accounts payable	7,180,117	15	6,513,281	15	8,868,813	20
1170	Accounts receivable, net (Notes 6 (3) and 7)	11,553,132	24	11,470,512	26	13,114,109	29	2200	Other payables (Note 7)	6,131,057	13	3,288,347	8	6,302,287	14
1200	Other receivables (Notes 6 (4))	589,575	1	49,423	-	100,225	-	2230	Current tax liabilities	484,733	1	542,458	1	460,127	1
1310	Inventories (Note 6 (5))	3,980,000	8	4,235,908	10	6,196,121	14	2280	Current lease liabilities (Note 6 (11))	12,754	-	12,834	-	12,663	-
1479	Other current assets - others	303,928	1	160,478	-	388,452	1	2322	Long-term borrowings due within one year or one business cycle (Note 6 (9))	669,764	1	89,657	-	-	-
1220	Current income tax assets	7,414	-	7,395	-	177,651	1								
Total current assets		<u>30,489,043</u>	<u>63</u>	<u>26,579,957</u>	<u>61</u>	<u>29,704,435</u>	<u>67</u>	2399	Other current liabilities - others	92,090	-	103,632	-	131,175	-
Non-current assets:								Total current liabilities		<u>22,004,041</u>	<u>46</u>	<u>15,760,024</u>	<u>36</u>	<u>19,717,454</u>	<u>44</u>
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	-	-	-	-	21,458	-	Non-current liabilities:							
1600	Property, plant and equipment (Note 6 (6))	15,385,273	32	14,679,878	34	12,710,695	28	2500	Financial liabilities at fair value through profit or loss - non-current (Note 6 (10))	693	-	23,564	-	26,683	-
1755	Right-of-use assets (Note 6 (7))	590,926	1	609,176	1	615,004	1	2530	Bonds payable (Note (6) (10))	3,320,576	7	3,302,140	8	3,283,770	7
1780	Total intangible assets	736,342	2	744,784	2	712,109	2	2540	Long-term borrowings (Note 6 (9))	971,763	2	916,132	2	390,283	1
1840	Deferred income tax assets (Note 6 (14))	328,558	1	192,172	1	191,943	1	2570	Deferred income tax liabilities (Note 6 (14))	609,256	1	519,997	1	1,019,245	2
1900	Other non-current assets	321,355	1	464,196	1	618,870	1	2580	Non-current lease liabilities (Note 6 (11))	308,654	1	310,732	1	306,752	1
1920	Refundable deposits paid (Note 8)	67,981	-	69,482	-	63,722	-	2600	Other non-current liabilities (Note 6 (12))	454,111	1	475,334	1	487,148	1
1975	Net defined benefit asset, non-current (Note 6 (13))	42,842	-	42,842	-	14,502	-	Total non-current liabilities		<u>5,665,053</u>	<u>12</u>	<u>5,547,899</u>	<u>13</u>	<u>5,513,881</u>	<u>12</u>
Total non-current assets		<u>17,473,277</u>	<u>37</u>	<u>16,802,530</u>	<u>39</u>	<u>14,948,303</u>	<u>33</u>	Total liabilities		<u>27,669,094</u>	<u>58</u>	<u>21,307,923</u>	<u>49</u>	<u>25,231,335</u>	<u>56</u>
								Equity attributable to owners of the parent company (Note 6 (15)):							
								3100	Share capital	3,329,183	7	3,329,183	7	3,329,183	7
								3200	Capital surplus	2,076,279	4	2,076,279	5	2,076,279	5
								Retained earnings:							
								3310	Legal reserve	3,462,000	7	2,953,134	7	2,953,134	7
								3320	Special reserve	549,290	1	903,909	2	903,909	2
								3350	Unappropriated retained earnings	11,857,293	25	13,361,349	31	10,679,345	24
								3400	Other equity interest	(980,819)	(2)	(549,290)	(1)	(544,795)	(1)
								Total equity attributable to owners of the parent company		<u>20,293,226</u>	<u>42</u>	<u>22,074,564</u>	<u>51</u>	<u>19,397,055</u>	<u>44</u>
								36XX	Non-controlling interests	-	-	-	-	24,348	-
								Total equity		<u>20,293,226</u>	<u>42</u>	<u>22,074,564</u>	<u>51</u>	<u>19,421,403</u>	<u>44</u>
Total assets		<u>\$ 47,962,320</u>	<u>100</u>	<u>43,382,487</u>	<u>100</u>	<u>44,652,738</u>	<u>100</u>	Total liabilities and equity		<u>\$ 47,962,320</u>	<u>100</u>	<u>43,382,487</u>	<u>100</u>	<u>44,652,738</u>	<u>100</u>

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

Chairman: Ding-Yu Dong

Managerial Officer: En-Xiang Guan

Accounting Manager: Sara Yen

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		April 2023 to June 2023		April 2022 to June 2022		January 2023 to June 2023		January 2022 to June 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 6 (17) and 7)	\$ 9,180,446	100	9,983,283	100	16,539,573	100	19,901,743	100
5000	Operating costs (Notes 6 (5) and 7)	(6,655,317)	(72)	(7,686,481)	(77)	(12,442,402)	(75)	(15,127,095)	(76)
	Gross profit from operations	2,525,129	28	2,296,802	23	4,097,171	25	4,774,648	24
	Operating expenses:								
6100	Total selling expenses	(285,865)	(3)	(307,077)	(3)	(532,955)	(3)	(591,875)	(3)
6200	Total administrative expenses	(335,729)	(4)	(328,396)	(3)	(634,866)	(4)	(663,239)	(3)
6300	Total research and development expenses	(282,283)	(3)	(207,411)	(2)	(538,631)	(3)	(414,809)	(2)
6450	Expected credit impairment losses (Note 6 (3))	(1,979)	-	(237)	-	(2,292)	-	(52)	-
	Total operating expenses	(905,856)	(10)	(843,121)	(8)	(1,708,744)	(10)	(1,669,975)	(8)
	Net operating income	1,619,273	18	1,453,681	15	2,388,427	15	3,104,673	16
	Non-operating income and expenses (Note 6 (19)):								
7100	Total interest income	29,961	-	16,071	-	51,401	-	26,933	-
7020	Other gains and losses	23,747	-	18,981	-	33,781	-	57,403	-
7050	Finance costs	(84,826)	(1)	(40,752)	-	(156,415)	(1)	(72,561)	-
	Total non-operating income and expenses	(31,118)	(1)	(5,700)	-	(71,233)	(1)	11,775	-
7900	Profit from continuing operations before tax	1,588,155	17	1,447,981	15	2,317,194	14	3,116,448	16
7950	Less: Income tax expenses (Note 6 (14))	(587,854)	(6)	(364,013)	(4)	(837,197)	(5)	(706,960)	(4)
8200	Profit	1,000,301	11	1,083,968	11	1,479,997	9	2,409,488	12
	Other comprehensive income:								
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(632,311)	(7)	(241,325)	(2)	(539,412)	(3)	449,371	2
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	126,463	1	48,198	-	107,883	-	(89,778)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(505,848)	(6)	(193,127)	(2)	(431,529)	(3)	359,593	2
	Current period other comprehensive income (post-tax profit or loss)	(505,848)	(6)	(193,127)	(2)	(431,529)	(3)	359,593	2
	Total comprehensive income in current period	<u>\$ 494,453</u>	<u>5</u>	<u>890,841</u>	<u>9</u>	<u>1,048,468</u>	<u>6</u>	<u>2,769,081</u>	<u>14</u>
	Income attributable to:								
	Owners of the parent company	\$ 1,000,301	11	1,082,738	11	1,479,997	9	2,406,660	12
	Non-controlling interests	-	-	1,230	-	-	-	2,828	-
		<u>\$ 1,000,301</u>	<u>11</u>	<u>1,083,968</u>	<u>11</u>	<u>1,479,997</u>	<u>9</u>	<u>2,409,488</u>	<u>12</u>
	Comprehensive income attributable to:								
	Owners of the parent company	\$ 494,453	5	889,949	9	1,048,468	6	2,765,774	14
	Non-controlling interests	-	-	892	-	-	-	3,307	-
		<u>\$ 494,453</u>	<u>5</u>	<u>890,841</u>	<u>9</u>	<u>1,048,468</u>	<u>6</u>	<u>2,769,081</u>	<u>14</u>
	Earnings per share (NTD) (Note 6 (16))								
	Basic earnings per share (NTD)	<u>\$ 3.00</u>		<u>3.25</u>		<u>4.45</u>		<u>7.23</u>	
	Diluted earnings per share (NTD)	<u>\$ 2.86</u>		<u>3.22</u>		<u>4.25</u>		<u>7.18</u>	

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

Chairman: Ding-Yu Dong

Managerial Officer: En-Xiang Guan

Accounting Manager: Sara Yen

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
From January 1 to June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
						Total other equity interest				
	Share capital		Retained earnings				Equity instrument investment losses measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements				
Balance as of January 1, 2022	\$ 3,329,183	1,868,661	2,403,968	756,891	12,298,052	(888,136)	(15,773)	19,752,846	21,041	19,773,887
Profit	-	-	-	-	2,406,660	-	-	2,406,660	2,828	2,409,488
Other comprehensive income in the current period	-	-	-	-	-	359,114	-	359,114	479	359,593
Total comprehensive income in current period	-	-	-	-	2,406,660	359,114	-	2,765,774	3,307	2,769,081
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	549,166	-	(549,166)	-	-	-	-	-
Special reserve	-	-	-	147,018	(147,018)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,329,183)	-	-	(3,329,183)	-	(3,329,183)
Equity component (subscription right) of convertible bonds issued by the Company	-	207,618	-	-	-	-	-	207,618	-	207,618
Balance as of June 30, 2022	<u>\$ 3,329,183</u>	<u>2,076,279</u>	<u>2,953,134</u>	<u>903,909</u>	<u>10,679,345</u>	<u>(529,022)</u>	<u>(15,773)</u>	<u>19,397,055</u>	<u>24,348</u>	<u>19,421,403</u>
Balance as of January 1, 2023	\$ 3,329,183	2,076,279	2,953,134	903,909	13,361,349	(511,344)	(37,946)	22,074,564	-	22,074,564
Profit	-	-	-	-	1,479,997	-	-	1,479,997	-	1,479,997
Other comprehensive income in the current period	-	-	-	-	-	(431,529)	-	(431,529)	-	(431,529)
Total comprehensive income in current period	-	-	-	-	1,479,997	(431,529)	-	1,048,468	-	1,048,468
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	508,866	-	(508,866)	-	-	-	-	-
Special reserve reversed	-	-	-	(354,619)	354,619	-	-	-	-	-
Cash dividends	-	-	-	-	(2,829,806)	-	-	(2,829,806)	-	(2,829,806)
Balance as of June 30, 2023	<u>\$ 3,329,183</u>	<u>2,076,279</u>	<u>3,462,000</u>	<u>549,290</u>	<u>11,857,293</u>	<u>(942,873)</u>	<u>(37,946)</u>	<u>20,293,226</u>	<u>-</u>	<u>20,293,226</u>

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

Chairman: Ding-Yu Dong

Managerial Officer: En-Xiang Guan

Accounting Manager: Sara Yen

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
From January 1 to June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	January 2023 to June 2023	January 2022 to June 2022
Cash flows from operating activities:		
Profit before tax	\$ 2,317,194	3,116,448
Adjustments:		
Adjustments to reconcile:		
Depreciation expense	543,497	359,977
Amortization expense	23,173	18,689
Expected credit impairment loss	2,292	52
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(22,871)	16,980
Interest expenses	137,979	66,437
Total interest income	(51,401)	(26,933)
Loss on disposal of property, plant and equipment	1,750	347
Bond discounted amortized interest expense	18,436	6,124
Total adjustments to reconcile	652,855	441,673
Changes in operating assets and liabilities:		
Changes in operating assets:		
Note receivable	107,114	15,729
Accounts receivable	(349,098)	278,922
Other receivables	3,788	45,665
Inventory	(96,107)	(628,704)
Other current assets	(141,038)	12,824
Other non-current assets	116,599	17,083
Total changes in operating assets	(358,742)	(258,481)
Changes in operating liabilities:		
Accounts payable	820,164	572,162
Other payables	12,801	209,158
Other current liabilities	(17,387)	(63,548)
Other non-current liabilities	(7,460)	42,898
Total changes in operating liabilities	808,118	760,670
Total changes in operating assets and liabilities	449,376	502,189
Total adjustments	1,102,231	943,862
Cash inflow generated from operations	3,419,425	4,060,310
Interest received	44,843	23,588
Interest paid	(137,542)	(66,372)
Income taxes paid	(829,314)	(688,002)
Net cash flows from operating activities	2,497,412	3,329,524
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(20,670)
Acquisition of property, plant and equipment	(1,766,442)	(4,585,135)
Proceed from disposal of property, plant and equipment	110	-
Acquisition of intangible assets	(7,477)	(16,978)
Refundable deposits paid	26	(498)
Net cash flows used in investing activities	(1,773,783)	(4,623,281)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,409,658	1,288,209
Decrease in short-term notes payable	-	(200,000)
Issuance of bonds	-	3,499,953
Long-term loan	710,870	388,128
Repay long-term loan	(30,439)	(850,000)
Guarantee deposits and margins received	(700)	2,077
Payment of lease liabilities	(6,575)	(5,952)
Net cash flows from financing activities	3,082,814	4,122,415
Effect of exchange rate fluctuations on cash held	(299,019)	125,493
Net increase in cash and cash equivalents	3,507,424	2,954,151
Cash and cash equivalents at beginning of period	10,443,618	6,642,069
Cash and cash equivalents at end of period	<u>\$ 13,951,042</u>	<u>9,596,220</u>

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

Chairman: Ding-Yu Dong Managerial Officer: En-Xiang Guan Accounting Manager: Sara Yen

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Second Quarter of 2023 and 2022
(Unless otherwise stated, all amounts are in thousands of NTD)

I. Company history

Elite Material Co., Ltd. (hereinafter referred to as “The Company”) was established on March 24, 1992, with the MOEA approval to manufacture and sale of copper foil substrates, special chemicals for the electronic industry and raw materials for electronic components, semi-finished products, and finished products where the main source of operating income is the manufacture and sale of printed circuit substrates and adhesive sheets.

On October 3, 1996, the Company was approved to be listed on the OTC stock trading, and the stock was officially listed for trading on December 26 of the same year; The Company was approved on October 22, 1998 and officially listed on TSWE on November 27 of the same year. The registration address is at No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.)

II. Dates and procedures for the financial statement approval

The financial statements were approved by the Company’s Board of Directors on July 26, 2023.

III. Application of new and revised standards, amendments, and interpretations

(I) Impact of new and revised standards, amendments, and interpretations endorsed by the FSC

The application of the amendments to the IFRSs from January 1, 2023, did not have any material impact on the Company’s financial statement:

- Amendments to IAS 1 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(II) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

The consolidated company does not anticipate that the following newly issued and amended standards, which have not yet been endorse, will have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 17 and IFRS 17 - Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

- Amendments to IAS 1 - Non-current Liabilities with Covenants
- Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information
- Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules

IV. Summary of significant accounting policies

(I) Statement of compliance

This consolidated financial statements has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”) and the IAS 34 “Interim Financial Reporting” endorsed and issued by the FSC. This consolidated financial statements does not include all necessary information to be disclosed in the entire annual consolidated financial statement prepared in accordance with the IFRS, IAS, Interpretations endorsed and issued by the FSC (hereinafter referred to as the “IFRS endorsed by the FSC”).

The significant accounting policies adopted in this consolidated financial statements are the same as those in the 2022 consolidated financial statements. For relevant information, please refer to Note 4 to the 2022 consolidated financial statements.

(II) Consolidation basis

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in this consolidated financial statements include:

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	EMC OVERSEAS HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	It was established in the British Virgin Islands in July 1996 and as of the end of June 2023, the paid-in capital was USD 36,257 thousand.
The Company	Grand Wuhan Incorporated	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in January 2018 and as of the end of June 2023, the paid-in capital was USD 20,020 thousand.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	EMC INTERNATIONAL HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in July 2020 where the investment of equity capital taken place in December 2020, and as of the end of June 2023, the paid-in capital was USD 27,042 thousand.
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in April 2004 and as of the end of June 2023, the paid-in capital was USD 34,618 thousand.
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	Investment	100.00%	100.00%	99.79%	It was established in the British Virgin Islands in May 1997 and as of the end of June 2023, the paid-in capital was USD 18,200 thousand.
Grand Zhuhai Incorporated	Grand Zhongshan Incorporated	Investment	100.00%	100.00%	100.00%	It was established in the British Virgin Islands in 2004 and as of the end of June 2023, the paid-in capital was USD 16,437 thousand.
Grand Shanghai Incorporated	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	60.74% (Note 2)	100.00%	100.00%	It was established in Kunshan Economic & Technological Development Zone, Jiangsu Province, China in September 1997 and as of the end of June 2023, the paid-in capital was USD 104,046 thousand. (Note 1) (Note 2)

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Grand Zhongshan Incorporated	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	- % (Note 2)	100.00%	100.00%	It was established in Zhongshan Torch Development Zone, Guangdong Province, China in July 2004 and as of the end of June 2023, the paid-in capital was RMB 802,500 thousand.
Grand Zhongshan Incorporated	Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	39.26% (Note 2)	- %	- %	It was established in Kunshan Economic & Technological Development Zone, Jiangsu Province, China in September 1997 and as of the end of June 2023, the paid-in capital was USD 104,046 thousand. (Notes 1 and 2)
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00% (Note 2)	- %	- %	It was established in Zhongshan Torch Development Zone, Guangdong Province, China in July 2004 and as of the end of June 2023, the paid-in capital was RMB 802,500 thousand.
Elite Electronic Material (Kunshan) Co., Ltd (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00% (Note 3)	- %	- %	It was established in Economic and Technological Development Zone in Huangshi, China in March 2008 and as of the end of June 2023, the paid-in capital was RMB 131,763 thousand.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Grand Wuhan Incorporated	Elite Electronic Material (Huangshi) Co., Ltd (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	- % (Note 3)	100.00%	100.00%	It was established in Economic and Technological Development Zone in Huangshi, China in March 2008 and as of the end of June 2023, the paid-in capital was RMB 131,763 thousand.
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Investment	100.00%	100.00%	100.00%	It was established in the Cayman Islands in August 2020 where the investment of equity capital taken place in December 2020, and as of the end of June 2023, the paid-in capital was USD 26,255 thousand.
EMC INTERNATIONAL HOLDING INCORPORATED	EMC USA HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	It was invested in 100% equity by EMC INTERNATIONAL HOLDING INCORPORATED in December 2021 and as of the end of June 2023, the paid-in capital was USD 732 thousand.
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	100.00%	It was invested in 100% equity by EMC SPECIAL APPLICATION INCORPORATED in December 2020.

Note 1: Grand Zhongshan Incorporated was approved by the Investment Commission, Ministry of Economic Affairs, on March 1, 2023 and began to be receive dividends from Elite Electronic Material (Zhongshan) Co., Ltd., an investee in mainland China, in the second quarter of 2023, totaling RMB 915,000 thousand (USD 127,248 thousand) as share capital, of which RMB 178,661 thousand (USD 24,846 thousand) was adopted as paid-in share capital and RMB 736,339

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

thousand (USD 102,402 thousand) as capital reserve), and used this fund to increase the capital of Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China).

Note 2: Grand Zhongshan Incorporated was approved by the Investment Commission, Ministry of Economic Affairs, on March 1, 2023, and, in the second quarter of 2023, adopted the 100% equity of Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China, an investee in mainland China, as paid-in capital, totaling RMB 115,051 thousand (USD 16,000 thousand), included another amount of RMB 615,375 thousand (USD 90,290 thousand) in the capital surplus and transferred it to Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China), as well as acquired 39.26% equity of Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China).

Note 3: Grand Wuhan Incorporated was approved by the Investment Commission, Ministry of Economic Affairs, on March 1, 2023 and began to sell 100% equity of Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China), an investee in mainland China, in the second quarter of 2023 and transferred it to Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China at a price of RMB 162,599 thousand (USD 23,088 thousand).

2. Subsidiaries not included in the consolidated financial statement: None.

(III) Income tax

The Consolidated Company measures and discloses the income tax expense for the interim period in accordance with IAS 34 Appendix B12, "Interim Financial Reporting". Income tax expense is measured by multiplying the net profit before tax for the interim reporting period by management's best estimate of the expected effective tax rate for the full year and is fully recognized as current income tax expense.

Where income tax expense is recognized directly in equity or other comprehensive profit and loss items, it is measured at the tax rate that is expected to be applicable when realized or settled on temporary differences between the carrying amounts of related assets and liabilities for financial reporting purposes and their tax basis.

(IV) Employee benefits

The defined benefit plan pension during the interim period is calculated based on the determined pension cost rate on the reporting date of the previous year, from the beginning of the year to the end of the current period where adjustments are made for

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

significant market fluctuations after the closing date, as well as significant reductions, liquidations, or other significant one-off events.

V. Major sources of uncertainty in significant accounting judgments, estimations, and assumptions

When the management prepares this consolidated financial statements in accordance with the preparation standards and the IAS 34 “Interim Financial Reporting” approved by the FSC, it must make judgments, estimations, and assumptions, which will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimations.

During the preparation of the consolidated financial statement, the significant judgments made by the management in adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 to the 2022 Consolidated Financial Statement.

VI. Description of significant accounting items

Except for the following, there is no significant difference between the description of significant accounting items in this consolidated financial statement and the 2022 Consolidated Financial Statement. For relevant information, please refer to Note 6 to the 2022 Consolidated Financial Statement.

(I) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash	\$ 506	522	504
Demand deposits	10,338,068	8,643,269	6,050,988
Time deposits	2,601,993	254,714	2,929,933
Cash equivalents	<u>1,010,475</u>	<u>1,545,113</u>	<u>614,795</u>
Cash and cash equivalents shown in the consolidated statement of cash flows	<u><u>\$ 13,951,042</u></u>	<u><u>10,443,618</u></u>	<u><u>9,596,220</u></u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

(II) Financial assets at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Equity instruments at fair value through other comprehensive income:			
Foreign unlisted company shares (preferred shares) - Technica USA	\$ -	-	21,458

1. Investments in equity instruments at fair value through other comprehensive income

The equity instrument investments held by the consolidated company are long-term strategic investments not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive gains and losses.

The consolidated company did not dispose of its strategic investments from January 1 to June 30, 2023 and 2022, and the accumulated profits and losses during this period were not transferred in equity.

2. For credit risk and market risk information, please refer to Note 6 (20).

3. None of the above financial assets are guaranteed for long-term borrowings and the amount of financing.

(III) Note receivable and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable - resulting from operating activities	\$ 104,361	213,032	132,007
Accounts receivable - measured at amortized cost	11,558,128	11,475,143	13,118,652
Less: loss allowances	(5,405)	(5,040)	(4,893)
	<u>\$ 11,657,084</u>	<u>11,683,135</u>	<u>13,245,766</u>

The consolidated company used the simplified approach to estimate expected credit losses on June 30, 2023 and 2022 for all note and accounts receivables which is measured using lifetime expected credit losses. For this measurement, these notes and accounts receivable are grouped by a common credit risk characteristic that represents

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

the customer's ability to pay all amounts due in accordance with the terms of the contract with the forward-looking information included. The expected credit loss analysis of the consolidated company's note receivable and accounts receivable is as follows:

	June 30, 2023		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 11,562,235	0.04%	5,190
Less than 30 days past due	97,075	0.08%	76
31~120 days past due	2,001	1.05%	21
More than 121 days past due	<u>1,178</u>	<u>10.00%</u>	<u>118</u>
	<u>\$ 11,662,489</u>		<u>5,405</u>

	December 31, 2022		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 11,572,071	0.04%	4,301
Less than 30 days past due	97,689	0.01%	6
31~120 days past due	18,415	3.98%	733
More than 121 days past due	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,688,175</u>		<u>5,040</u>

	June 30, 2022		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 13,094,836	0.04%	4,885
Less than 30 days past due	154,310	0.01%	7
31~120 days past due	1,513	0.07%	1
More than 121 days past due	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,250,659</u>		<u>4,893</u>

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

Changes in lose allowance for note receivable and accounts receivable of the consolidated company is as follows:

	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Opening Balance	\$ 5,040	4,635
Impairment loss recognized	2,292	52
Amount written off due to irrecoverability during this year	(1,949)	-
Foreign currency exchange gains and losses	<u>22</u>	<u>206</u>
Ending balance	<u><u>\$ 5,405</u></u>	<u><u>4,893</u></u>

(IV) Other receivables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Claims receivable	\$ 537,959	-	-
Other receivables	51,616	49,423	100,225
Less: loss allowances	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 589,575</u></u>	<u><u>49,423</u></u>	<u><u>100,225</u></u>

The above-mentioned other receivables are expected to have no expected credit loss due to default events during the duration based on historical experience, so the expected credit loss rate is estimated to be zero.

A fire accident occurred on January 15, 2023, please refer to Note 6 (19) and Note 10 for details.

(V) Inventory

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Raw material	\$ 2,367,123	2,831,081	4,188,141
Goods-in-process	288,497	238,474	278,338
Finished goods	<u>1,324,380</u>	<u>1,166,353</u>	<u>1,729,642</u>
	<u><u>\$ 3,980,000</u></u>	<u><u>4,235,908</u></u>	<u><u>6,196,121</u></u>

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

The breakdown of operating costs of the Consolidated Company is as follows:

	April 2023 to June 2023	April 2022 to June 2022	January 2023 to June 2023	January 2022 to June 2022
Cost of goods sold \$	6,760,253	7,729,127	12,601,363	15,213,132
Loss for market price decline and obsolete and slow-moving inventories (Gain from price recovery)	(51,017)	21,359	(56,880)	33,738
Revenue from sale of scraps	(53,919)	(64,005)	(102,081)	(119,775)
Total	<u>\$ 6,655,317</u>	<u>7,686,481</u>	<u>12,442,402</u>	<u>15,127,095</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, the consolidated company's inventory had not been provided as a pledge.

Loss for market price decline and obsolete and slow-moving inventories are because the inventory is slow-moving, outdated, or unusable, and the net realizable value of the inventory is lower than the cost as operating costs; in addition, the inventory market price decline and slow-moving recovery profit are due to the unrecognized scrapped or disposed inventories which previously net realizable value are lower than the cost. As a result, the net realizable value of inventories is increased, and a deduction of operating costs is recognized.

On January 15, 2023, the Company's inventory of NTD 271,522 thousand was derecognized due to a fire accident, which was listed under the non-operating income and expenses - other gains and losses. For relevant descriptions, please refer to Note 6 (19) and Note 10.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

(VI) Property, plant and equipment

The details of the cost and change on depreciation for property, plant, and equipment of the consolidated company from January 1 to June 30, 2023 and 2022 are as follows:

	Land	Property and building	Equipment	Other	Unfinished works and equipment to be inspected	Total
Cost or deemed cost:						
Balance as of January 1, 2023	\$ 2,537,243	4,107,905	9,791,703	2,961,423	3,520,330	22,918,604
Addition (including interest capitalization)	-	-	-	-	1,800,187	1,800,187
Disposal	-	(143,563)	(532,611)	(59,368)	(105,813)	(841,355)
Reclassification	-	565,766	232,390	279,798	(1,077,954)	-
Impact from change in exchange rate	-	(104,374)	(200,355)	(64,655)	(100,716)	(470,100)
Balance as of June 30, 2023	<u>\$ 2,537,243</u>	<u>4,425,734</u>	<u>9,291,127</u>	<u>3,117,198</u>	<u>4,036,034</u>	<u>23,407,336</u>
Balance as of January 1, 2022	\$ 470,621	2,786,073	7,948,500	2,179,534	2,622,734	16,007,462
Addition (including interest capitalization)	2,066,622	-	-	-	2,361,925	4,428,547
Disposal	-	-	(14,612)	(4,219)	-	(18,831)
Reclassification	-	36,010	75,292	72,261	(183,563)	-
Impact from change in exchange rate	-	41,945	114,394	35,461	67,191	258,991
Balance as of June 30, 2022	<u>\$ 2,537,243</u>	<u>2,864,028</u>	<u>8,123,574</u>	<u>2,283,037</u>	<u>4,868,287</u>	<u>20,676,169</u>
Depreciation and impairment losses:						
Balance as of January 1, 2023	\$ -	1,244,293	5,527,029	1,467,404	-	8,238,726
Depreciation for the year	-	102,504	257,889	169,184	-	529,577
Disposal	-	(89,627)	(454,760)	(46,741)	-	(591,128)
Impact from change in exchange rate	-	(23,931)	(102,686)	(28,495)	-	(155,112)
Balance as of June 30, 2023	<u>\$ -</u>	<u>1,233,239</u>	<u>5,227,472</u>	<u>1,561,352</u>	<u>-</u>	<u>8,022,063</u>
Balance as of January 1, 2022	\$ -	1,098,834	5,173,292	1,266,754	-	7,538,880

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

	<u>Land</u>	<u>Property and building</u>	<u>Equipment</u>	<u>Other</u>	<u>Unfinished works and equipment to be inspected</u>	<u>Total</u>
Depreciation for the year	-	62,157	186,659	97,859	-	346,675
Disposal	-	-	(14,479)	(4,005)	-	(18,484)
Impact from change in exchange rate	-	14,513	64,994	18,896	-	98,403
Balance as of June 30, 2022	<u>\$ -</u>	<u>1,175,504</u>	<u>5,410,466</u>	<u>1,379,504</u>	<u>-</u>	<u>7,965,474</u>
Book value:						
January 1, 2023	<u>\$ 2,537,243</u>	<u>2,863,612</u>	<u>4,264,674</u>	<u>1,494,019</u>	<u>3,520,330</u>	<u>14,679,878</u>
June 30, 2023	<u>\$ 2,537,243</u>	<u>3,192,495</u>	<u>4,063,655</u>	<u>1,555,846</u>	<u>4,036,034</u>	<u>15,385,273</u>
January 1, 2022	<u>\$ 470,621</u>	<u>1,687,239</u>	<u>2,775,208</u>	<u>912,780</u>	<u>2,622,734</u>	<u>8,468,582</u>
June 30, 2022	<u>\$ 2,537,243</u>	<u>1,688,524</u>	<u>2,713,108</u>	<u>903,533</u>	<u>4,868,287</u>	<u>12,710,695</u>

On June 30, 2023, December 31, 2022, and June 30, 2022, the property, plant, and equipment of the consolidated company were not provided as guarantees for bank loans and pledges of financing lines.

Due to operational needs, the consolidated company purchased industrial land in 2021. The total contract price was NTD 2,160,000 thousand. The price had been paid in full in 2022, and the contract and transfer were completed in May 20, 2022.

To expand production capacity and cooperate with the local government's relocation plan, the consolidated company purchased relevant equipment and conducted further construction. Please refer to Note 9 (1) for the relevant major engineering contracts.

Please refer to Note 6 (19) for capitalized interest.

On January 15, 2023, the book value of part of the Company's buildings, equipment, and construction in progress, amounting to NTD 248,367 thousand, was derecognized due to a fire accident, which was listed under the non-operating income and expenses - other gains and losses. Please refer to Notes 6 (19) and Note 10 for details.

(VII) Right-of-use assets

The cost and depreciation of the land leased by the consolidated company are detailed as follows:

	<u>Land</u>	<u>Property and building</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance as of January 1, 2023	\$ 362,629	348,903	711,532

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

Impact from change in exchange rate		(10,365)	4,885	(5,480)
Balance as of June 30, 2023	\$	<u>352,264</u>	<u>353,788</u>	<u>706,052</u>
Balance as of January 1, 2022	\$	357,364	314,479	671,843
Impact from change in exchange rate		7,815	23,177	30,992
Balance as of June 30, 2022	\$	<u>365,179</u>	<u>337,656</u>	<u>702,835</u>
Depreciation and impairment losses on right-of-use assets:				
Balance as of January 1, 2023	\$	62,482	39,874	102,356
Depreciation		3,982	9,938	13,920
Impact from change in exchange rate		(1,879)	729	(1,150)
Balance as of June 30, 2023	\$	<u>64,585</u>	<u>50,541</u>	<u>115,126</u>
Balance as of January 1, 2022	\$	53,684	17,970	71,654
Depreciation		4,009	9,293	13,302
Impact from change in exchange rate		1,196	1,679	2,875
Balance as of June 30, 2022	\$	<u>58,889</u>	<u>28,942</u>	<u>87,831</u>
Book value:				
January 1, 2023	\$	<u>300,147</u>	<u>309,029</u>	<u>609,176</u>
June 30, 2023	\$	<u>287,679</u>	<u>303,247</u>	<u>590,926</u>
January 1, 2022	\$	<u>303,680</u>	<u>296,509</u>	<u>600,189</u>
June 30, 2022	\$	<u>306,290</u>	<u>308,714</u>	<u>615,004</u>

On June 30, 2023, December 31, 2022, and June 30, 2022, the consolidated company's land use rights were not provided as guarantees for bank loans and the amount of financing.

(VIII) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loan	\$ <u>7,433,526</u>	<u>5,209,815</u>	<u>3,942,389</u>
Unused short-term credit lines	\$ <u>10,686,304</u>	<u>13,206,472</u>	<u>12,140,468</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Interest rate range **3.00%~6.92%** **3.00%~5.81%** **1.30%~3.85%**

Please refer to Note 6 (20) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(IX) Long-term borrowings

The detail of the consolidated company's long-term borrowings is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loan	\$ 1,641,527	1,005,789	390,283
Less: amount due within one year	(669,764)	(89,657)	-
Total	<u>\$ 971,763</u>	<u>916,132</u>	<u>390,283</u>
Unused short-term credit lines	<u>\$ 5,483,765</u>	<u>6,021,262</u>	<u>6,609,253</u>
Interest rate range	<u>3.60%~4.35%</u>	<u>3.60%~4.35%</u>	<u>3.80%~4.35%</u>
Due year	<u>2023~2025</u>	<u>2023~2025</u>	<u>2023~2025</u>

Please refer to Note 6 (20) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

The consolidated company signs a credit contract with a financial institution. According to the credit contract, during the loan period, the financial statement of the merging company must maintain the current ratio, debt ratio, tangible net worth, interest coverage ratio and other financial ratios specified on the balance sheet date. If the loan contract is violated Certain conditions, according to the agreement, should be improved by cash capital increase or other means. On June 30, 2023, December 31, 2022, and June 30, 2022, the Consolidated Company did not violate the above financial ratio restrictions.

(X) Unsecured convertible bonds

	June 30, 2023	December 31, 2022	June 30, 2022
Bond issuance amount	\$ 3,465,300	3,465,300	3,465,300
Unamortized balance of discounted			
corporate bonds payable	(144,724)	(163,160)	(181,530)
Ending balance of corporate bonds			
payable	<u>\$ 3,320,576</u>	<u>3,302,140</u>	<u>3,283,770</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Embedded derivative financial instruments - call-back and repurchase rights (presented as financial liabilities at fair value through profit or loss)	\$ <u>693</u>	<u>23,564</u>	<u>26,683</u>
Equity component - conversion right (reported in capital surplus - subscription right)	\$ <u>207,618</u>	<u>207,618</u>	<u>207,618</u>

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Embedded derivative financial instruments - remeasurement of call-back and repurchase at fair value through profit and loss (presented in the non-operating income and expense in financial assets (liabilities) at fair value through profit or loss)	\$ <u>16,633</u>	<u>(16,980)</u>	<u>22,871</u>	<u>(16,980)</u>
Interest expenses	\$ <u>9,250</u>	<u>6,124</u>	<u>18,436</u>	<u>6,124</u>

The Company issued 5th 5-year unsecured convertible bonds with a coupon rate of 0% on April 25, 2022, with a total amount of NTD 3,465,300 thousand, issued at 101% of the face value. The actual debt amount was NTD 3,499,953 thousand. The maturity date is April 25, 2027, and the bond discount rate is 1.3057%. Thirty days before the 3-year issuance date, the creditor may request the Company to redeem the convertible bonds held by the Company in cash at the denomination of the bond. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement.

1. Repayment date and method:

Except for those that are converted into common shares of the Company in advance,

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

or called-back by the Company or repurchased by bond holders in advance, the principal will be repaid in cash in one lump sum upon maturity.

2. Conversion prices and the adjustments:

The conversion price at the time of issuance is set at NTD 263 per share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. As the Company takes September 2, 2022 as the base date for dividend distribution, according to the provisions of Article 11 of the Company's 5th domestic unsecured convertible corporate bond issuance and conversion methods, the adjustment conversion price is adjusted from NTD 263 to NTD 246.8. This bond does not have reset feature.

3. The call-back right of the Company for the convertible corporate bonds:

(1) From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date:

- A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days;
- B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount;

The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.

(2) The Yield to Call are as follows:

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, call back by cash at par value.

(3) If the bond holders fails to provide a written response to the Company's agency before the bond call-back date stated in the "Notice to call back

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

bonds” (which takes effect when it is served, and the postmark date for registered mail shall be used as the basis for call-back date), the Company will call-back the bonds in cash within five business days after the bond call back date.

4. The bond holders’ right of repurchase:

30 days before the 3-year issuance date, the bond holder may request the Company to call-back the convertible bonds held by the Company in cash at par value. The conversion price of convertible bonds shall be handled in accordance with the Company’s issuance agreement. The Company accepts the repurchase request and shall call-back the convertible bonds in cash within five business days after the repurchase date.

Please refer to Note 6 (20) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(XI) Lease liabilities

The carrying amounts of the consolidated company’s lease liabilities are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u>\$ 12,754</u>	<u>12,834</u>	<u>12,663</u>
Non-current	<u>\$ 308,654</u>	<u>310,732</u>	<u>306,752</u>

For maturity analysis, please refer to Note 6 (20) Financial Instruments.

The amounts recognized in profit or loss are as follows:

	April 2023 to June 2023	April 2022 to June 2022	January 2023 to June 2023	January 2022 to June 2022
Interest expense on				
lease liability	<u>\$ 2,587</u>	<u>2,554</u>	<u>5,166</u>	<u>5,027</u>
Expense on				
short-term lease	<u>\$ 10,997</u>	<u>9,568</u>	<u>22,813</u>	<u>19,450</u>

The amounts recognized in the statement of cash flows are as follows:

	January 2023 to June 2023	January 2022 to June 2022
Total cash outflow from lease	<u>\$ 34,554</u>	<u>30,429</u>

1. Leasing of houses and buildings

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

On January 1, 2021, the consolidated company leased houses and buildings as plants and offices for a period of 17.5 years. When the lease term expires, the consolidated company has no preferential purchasing right to the lease.

2. Other leases

The lease period of office equipment and transportation equipment leased by the consolidated company is usually one year, and these leases are short-term or low-value leases. The consolidated company selects applicable exemption from recognition of the relevant right-of-use assets and lease liabilities.

(XII) Other non-current liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments	\$ 436,193	456,527	467,546
Guarantee deposits and margins received	<u>17,918</u>	<u>18,807</u>	<u>19,602</u>
Total	<u>\$ 454,111</u>	<u>475,334</u>	<u>487,148</u>

Due to the relocation of the Kunshan Youbi Factory, the consolidated company received an advance payment of NTD 338,278 thousand, NTD 347,978 thousand and NTD 350,425 thousand on June 30, 2023, December 31, 2022, and June 30, 2022 respectively. Please refer to Note 9 (2) for details.

(XIII) Employee benefits

1. Defined benefit plans

Since there were no major market fluctuations, major reductions, liquidations, or other major one-off events after the reporting date of the previous year, the consolidated company adopted the actuarially determined pensions on December 31, 2022 and 2021 and disclose the pension costs for interim periods.

The details of the consolidated company's reported expenses are as follows:

	April 2023 to June 2023	April 2022 to June 2022	January 2023 to June 2023	January 2022 to June 2022
Operating costs	\$ -	2,515	-	4,839
Total selling expenses	-	132	-	259
Total administrative expenses	-	636	-	1,228

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

Total research and development expenses	-	403	-	766
	<u>\$ -</u>	<u>3,686</u>	<u>-</u>	<u>7,092</u>

2. Determined appropriation plan

The consolidated company has determined the pension expenses under the appropriation method as follows, which have been appropriated to the Bureau of Labor Insurance:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Operating costs	\$ 38,910	40,534	75,909	79,994
Total selling expenses	2,761	2,824	5,490	5,613
Total administrative expenses	4,765	4,236	9,327	8,208
Total research and development expenses	<u>3,558</u>	<u>3,032</u>	<u>6,891</u>	<u>5,976</u>
Total	<u>\$ 49,994</u>	<u>50,626</u>	<u>97,617</u>	<u>99,791</u>

(XIV) Income tax

The detail of the consolidated corporate income tax expense is as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Current income tax expense				
Current tax expense recognized in the current year	\$ 544,588	304,818	789,242	556,154
Income tax adjustments on prior years	<u>(11,700)</u>	<u>(9,018)</u>	<u>(11,617)</u>	<u>(9,018)</u>
	<u>532,888</u>	<u>295,800</u>	<u>777,625</u>	<u>547,136</u>
Deferred income tax expense				
Occurrence and reversal of temporary differences	<u>54,966</u>	<u>68,213</u>	<u>59,572</u>	<u>159,824</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Income tax expenses	<u>\$ 587,854</u>	<u>364,013</u>	<u>837,197</u>	<u>706,960</u>
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The details of income tax (expense) gains and losses recognized by the consolidated company under other comprehensive income are as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ 126,463</u>	<u>48,198</u>	<u>107,883</u>	<u>(89,778)</u>

The income tax settlement declaration of the profit-seeking enterprise of the consolidated company has been approved by the tax collection authority until 2020.

(XV) Capital and other equity

Except for the following, there was no significant change in the capital and other equity of the consolidated company from January 1 to June 30, 2023 and 2022. For relevant information, please refer to Note 6 (16) to the 2022 Consolidated Financial Statement.

1. Issuance of common stock

On June 30, 2023, December 31, 2022, and June 30, 2022, the Company's total rated share capital was NTD 6,000,000 thousand. The face value of each share is NTD 10 with 600,000 thousand shares. The issued common shares are all 332,918 thousand shares, and all share price on the issued shares have been received.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Additional paid-in capital in excess of par - common stock	\$ 95,627	95,627	95,627
Additional paid-in capital in excess of par - convertible bond	1,773,034	1,773,034	1,773,034
Conversion right	<u>207,618</u>	<u>207,618</u>	<u>207,618</u>
	<u>\$ 2,076,279</u>	<u>2,076,279</u>	<u>2,076,279</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

3. Retained earnings

According to the Company's Articles of Association, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% as legal reserve of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. But if the Company's legal reserve equals to or exceeds paid-in capital, this restriction does not apply.

On May 26, 2022, the shareholders' meeting resolved the Company's dividends and bonuses distributed in cash in whole or in part of the legal reserve and capital surplus are authorized by the Board of Directors meeting attended by more than 2/3 of the Directors with a simple majority of the Directors in session and reported to the General Meeting of Shareholders.

To consider the characteristics of industrial growth and improve the Company's financial structure, the annual earning distribution may not be made if the year in which the loss occurs, and the dividend policy will give priority to the Company's future development, financial status, and shareholders' remuneration where stock dividends will be distributed in consideration of the Company's future capital expenditure budget to retain the required cash. The rest will be distributed to shareholders in the form of cash dividends, provided that the distribution of cash dividends shall not be less than 20% of the total distributed dividends.

The earning distribution shall be appropriated with adding 10%-70% of the distributable earning after accumulating undistributed earnings in the past after setting aside various reserves.

(1) Legal reserve

The Company shall set aside 10% of the net profit after tax as legal reserve of the remaining profit until it equals the total capital. When the Company has no losses, it may, upon a resolution of the shareholders' meeting, distribute legal reserve by issuing new shares or by cash, but only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

(2) Earnings Distribution

The Board of Directors passed the resolution for the 2022 and 2021 earnings distribution proposal on annual general shareholders' meeting on May 31, 2023 and May 26, 2022. The amount of the owner's dividend is as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to owners of common stock:		
Cash	<u>\$ 2,829,806</u>	<u>3,329,183</u>

4. Other equity (net post-tax)

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Equity instrument investment losses measured at fair value through other comprehensive income</u>	<u>Total</u>
January 1, 2023	\$ (511,344)	(37,946)	(549,290)
Exchange differences arising on translation of foreign operations	<u>(431,529)</u>	<u>-</u>	<u>(431,529)</u>
Balance as of June 30, 2023	<u>\$ (942,873)</u>	<u>(37,946)</u>	<u>(980,819)</u>

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Equity instrument investment losses measured at fair value through other comprehensive income</u>	<u>Total</u>
January 1, 2022	\$ (888,136)	(15,773)	(903,909)
Exchange differences arising on translation of foreign operations	<u>359,114</u>	<u>-</u>	<u>359,114</u>
Balance as of June 30, 2022	<u>\$ (529,022)</u>	<u>(15,773)</u>	<u>(544,795)</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

(XVI) Earnings per share

The basic EPS and diluted EPS of the consolidated company are calculated as follows:

	April 2023 to June 2023	April 2022 to June 2022	January 2023 to June 2023	January 2022 to June 2022
Earnings per share - basic				
Net income attributable to common shareholders of the Company	<u>\$ 1,000,301</u>	<u>1,082,738</u>	<u>1,479,997</u>	<u>2,406,660</u>
Common stock outstanding as of January 1	<u>332,918</u>	<u>332,918</u>	<u>332,918</u>	<u>332,918</u>
Weighted Average Number of Common Stocks Outstanding as of June 30	<u>\$ 332,918</u>	<u>332,918</u>	<u>332,918</u>	<u>332,918</u>
Earnings per share - basic	<u>\$ 3.00</u>	<u>3.25</u>	<u>4.45</u>	<u>7.23</u>
Earnings per share - diluted				
Net profit attributable to the Company for the period	\$ 1,000,301	1,082,738	1,479,997	2,406,660
Amount of after-tax effect of relevant gains and losses on convertible bonds	<u>(5,906)</u>	<u>18,483</u>	<u>(3,548)</u>	<u>18,483</u>
Net income attributable to common shareholders of the Company (With the effect of dilutive potential common shares)	<u>\$ 994,395</u>	<u>1,101,221</u>	<u>1,476,449</u>	<u>2,425,143</u>
Weighted average number of common shares outstanding	332,918	332,918	332,918	332,918
Effect of Potential Dilutive Common Shares				
The impact on employee bonuses	224	477	502	679
Effect of Convertible Corporate Bond Conversion	<u>14,041</u>	<u>8,784</u>	<u>14,041</u>	<u>4,392</u>
Weighted average number of common shares outstanding (With the effect of dilutive potential common shares)	<u>347,183</u>	<u>342,179</u>	<u>347,461</u>	<u>337,989</u>
Earnings per share - diluted	<u>\$ 2.86</u>	<u>3.22</u>	<u>4.25</u>	<u>7.18</u>

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

(XVII) Revenue from customer contracts

1. Breakdown of income

		April 2023 to June 2023			
		Domestic department	Foreign department	Adjustment and write off	Total
Key Market					
Region:					
Taiwan	\$	1,375,181	45,747	(8,824)	1,412,104
China		408,875	7,919,767	(1,467,833)	6,860,809
Other countries		657,482	281,094	(31,043)	907,533
	\$	2,441,538	8,246,608	(1,507,700)	9,180,446
Key products:					
Prepreg	\$	916,511	3,552,762	(497,998)	3,971,275
Copper Clad					
Laminate		1,040,630	4,625,485	(579,233)	5,086,882
Mass					
Lamination					
boards		95,940	-	-	95,940
Other		388,457	68,361	(430,469)	26,349
	\$	2,441,538	8,246,608	(1,507,700)	9,180,446

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

		April 2022 to June 2022			
		Domestic department	Foreign department	Adjustment and write off	Total
Key Market					
Region:					
Taiwan	\$	1,616,577	112,315	(16,135)	1,712,757
China		400,971	8,799,690	(1,782,719)	7,417,942
Other countries		637,394	225,577	(10,387)	852,584
	\$	2,654,942	9,137,582	(1,809,241)	9,983,283
Key products:					
Prepreg	\$	1,139,746	3,630,189	(625,955)	4,143,980
Copper Clad					
Laminate		1,027,978	5,399,437	(842,785)	5,584,630
Mass					
Lamination					
boards		228,805	-	-	228,805
Other		258,413	107,956	(340,501)	25,868
	\$	2,654,942	9,137,582	(1,809,241)	9,983,283

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

January 2023 to June 2023				
	Domestic department	Foreign department	Adjustment and write off	Total
Key Market				
Region:				
Taiwan	\$ 2,453,325	413,352	(353,229)	2,513,448
China	625,397	14,355,117	(2,863,422)	12,117,092
Other countries	1,382,923	589,401	(63,291)	1,909,033
	<u>\$ 4,461,645</u>	<u>15,357,870</u>	<u>(3,279,942)</u>	<u>16,539,573</u>
Key products:				
Prepreg	\$ 1,639,858	6,492,645	(1,148,175)	6,984,328
Copper Clad				
Laminate	2,003,288	8,755,528	(1,454,826)	9,303,990
Mass				
Lamination				
boards	201,351	-	-	201,351
Other	617,148	109,697	(676,941)	49,904
	<u>\$ 4,461,645</u>	<u>15,357,870</u>	<u>(3,279,942)</u>	<u>16,539,573</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

January 2022 to June 2022				
	<u>Domestic department</u>	<u>Foreign department</u>	<u>Adjustment and write off</u>	<u>Total</u>
Key Market				
Region:				
Taiwan	\$ 2,966,881	137,436	(23,789)	3,080,528
China	632,716	17,850,063	(3,362,134)	15,120,645
Other countries	<u>1,252,886</u>	<u>458,071</u>	<u>(10,387)</u>	<u>1,700,570</u>
	<u>\$ 4,852,483</u>	<u>18,445,570</u>	<u>(3,396,310)</u>	<u>19,901,743</u>
Key products:				
Prepreg	\$ 2,055,922	7,353,645	(1,130,372)	8,279,195
Copper Clad				
Laminate	1,949,756	10,929,113	(1,672,513)	11,206,356
Mass				
Lamination				
boards	370,657	-	-	370,657
Other	<u>476,148</u>	<u>162,812</u>	<u>(593,425)</u>	<u>45,535</u>
	<u>\$ 4,852,483</u>	<u>18,445,570</u>	<u>(3,396,310)</u>	<u>19,901,743</u>

(XVIII) Remuneration to the employees and directors

In accordance with the Company's Articles of Association, when there is profit in the annual closing, the employee's remuneration shall not be less than 3% and the director's remuneration shall not be higher than 1.2%. However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss. In addition, when employee remuneration is distributed in stock or cash, the recipients of the payment include employees of subsidiaries that meet certain conditions

The estimated figure of the Company's employees' remuneration from April 1 to June 30 and January 1 to June 30, 2023 and 2022 were NTD 34,158 thousand, 40,111 thousand, 54,583 thousand, and 85,102 thousand respectively, and the estimated amount of directors' remuneration NTD 7,401 thousand, 13,370 thousand, 11,826 thousand, and 28,367 thousand respectively which is estimated based on the pre-tax net profit for each period before deducting employee and directors' remuneration multiplied by the distribution of employee and director's remuneration percentage

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

stipulated in the Company's Articles of Association. The employee's remuneration is reported as the operating costs or expenses from January 1 to June 30, 2023 and 2022. If there is a difference between the actual distribution amount in the next year and the estimated figure, it will be handled according to the change in accounting estimates, and the difference will be recognized as the profit and loss of the next year.

The Company's employee remuneration in 2022 and 2021 was NTD 172,916 thousand and 189,120 thousand respectively, and the amount of directors' remuneration was NTD 37,465 thousand and 63,040 thousand respectively. There is no difference between the amount of employee remuneration and director's remuneration in 2022 and 2021 and the actual distribution and the relevant information can be inquired at the MOPS.

(XIX) Non-operating income and expenses

1. Total interest income

The details of interest income of the consolidated company from January 1 to June 30, 2023 and 2022 are as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Bank deposit interest \$	<u>29,961</u>	<u>16,071</u>	<u>51,401</u>	<u>26,933</u>

2. Other gains and losses

The details of other profits and losses of the consolidated company from January 1 to June 30, 2023 and 2022 are as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Foreign currency exchange (loss) gain	\$ (4,241)	7,081	(6,451)	30,270
Gain (loss) on financial liabilities at fair value through profit or loss	16,633	(16,980)	22,871	(16,980)
Loss on disposal of property, plant and equipment	(126)	(278)	(1,750)	(347)

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Disaster loss	-	-	(537,959)	-
Claim receipts	-	-	537,959	-
Other gains	<u>11,481</u>	<u>29,158</u>	<u>19,111</u>	<u>44,460</u>
Other gains and losses, net	<u>\$ 23,747</u>	<u>18,981</u>	<u>33,781</u>	<u>57,403</u>

3. Finance costs

The details of financial cost of the consolidated company from January 1 to June 30, 2023 and 2022 are as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Interest expenses	\$ 99,044	41,747	182,116	73,559
Less: capitalized interest	<u>(14,218)</u>	<u>(995)</u>	<u>(25,701)</u>	<u>(998)</u>
	<u>\$ 84,826</u>	<u>40,752</u>	<u>156,415</u>	<u>72,561</u>

(XX) Financial instrument

Except for the following, there is no significant change in the fair value of the financial instruments of the consolidated company and the exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6 (21) to 2022 Consolidated Financial Statement.

1. Liquidity risk

The following table shows the contractual expiration dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6- 12 months</u>	<u>1- 2 years</u>	<u>Over 2 years</u>
June 30, 2023						
Non-derivative						
financial						
liabilities						
Unsecured bank						
loan	\$ 9,075,053	9,286,923	4,176,426	4,112,262	998,235	-
Accounts						
payable	7,180,117	7,180,117	7,180,117	-	-	-
Other payables	6,131,057	6,131,057	6,131,057	-	-	-

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6- 12 months</u>	<u>1- 2 years</u>	<u>Over 2 years</u>
Bonds payable	3,320,576	3,465,300	-	-	-	3,465,300
Lease liabilities	<u>321,408</u>	<u>411,520</u>	<u>11,474</u>	<u>11,474</u>	<u>23,523</u>	<u>365,049</u>
	<u>\$ 26,028,211</u>	<u>26,474,917</u>	<u>17,499,074</u>	<u>4,123,736</u>	<u>1,021,758</u>	<u>3,830,349</u>

December 31, 2022

Non-derivative

financial

liabilities

Unsecured bank

loan	\$ 6,215,604	6,359,104	3,109,303	2,307,343	460,988	481,470
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Accounts

payable	6,513,281	6,513,281	6,513,281	-	-	-
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Other payables	3,288,347	3,288,347	3,288,347	-	-	-
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Bonds payable	3,302,140	3,465,300	-	-	-	3,465,300
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Lease liabilities	<u>323,566</u>	<u>417,615</u>	<u>11,777</u>	<u>11,316</u>	<u>22,915</u>	<u>371,607</u>
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	<u>\$ 19,642,938</u>	<u>20,043,647</u>	<u>12,922,708</u>	<u>2,318,659</u>	<u>483,903</u>	<u>4,318,377</u>
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 - 12 months</u>	<u>1 - 2 years</u>	<u>Over 2 years</u>
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June 30, 2022

Non-derivative

financial

liabilities

Unsecured bank

loan	\$ 4,332,672	4,417,355	2,660,996	1,344,216	118,678	293,465
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Accounts payable	8,868,813	8,868,813	8,868,813	-	-	-
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Other payables	6,302,287	6,302,287	6,302,287	-	-	-
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Bonds payable	3,283,770	3,465,300	-	-	-	3,465,300
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Lease liabilities	<u>319,415</u>	<u>415,551</u>	<u>11,398</u>	<u>11,398</u>	<u>21,903</u>	<u>370,852</u>
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	<u>\$ 23,106,957</u>	<u>23,469,306</u>	<u>17,843,494</u>	<u>1,355,614</u>	<u>140,581</u>	<u>4,129,617</u>
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The consolidated company does not expect that the cash flows for the maturity analysis will occur significantly earlier, or that the actual amounts will be significantly different.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

2. Currency risk

(1) Currency risk exposure

The consolidated company's significant currency risk exposure of financial assets and liabilities is as follows:

June 30, 2023			
	Foreign currency (thousand)	Exchange rate	NTD
<u>Financial Asset</u>			
<u>Monetary items</u>			
USD	\$ 83,932	USD: NTD 31.1400	2,613,629
	63,246	USD: RMB 7.2723	1,969,495
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	63,867	USD: NTD 31.1400	1,988,831
	88,942	USD: RMB 7.2723	2,769,639
December 31, 2022			
	Foreign currency (thousand)	Exchange rate	NTD
<u>Financial Asset</u>			
<u>Monetary items</u>			
USD	\$ 83,297	USD: NTD 30.7100	2,558,051
	71,930	USD: RMB 6.9669	2,208,977
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	41,085	USD: NTD 30.7100	1,261,732
	88,327	USD: RMB 6.9669	2,712,532

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

		June 30, 2022		
		Foreign currency (thousand)	Exchange rate	NTD
<u>Financial Asset</u>				
<u>Monetary items</u>				
USD	\$	82,597	USD: NTD 29.7200	2,454,792
		94,497	USD: RMB 6.6952	2,808,449
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		66,069	USD: NTD 29.7200	1,963,580
		102,043	USD: RMB 6.6952	3,032,714

(2) Sensitivity analysis

The exchange rate risk of monetary items of the consolidated company arises from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables denominated in foreign currencies where the foreign currency exchange gains and losses arise upon exchange. From January 1 to June 30, 2023 and 2022, when the New Taiwan dollar depreciated or appreciated by 1% relative to the US dollar, and all other factors remained unchanged, the net profit after tax from January 1 to June 30, 2023 and 2022 will increase or decrease by NTD 1,344 thousand and NTD 2,387 thousand respectively.

Due to the variety of functional currencies of the consolidated company, the exchange profit and loss information of monetary items was disclosed in summary. The foreign currency exchange gains and losses (including realized and unrealized) from January 1 to June 30, 2023 and 2022 were a loss of NTD 6,451 thousand and a profit of NTD 30,270 thousand respectively.

3. Fair value information

(1) Type and fair value of financial instruments

The consolidated company's financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

liabilities (including fair value level, but the carrying amount of financial instruments not measured at fair value is a reasonable approximation of the fair value. For equity instrument investments that are not quoted in the active market and whose fair value cannot be reliably measured, there is no need to disclose fair value information according to regulations) are listed as follows:

	June 30, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at					
amortized cost					
Cash and cash equivalents	\$ 13,951,042	-	-	-	-
Note receivable and accounts					
receivable	11,657,084	-	-	-	-
Other receivables	589,575	-	-	-	-
Refundable deposits paid	67,981	-	-	-	-
Total	<u>\$ 26,265,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value					
through profit or loss					
Corporate bond repurchase					
rights and call-back rights	\$ 693	-	-	693	693
Financial liabilities measured at					
amortized cost					
Bank loan	9,075,053	-	-	-	-
Accounts payable	7,180,117	-	-	-	-
Other payables	6,131,057	-	-	-	-
Guarantee deposits and					
margins received	17,918	-	-	-	-
Bonds payable	3,320,576	-	-	-	-
Lease liabilities	321,408	-	-	-	-
Subtotal	<u>26,046,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,046,822</u>	<u>-</u>	<u>-</u>	<u>693</u>	<u>693</u>

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

		December 31, 2022			
		Carrying amount	Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at					
amortized cost					
Cash and cash equivalents	\$ 10,443,618	-	-	-	-
Note receivable and accounts					
receivable	11,683,135	-	-	-	-
Other receivables	49,423	-	-	-	-
Refundable deposits paid	69,482	-	-	-	-
Total	\$ 22,245,658	-	-	-	-
Financial liabilities at fair value					
through profit or loss					
Corporate bond repurchase					
rights and call-back rights	\$ 23,564	-	-	23,564	23,564
Financial liabilities measured at					
amortized cost					
Bank loan	6,215,604	-	-	-	-
Accounts payable	6,513,281	-	-	-	-
Other payables	3,288,347	-	-	-	-
Guarantee deposits and					
margins received	18,807	-	-	-	-
Bonds payable	3,302,140	-	-	-	-
Lease liabilities	323,566	-	-	-	-
Subtotal	19,661,745	-	-	-	-
Total	\$ 19,685,309	-	-	23,564	23,564

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

	June 30, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value					
through other comprehensive income					
Domestic and foreign unlisted (non-OTC) stocks	\$ 21,458	-	-	21,458	21,458
Financial assets measured at amortized cost					
Cash and cash equivalents	9,596,220	-	-	-	-
Note receivable and accounts receivable	13,245,766	-	-	-	-
Other receivables	100,225	-	-	-	-
Refundable deposits paid	63,722	-	-	-	-
Subtotal	23,005,933	-	-	-	-
Total	<u>\$ 23,027,391</u>	<u>-</u>	<u>-</u>	<u>21,458</u>	<u>21,458</u>
Financial liabilities at fair value					
through profit or loss					
Corporate bond repurchase rights and call-back rights	\$ 26,683	-	-	26,683	26,683
Financial liabilities measured at amortized cost					
Bank loan	4,332,672	-	-	-	-
Accounts payable	8,868,813	-	-	-	-
Other payables	6,302,287	-	-	-	-
Bonds payable	3,283,770	-	-	-	-
Guarantee deposits and margins received	19,602	-	-	-	-
Lease liabilities	319,415	-	-	-	-
Subtotal	23,126,559	-	-	-	-
Total	<u>\$ 23,153,242</u>	<u>-</u>	<u>-</u>	<u>26,683</u>	<u>26,683</u>

(2) The valuation techniques based on fair value

A. Non-derivative financial instruments

If there is an active market and a price for a financial instrument is

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the Taipei Exchange are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Company's financial instruments with active markets and the basis of their fair values are described as follows:

The stocks of exchange-listed and OTC-listed companies are financial assets with standard terms and conditions that are traded in active markets, and their fair values are determined by reference to market quoted price.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the consolidated balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuter's commercial papers interest rate.

If the consolidated company's financial instruments are with inactive markets and the basis of their fair values are described as follows:

- Equity instruments that do not listed and whose fair value cannot

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

be reliably measured: The fair value is estimated using the market comparable company method, and the main assumption is based on the equity multiplier derived from the net worth per share of the invested company and the market quoted prices of comparable foreign listed (OTC) companies. This estimate has been adjusted for the discounting effect of the lack of market liquidity of the equity securities.

B. Derivative financial instruments

The valuations are based on valuation models widely accepted by market users, such as discounted cash flow and option pricing models.

(3) The transfer between Level 1 and Level 2

There was no transfer from January 1 to June 30, 2023 and 2022.

(4) Reconciliation of Level 3 financial assets

The consolidated company's Level 3 financial assets measured by fair value from January 1 to June 30, 2023 and 2022 are as follows:

	Fair value through other comprehensive income
Balance as of June 30, 2023 (opening balance)	<u><u>\$ -</u></u>
Balance as of January 1, 2022	\$ -
Additions	20,670
Effect of exchange rate changes	<u>788</u>
Balance as of June 30, 2022	<u><u>\$ 21,458</u></u>

(5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The financial assets at fair value classified into Level 3 of the consolidated company include financial assets at fair value through profit or loss - bond transactions without active market and financial assets at fair value through other comprehensive income - equity investments without an active market. Most of the Level 3 fair value attributed to the consolidated company only has single significant unobservable input, and only non-listed (non-OTC) equity instrument investments in have multiple significant unobservable inputs. Significant unobservable inputs of non-listed (non-OTC) equity

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

instrument investments are independent of each other, so there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted cash flow	<ul style="list-style-type: none"> Weighted average cost of capital Perpetual growth rate 	<ul style="list-style-type: none"> The higher the weighted average cost of capital, the lower the fair value The higher the perpetual growth rate, the higher the fair value
Financial liabilities at fair value through profit or loss - Embedded derivative financial instruments - Repurchase right	Binomial tree convertible bond pricing model	<ul style="list-style-type: none"> Volatility (42.35%) 	<ul style="list-style-type: none"> The higher the volatility, the higher the fair value

(XXI) Financial risk management

There is no significant change in the financial risk management objectives and policies of the consolidated company and those disclosed in Note 6 (22) of the 2022 Consolidated Financial Statement.

(XXII) Capital management

The capital management objectives, policies and procedures of the consolidated company are consistent with those disclosed in the 2022 Consolidated Financial Statement; there is no significant change in the aggregated quantitative information of the capital management items and those disclosed in the 2022 Consolidated Financial Statement. For relevant information, please refer to Note 6 (23) of the 2022

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Consolidated Financial Statement.

(XXIII) Investment and financing activities in non-cash investment

The consolidated company's non-cash investment and financing activities from January 1 to June 30, 2023 and 2022 are as follows:

1. For the right-of-use assets obtained by leasing, please refer to Note 6 (7) for details.
2. Reconciliation of liabilities arising from financing activities:

	January 1, 2023	Cash flow	Acquisition	Non-cash changes		June 30, 2023
				Change in exchange rate	Other	
Short-term borrowings	\$ 5,209,815	2,409,658	-	(185,947)	-	7,433,526
Long-term borrowings	1,005,789	680,431	-	(44,693)	-	1,641,527
Lease liabilities	323,566	(6,575)	-	4,417	-	321,408
Bonds payable	3,302,140	-	-	-	18,436	3,320,576
Total liabilities from financing activities	<u>\$ 9,841,310</u>	<u>3,083,514</u>	<u>-</u>	<u>(226,223)</u>	<u>18,436</u>	<u>12,717,037</u>

	January 1, 2022	Cash flow	Acquisition	Non-cash changes		June 30, 2022
				Change in exchange rate	Other	
Short-term borrowings	\$ 2,588,894	1,288,209	-	65,286	-	3,942,389
Long-term borrowings	850,000	(461,872)	-	2,155	-	390,283
Lease liabilities	303,245	(5,952)	-	22,122	-	319,415
Short-term notes payable	199,820	(200,000)	-	-	180	-
Bonds payable	-	3,499,953	-	-	(216,183)	3,283,770
Total liabilities from financing activities	<u>\$ 3,941,959</u>	<u>4,120,338</u>	<u>-</u>	<u>89,563</u>	<u>(216,003)</u>	<u>7,935,857</u>

VII. Related party transaction

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company.

(II) Name and relationship of related party

During the period covered by this consolidated financial statement, the related parties that have transactions with the consolidated company are as follows:

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

<u>Related party</u>	<u>Relationship with the consolidated company</u>
TECHNICA USA	Affiliates of the consolidated company

(III) Significant transactions with related parties

1. Revenue

The significant sales amount of the consolidated company to related parties is as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Associate	\$ <u>(4,715)</u>	<u>8,570</u>	<u>(4,715)</u>	<u>46,974</u>

The terms of sale for the consolidated company to affiliated companies and general customers are determined through negotiation between the two parties. The Payment Terms is 90 to 120 days from invoice date, which is not significantly different from that of ordinary customers, and the premium is negotiated by both parties.

2. Purchase

The purchase amount of the consolidated company to related parties is as follows:

	<u>April 2023 to June 2023</u>	<u>April 2022 to June 2022</u>	<u>January 2023 to June 2023</u>	<u>January 2022 to June 2022</u>
Associate	\$ <u>1,568</u>	<u>28,796</u>	<u>3,010</u>	<u>28,796</u>

The purchase price of the consolidated company to the above-mentioned companies is not significantly different from the purchase price of the consolidated company to general suppliers. The payment terms is net 90 days from invoice date, which is not significantly different from that of ordinary customers.

3. Receivables from related parties

The details of receivables from related parties to the consolidated company are as follows:

<u>Item</u>	<u>Related party categories</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable	Associate	\$ <u>1,178</u>	<u>6,417</u>	<u>11,638</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

4. Payable to related parties

The details of payables to related parties by the consolidated company are as follows:

Item	Related party categories	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	Associate	\$ 2,599	6,528	-
Other payables	Associate	1,620	2,267	2,740
		<u>\$ 4,219</u>	<u>8,795</u>	<u>2,740</u>

5. Endorsement and guarantee

Please refer to Note 13 (1) for the description of the endorsement and guarantee made by the consolidated company on June 30, 2023, for its subsidiaries and affiliates for financing loans.

6. Other related party transactions

Item	Related party categories	April 2023 to June 2023	April 2022 to June 2022	January 2023 to June 2023	January 2022 to June 2022
Other gains	Associate	\$ -	33	-	1,617
Other expenditure	Associate	353	315	353	315
Total selling expenses	Associate	1,019	1,155	1,597	2,382
		<u>\$ 1,372</u>	<u>1,503</u>	<u>1,950</u>	<u>4,314</u>

(IV) Key management personnel transactions

Key management personnel compensation includes:

	April 2023 to June 2023	April 2022 to June 2022	January 2023 to June 2023	January 2022 to June 2022
Short-term employee benefits	\$ 30,460	46,055	53,258	95,927
Post-employment benefits	243	342	462	656
	<u>\$ 30,703</u>	<u>46,397</u>	<u>53,720</u>	<u>96,583</u>

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

VIII. Pledged assets

The details of the carrying amount of the assets pledged by the consolidated company are as follows:

Asset	Purpose of pledge	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits paid	Deposits for mailbox, leases and natural gas, etc.	\$ <u>67,981</u>	<u>69,482</u>	<u>63,722</u>

IX. Material contingent liabilities and unrecognized contractual commitments

(I) Material Unrecognized Contractual Commitments

- The unused standby letters of credit that have been issued by the consolidated company is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unused standby letters of credit			
NTD	\$ 7,399	43,440	51,845
USD	26,645	20,351	31,044

- Significant contracts for construction and purchase of machinery and equipment entered by the consolidated company for the expansion of new plant and equipment and the outstanding amounts are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Total contract price			
JPY	\$ 642,000	642,000	642,000
USD	100,139	56,278	23,750
RMB	746,648	1,047,957	953,859
Unpaid contract price			
JPY	\$ 57,780	57,780	57,780
USD	76,109	19,650	6,788
RMB	297,820	500,444	469,705

(II) Commitment:

Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China), a subsidiary of the

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

consolidated company, formally signed a relocation compensation agreement with the Kunshan Municipal People's Government. According to the local government's planned land use demand, the consolidated company is required to relocate the land use rights, buildings and other ancillary equipment on Youbi Road, Zhoushi Town, Kunshan City and compensation will be allocated to the consolidated company in stages according to the progress of the contract, with a total compensation amount of RMB 195,000 thousand. As of June 30, 2023, the land use rights, buildings and ancillary equipment of Zhoushi Town Youbi Road have not been disposed of. According to the contract, the advance payment amounted to RMB 79,000 thousand (NTD 338,278 thousand), and the remaining compensation will be collected when the construction of the new plant is completed and the land is handed over. The consolidated company is expected to complete the construction by September 30, 2023 and relocate in 2024. The relocation is planned be completed by September 30, 2024.

X. Losses due to major disasters

The Company suffered a major fire accident on January 15, 2023, which caused damage to some of the buildings, equipment, construction in progress, other assets and inventories. The Company has derecognized the damaged buildings, equipment and construction in progress amounted for NT\$248,367 thousand, other assets amounted for NT\$18,070 thousand, inventory amounted for NT\$271,522 thousand and a total disaster loss of NT\$537,959 thousand, listed as non-operating income and expenses other gains and losses. Please refer to Note 6 (19) for details. Among them, the disaster claim is the best estimate based on the evidence available as of the reporting date, but the actual claim amount is subject to follow-up negotiations, and there may still be liabilities that cannot be estimated and have not yet been recognized.

The Company has purchased relevant property insurance, and is currently negotiating with the insurance company to process the claims. The Company has confirmed with the insurance company and its notary that it will almost certainly receive compensation from the insurance company as claims receivable, and the amount recognized shall not exceed the disaster loss of each asset. As of June 30, 2023, the Company has recognized the claims receivable of NTD 537,959 thousand, and listed as non-operating income and expenses other gains and losses. Please refer to Note 6 (19) for details. However, insurance claims involve disaster appraisal, and the Company is still unable to fully confirm the full amount of insurance claims and subsequent incremental insurance claim receipts will not be recognized until the Company is almost certain to receive it.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

XI. Major subsequent events: None.

XII. Other

(I) Employee benefits, depreciation, depletion, and amortization expense are summarized by function as follows:

Function Classification	April 2023 to June 2023			April 2022 to June 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	497,050	282,169	779,219	528,722	267,441	796,163
Labor and national health insurance expenses	28,230	9,593	37,823	26,713	8,546	35,259
Pension expenses	38,910	11,084	49,994	43,049	11,263	54,312
Other employee benefit expenses	35,434	12,816	48,250	36,405	11,532	47,937
Depreciation expense	241,025	38,556	279,581	153,950	20,533	174,483
Amortization expense	268	11,492	11,760	156	9,275	9,431

Function Classification	January 2023 to June 2023			January 2022 to June 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	958,660	511,410	1,470,070	992,870	537,754	1,530,624
Labor and national health insurance expenses	55,802	20,861	76,663	54,589	18,787	73,376
Pension expenses	75,909	21,708	97,617	84,833	22,050	106,883
Other employee benefit expenses	68,213	28,349	96,562	70,772	26,734	97,506
Depreciation expense	476,701	66,796	543,497	318,932	41,045	359,977
Amortization expense	539	22,634	23,173	331	18,358	18,689

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

XIII. Notes to disclosures

(I) Information on significant transactions

From January 1 to June 30, 2023, the consolidated company should re-disclose the relevant information of significant transactions in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers as follows:

1. Lending funds to others:

(Expressed in Thousands of New Taiwan Dollars)

No.	Name of the company providing loans to others	Party to transactions	Account classification	Related party	Maximum balance of the period	Ending balance	Amount actually drawn	Interest rate range	Type of Loans (Note 2)	Amount of transaction	Purposes of the borrowers prepared	Allowance for bad debts	Collateral		Limit on loans to a single business	Limit on the amount of loans
													Name	Value		
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	3,049,270	2,937,452	1,327,420	2.00%	2	-	Operations	-	-	-	5,711,559 (Note 3)	5,711,559 (Note 3)
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	1,471,756	1,421,624	1,284,600	2.00%	2	-	Operations	-	-	-	5,711,559 (Note 3)	5,711,559 (Note 3)
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	1,955,800	894,938	894,938	2.00%	2	-	Operations	-	-	-	1,908,181 (Note 4)	1,908,181 (Note 4)

Note 1: The number is filled in as follows:

1. Parent company is numbered 0.
2. Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: 1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.

2. Where a short-term financing facility is necessary.

Note 3: According to the Company's Regulations Governing Loaning of Funds: the total amount of the loaning shall not exceed 30% of the borrowing company's net worth, nor shall it exceed 30% of the Company's net worth. The limit of loan to a single company shall not exceed 30% of the Company's net worth.

Note 4: According to the Company's Regulations Governing Loaning of Funds: the total amount of loan shall not exceed 30% of the borrowing company's net value, and the limit to a single company shall not exceed 30% of the Company's net value.

Note 5: The consolidated company's total loan of fund shall not exceed 100% of the Company's net worth.

Note 6: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

2. Providing endorsements or guarantees for others:

(Expressed in Thousands of New Taiwan Dollars)

No.	Endorsement/ guarantee provider	Guaranteed party		Limits on endorsement/ guarantee amount provided to each guaranteed party (Note 3)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial	Maximum endorsement/ guarantee amount allowable (Note 3)	Guarantee provided by Parent Company	Guarantee provided by a Subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Nature of relationships (Note 2)										
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLC	2	10,146,613	467,100	467,100	467,100	-	2.30%	20,293,226	Y		
0	"	TECHNICA USA	6	10,146,613	18,684	18,684	18,684	-	0.09%	20,293,226			
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	2	9,519,266	1,776,274	1,715,914	988,456	-	9.01%	19,038,531			Y
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	3,180,302	2,225,504	1,370,240	1,221,826	-	21.54%	6,360,605			Y

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Note 1: 0. refers to the Company.

Note 2: There are the following 7 types of relationship between the endorser and the subject of endorsement:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. Where a public company fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company's Regulations Governing Making of Endorsements/ Guarantees:

The total amount of the Company's endorsement shall not exceed 100% of the Company's most recent net value of the financial statements, and the limit of endorsement guarantees for a single business shall not exceed 50% of the Company's most recent net value of the financial statements.

Note 4: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture).

Unit: NTD in thousand/share

Holding company	Marketable securities type and name	Relationship to the issuer	Classification	End of the period				Remark
				Quantity	Carrying amount	Ratio of shareholding	Fair value	
EMC OVERSEAS HOLDING INCORPORATED	PROUD STAR INTERNATIONAL LIMITED	-	Financial assets at fair value through other comprehensive income - non- current	500,000	-	3.26%	-	
EMC USA HOLDING INCORPORATED	Technica USA (preferred stock)	Associate	"	722,000	-	87.76%	-	

4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars)

Buyer/Seller	Marketable securities type and name	Classification	Counterparty	Nature of relationships	Beginning of the period		Buy (Note 4)		Sell (Note 4)				End of the period	
					Quantity	Amount	Quantity	Amount	Quantity	Selling price	Book cost	Disposal gain (loss)	Quantity	Amount
Grand Zhongshan Incorporated	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Investments accounted for using equity method	(Note 1)	Subsidiary company	-	-	-	3,911,594	-	-	-	-	-	7,474,093 (Note 5)
"	"	"	(Note 2)	"	-	-	-	3,354,634	-	-	-	-	-	7,474,093 (Note 5)
Grand Wuhan Incorporated	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	-	"	-	774,123	-	-	-	709,964	920,264	(210,300) (Note 3)	-	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	"	-	"	-	-	-	895,684	-	-	-	-	-	897,880 (Note 5)
"	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	(Note 1)	"	-	-	-	3,237,978	-	-	-	-	-	6,360,605 (Note 5)

Note 1: It refers to a cash capital increase.

Note 2: It refers to a capital increase through share exchange.

Note 3: It refers to disposal gain or loss, listed under retained earnings.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Note 4: Please refer to Notes 4 (2) 1 to 3 for the information on buying and selling.

Note 5: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

5. Acquisition of property reaching NT\$300 million or 20% of paid-in capital or more:
None.
6. Disposal of property reaching NT\$300 million or 20% of paid-in capital or more:
None.
7. The purchase and sale of goods with related parties reaching NT\$100 million or 20% of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationships	Transaction details				Abnormal transaction		Notes/ accounts payable or receivable		Remark
			Purchases/sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Parent company and subsidiary	Sales	(248,893)	(6)%	Depends on the financial position of the Company	-		193,009	7%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	248,893	5%	"	-		(193,009)	(6)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(198,142)	(4)%	"	-		178,504	6%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	198,142	6%	"	-		(178,504)	(7)%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Sales	(313,084)	(4)%	"	-		158,410	3%	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Purchase	313,084	11%	"	-		(158,410)	(7)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Sales	(669,514)	(26)%	"	-		218,382	15%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	669,514	15%	"	-		(218,382)	(7)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	Sales	(1,404,024)	(54)%	"	-		863,985	58%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	Purchase	1,404,024	39%	Depends on the financial position of the Company	-		(863,985)	(36)%	

Note: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationships	Ending balance	Turnover days (times)	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Parent company and subsidiary	193,009	3.47	-		37,664	-
Elite Material Co., Ltd. (Note 2)	"	"	67,369	Not applicable	-		-	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	178,504	3.01	-		20,618	-
Elite Material Co., Ltd. (Note 2)	"	"	39,382	Not applicable	-		-	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	158,410	5.51	-		105,161	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) (Note 2)	"	"	337,832	Not applicable	-		-	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Parent company and subsidiary	67,482	3.28	-		9,376	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) (Note 2)	"	"	1,290,952	Not applicable	-		-	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	31,059	3.34	-		8,778	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) (Note 2)	"	"	1,331,078	Not applicable	-		-	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	13,811	14.02	-		7,474	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) (Note 2)	"	"	235,910	Not applicable	-		-	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	8,180	2.70	-		1,073	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) (Note 2)	"	"	899,149	Not applicable	-		-	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Parent company and subsidiary	218,382	3.84	-		60,848	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	863,985	3.63	-		287,604	-

Note 1: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

Note 2: Other receivables- related parties

9. Trading in derivative instruments: None.
10. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

No. (Note 1)	Related party	Transaction counterparty	Relationship to the counterparty (Note 2)	Business transactions of the second quarter of 2023			
				Classification	Amount	Transaction terms	% of total
0	Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	1	Sales revenue	248,893	Note 3	1.50%
0	"	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	1	Sales revenue	198,142	"	1.20%
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	2	Sales revenue	313,084	"	1.89%
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	1	Other receivables	1,290,952	Note 4	2.69%
1	"	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	1	Other receivables	1,331,078	"	2.78%
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	3	Other receivables	899,149	"	1.88%
3	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	2	Sales revenue	669,514	Note 3	4.05%
3	"	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Sales revenue	1,404,024	"	8.49%
3	"	"	3	Accounts receivable	863,985	"	1.80%

Note 1: The number is filled in as follows:

1. Parent company is numbered 0.
2. Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: The types of relationships with counterparties are as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The sale price is negotiated by the buyer and the seller, and the payment terms are determined by the financial status of the subsidiary.

Note 4: There are no other transaction counterparty for comparison.

Note 5: The transaction amount below 1% of the combined total revenue or total assets will not be disclosed.

Note 6: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

(II) Information on investees (excluding investee companies in China):

The information on the investees of the consolidated company from January 1 to June 30, 2023 is as follows:

(Expressed in Thousands of New Taiwan Dollars)

Investment company	Invested company	Location	Business scope	Original investment amount		Holding of investment at the end of the period			Invested company's profit and/or loss this term	Profit and/or loss recognized this term (Note 7)	Remark
				End of the current period	End of last year	Quantity (share)	Proportion	Carrying amount (Note 7)			
Elite Material Co., Ltd.	EMC OVERSEAS HOLDING INCORPORATED	British Virgin Islands	Investment	1,179,111	1,179,111	36,256,950	100.00%	19,098,670	1,357,971	1,357,971	Subsidiary company
"	Grand Wuhan Incorporated	Cayman Islands	Investment	602,440	602,440	20,020,000	100.00%	721,728	128,008	128,008	"
"	EMC INTERNATIONAL HOLDING INCORPORATED	"	Investment	781,850	781,850	27,042,000	100.00%	689,460	(73,794)	(73,794)	"
"	Li Ceng Technology Co., Ltd.	Taiwan	Electrical appliances, telecommunications equipment, wholesale, retail, battery, power generation, and manufacturing of power distribution machinery	173,694	173,694	16,412,918	33.50%	-	-	-	Note 6

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

Investment company	Invested company	Location	Business scope	Original investment amount		Holding of investment at the end of the period			Invested company's profit and/or loss this term	Profit and/or loss recognized this term (Note 7)	Remark
				End of the current period	End of last year	Quantity (share)	Proportion	Carrying amount (Note 7)			
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Cayman Islands	Investment	1,078,006	1,078,006	34,618,060	100.00%	19,061,690	1,357,249	1,357,249	Subsidiary of subsidiary company
"	Li Ceng Technology Co., Ltd.	Taiwan	Electrical appliances, telecommunications equipment, wholesale, retail, battery, power generation, and manufacturing of power distribution machinery	7,311	7,311	250,000	1.53%	-	-	-	Note 6
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	British Virgin Islands	Investment	1,054,114	1,054,114	18,200,000	100.00%	11,577,075	1,029,610	1,029,610	Fellow subsidiary company
"	Grand Zhongshan Incorporated	"	Investment	511,848	511,848	16,437,000	100.00%	7,483,120	327,631	327,631	"
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment	817,581	817,581	26,255,000	100.00%	688,293	(73,801)	(73,801)	Subsidiary of subsidiary company
"	EMC USA HOLDING INCORPORATED	"	Investment	22,794	22,794	732,000	100.00%	23	-	-	"
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	USA	Production and sales of Copper Clad Laminate and Prepreg	815,778	815,778	-	100.00%	687,114	(66,203)	(66,203)	Fellow subsidiary company
EMC USA HOLDING INCORPORATED	TECHNICA USA	"	International Trade	18,270	18,270	600,000	30.00%	-	1,948	-	Note 4, 5

Note 1: The carrying amount is the investment balance recognized under the equity method, including investment gains and losses and accumulated exchange adjustments...etc.

Note 2: The financial statements reviewed by the CPA of the parent company in Taiwan are using the equity method.

Note 3: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

Note 4: Since other shareholders hold 70% of the shares, the Company only accounts for 30%, so the Company has no control over it.

Note 5: On October 27, 2021, the consolidated company approved the resolution of the Board of Directors to adjust the investment structure. The original investment of NTD 16,608 thousand, which was reinvested in Technica through EMC Holding LTD., was adjusted to be invested in Technica by USA Holding. The investment structure change was completed on January 10, 2022 by the Investment Review Committee.

Note 6: The investment value has been impaired and the loss was recognized in full where the book value was reduced to zero in 2005.

Note 7: The difference between the ending balance and the net equity value is due to the difference between the unrealized gross profit on sales and the amortization of equipment purchasing.

(III) Information of investment in Mainland China:

1. Information on reinvestment in Mainland China:

(Expressed in Thousands of New Taiwan Dollars)

Invested company in China	Business scope	Paid-in shares capital	Investment method (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	Invested company's profit and/or loss this term	The Company's direct or indirect holding percentage	Profit and/or loss recognized this term (Note 2)	Carrying amount as of June 30, 2023	Accumulated inward remittance of earnings as of June 30, 2023
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Production and sales of Copper Clad Laminate and Prepreg	3,239,997	(2)	650,816	-	-	650,816	1,481,218	100.00%	1,481,218	19,038,531	9,786,464
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	3,436,305	(2)	440,613	-	-	440,613	606,315	100.00%	606,315	6,360,605	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	564,209	(2)	601,858	-	-	601,858	149,385	100.00%	149,385	897,880	-

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

2. Upper limit on reinvestment in Mainland China:

Company name	Accumulated investment in Mainland China as of June 30, 2023	Investment amounts authorized by investment commission, MOEA	Upper limit on investment
The Company	1,710,734	10,958,800	12,175,935

Note 1: There are three types of investment methods, and they indicated below:

- (I) Directly conduct investment in China.
- (II) Reinvest in China through a company in which the same have invested in a third jurisdiction.
- (III) Other methods.

Note 2: Financial statements reviewed by CPA of the parent company in Taiwan.

Note 3: The difference between the paid-in capital of Elite Electronic Material (Kunshan) Co., Ltd (Mainland China) and the remittance from Taiwan is the direct investment of USD 6,012 thousand, USD 24,846 thousand, and USD 16,000 thousand by the overseas subsidiary, and capital increase through capitalization of retained earnings of USD 10,000 thousand and USD 35,000 thousand.

Note 4: The differences between the paid-in capital of Elite Electronic Material (Zhongshan) Co., Ltd (Mainland China) and the remittance from Taiwan are the capital increase through capitalization of retained earnings of USD 6,255 thousand and direct investment of RMB 649,959 thousand by offshore subsidiaries.

Note 5: The difference between the paid-in capital and the remittance from Taiwan is the direct investment of USD 110 thousand by the overseas subsidiary.

Note 6: It is converted according to the exchange rate of 31.1400 (asset and liability) and 30.6150 (profit and loss) on June 30, 2023.

Note 7: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

3. Significant transactions:

For the direct or indirect significant transactions between the consolidated company and the Chinese invested company from January 1 to June 30, 2023 (which have been offset when the consolidated report is prepared), please refer to “Information on Significant Transactions” for details.

(IV) Information of major shareholders:

Shareholding	Shares held	Ratio of shareholding
Name of major shareholders:		
Yuchang Investment Co., Ltd.	25,471,477	7.65%

Note: (1) In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

(2) For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders

Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements (Cont.)

with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to MOPS for information on the reporting of insider shareholding.

XIV. Department information

The information and adjustments of the operating departments of the consolidated company are as follows:

		April 2023 to June 2023			
		Domestic department	Foreign department	Other departments	Adjustment and write off
					Total
Income:					
Income from external					
customers	\$	2,004,805	7,175,641	-	-
Income from each department		436,733	1,070,967	-	(1,507,700)
Total income	\$	<u>2,441,538</u>	<u>8,246,608</u>	<u>-</u>	<u>(1,507,700)</u>
Segment gains and losses which shall be disclosed	\$	<u>1,105,022</u>	<u>1,804,517</u>	<u>2,869,279</u>	<u>(4,190,663)</u>

		April 2022 to June 2022			
		Domestic department	Foreign department	Other departments	Adjustment and write off
					Total
Income:					
Income from external					
customers	\$	2,243,626	7,739,657	-	-
Income from each department		411,316	1,397,925	-	(1,809,241)
Total income	\$	<u>2,654,942</u>	<u>9,137,582</u>	<u>-</u>	<u>(1,809,241)</u>
Segment gains and losses which shall be disclosed	\$	<u>1,271,415</u>	<u>1,202,411</u>	<u>3,079,518</u>	<u>(4,105,363)</u>

**Notes on ELITE MATERIAL CO., LTD. AND SUBSIDIARIES Consolidated Financial
Statements (Cont.)**

January 2023 to June 2023					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 3,776,142	12,763,431	-	-	16,539,573
Income from each department	<u>685,503</u>	<u>2,594,439</u>	<u>-</u>	<u>(3,279,942)</u>	<u>-</u>
Total income	<u>\$ 4,461,645</u>	<u>15,357,870</u>	<u>-</u>	<u>(3,279,942)</u>	<u>16,539,573</u>
Segment gains and losses which shall be disclosed	<u>\$ 1,740,400</u>	<u>2,460,083</u>	<u>4,340,300</u>	<u>(6,223,589)</u>	<u>2,317,194</u>
January 2022 to June 2022					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 4,210,013	15,691,730	-	-	19,901,743
Income from each department	<u>642,470</u>	<u>2,753,840</u>	<u>-</u>	<u>(3,396,310)</u>	<u>-</u>
Total income	<u>\$ 4,852,483</u>	<u>18,445,570</u>	<u>-</u>	<u>(3,396,310)</u>	<u>19,901,743</u>
Segment gains and losses which shall be disclosed	<u>\$ 2,710,975</u>	<u>2,716,395</u>	<u>6,844,233</u>	<u>(9,155,155)</u>	<u>3,116,448</u>