

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

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

**Second Quarter of 2024 and 2023**

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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, 2024 and 2023 and the consolidated income statement from April 1 to June 30, and from January 1 to June 30 in 2024 and 2023, 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 2024 and 2023 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 TWSRE 2410. 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, 2024 and 2023, and the consolidated financial performance from April 1 to June 30, and from January 1 to June 30 in 2024 and 2023, and consolidated cash flow from January 1 to June 30 in 2024 and 2023.

KPMG

CPA:

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

July 31, 2024

Notice to Readers

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

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

**ELITE MATERIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**June 30, 2024, December 31, 2023, and June 30, 2023**

(Expressed in Thousands of New Taiwan Dollars)

		<u>June 30, 2024</u>		<u>December 31, 2023</u>		<u>June 30, 2023</u>				<u>June 30, 2024</u>		<u>December 31, 2023</u>		<u>June 30, 2023</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current Assets:															
1100	Cash and cash equivalents (Note 6 (1))	\$ 13,513,683	21	9,258,881	17	13,951,042	29	2100	Short-term borrowings (Note 6 (8))	\$ 8,213,407	13	6,556,651	12	7,433,526	16
1110	Financial assets at fair value through profit or loss -							2170	Accounts payable (Note 7)	12,969,562	20	10,488,612	20	7,180,117	15
	current (Note 6 (10))	4,423	-	-	-	-	-	2200	Other payables (Note 7)	7,864,393	12	4,002,881	8	6,131,057	13
1150	Notes receivable, net (Note 6 (2))	37,635	-	130,344	-	103,952	-	2321	Corporate bonds that mature in one year or one operating						
1170	Accounts receivable, net (Notes 6 (2) and 7)	20,686,834	32	17,196,218	32	11,553,132	24		cycle or that have put rights executed (Note 6 (10))	612,196	1	-	-	-	-
1200	Other receivables (Notes 6 (3))	442,571	1	404,467	1	589,575	1	2230	Current income tax liabilities	626,696	1	484,781	1	484,733	1
1220	Current income tax assets	248	-	212	-	7,414	-	2280	Current lease liabilities (Note 6 (11))	40,625	-	13,068	-	12,754	-
1310	Inventories (Note 6 (4))	7,770,967	12	6,134,702	12	3,980,000	8	2322	Long-term borrowings due within one year or one						
1479	Other current assets - others (Note 8)	889,577	1	550,089	1	303,928	1		operating cycle (Note 6 (9))	2,143,195	3	1,309,368	2	669,764	1
	Total current assets	43,345,938	67	33,674,913	63	30,489,043	63	2399	Other current liabilities - others	318,990	-	217,718	-	92,090	-
Non-current assets:									Total current liabilities	32,789,064	50	23,073,079	43	22,004,041	46
1510	Financial assets at fair value through profit or loss -								Non-current liabilities:						
	non-current (Note 6 (10))	-	-	5,504	-	-	-	2500	Financial liabilities at fair value through profit or loss -						
1600	Property, plant and equipment (Note 6 (6))	18,398,598	28	16,654,509	31	15,385,273	32		non-current (Note 6 (10))	-	-	-	-	693	-
1755	Right-of-use assets (Note 6 (7))	2,138,131	3	1,509,821	3	590,926	1	2530	Bonds payable (Note 6 (10))	-	-	930,543	2	3,320,576	7
1780	Total intangible assets	794,563	1	712,271	1	736,342	2	2540	Long-term borrowings (Note 6 (9))	1,634,190	3	1,178,524	2	971,763	2
1840	Deferred income tax assets	159,405	-	297,588	1	328,558	1	2570	Deferred income tax liabilities	941,149	1	664,782	1	609,256	1
1900	Other non-current assets	188,562	1	462,207	1	321,355	1	2580	Non-current lease liabilities (Note 6 (11))	650,826	1	297,614	1	308,654	1
1920	Refundable deposits paid	117,202	-	68,612	-	67,981	-	2600	Other non-current liabilities (Note 6 (12))	524,259	1	472,594	1	454,111	1
1975	Net defined benefit asset - non-current	41,202	-	41,202	-	42,842	-		Total non-current liabilities	3,750,424	6	3,544,057	7	5,665,053	12
	Total non-current assets	21,837,663	33	19,751,714	37	17,473,277	37		Total liabilities	36,539,488	56	26,617,136	50	27,669,094	58
Equity attributable to owners of the parent company															
(Note 6 (15)):															
								3100	Share capital	3,445,601	5	3,431,793	6	3,329,183	7
								3200	Capital surplus	4,668,396	7	4,361,746	8	2,076,279	4
									Retained earnings:						
								3310	Legal reserve	4,010,652	6	3,462,000	6	3,462,000	7
								3320	Special reserve	859,153	1	549,290	1	549,290	1
								3350	Unappropriated retained earnings	15,953,969	25	15,863,815	30	11,857,293	25
								3400	Other equity interest	(282,805)	-	(859,153)	(1)	(980,819)	(2)
									Total equity attributable to owners of the parent company	28,654,966	44	26,809,491	50	20,293,226	42
								36XX	Non-controlling interests	(10,853)	-	-	-	-	-
									Total equity	28,644,113	44	26,809,491	50	20,293,226	42
									Total liabilities and equity	\$ 65,183,601	100	53,426,627	100	47,962,320	100
		</													

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

**From April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

		<b>April 2024 to June 2024</b>		<b>April 2023 to June 2023</b>		<b>January 2024 to June 2024</b>		<b>January 2023 to June 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6 (17) and 7)</b>	\$ 15,449,067	100	9,180,446	100	28,351,527	100	16,539,573	100
5000	<b>Operating costs (Notes 6 (4) and 7)</b>	(11,214,038)	(73)	(6,655,317)	(72)	(20,378,354)	(72)	(12,442,402)	(75)
	<b>Gross profit from operations</b>	<u>4,235,029</u>	<u>27</u>	<u>2,525,129</u>	<u>28</u>	<u>7,973,173</u>	<u>28</u>	<u>4,097,171</u>	<u>25</u>
	<b>Operating expenses:</b>								
6100	Total selling expenses (Note 7)	(386,049)	(2)	(285,865)	(3)	(754,390)	(3)	(532,955)	(3)
6200	Total administrative expenses	(526,767)	(3)	(335,729)	(4)	(1,015,146)	(3)	(634,866)	(4)
6300	Total research and development expenses	(397,414)	(3)	(282,283)	(3)	(741,443)	(3)	(538,631)	(3)
6450	Expected credit impairment losses (Note 6 (2))	(1,179)	-	(1,979)	-	(2,821)	-	(2,292)	-
	<b>Total operating expenses</b>	<u>(1,311,409)</u>	<u>(8)</u>	<u>(905,856)</u>	<u>(10)</u>	<u>(2,513,800)</u>	<u>(9)</u>	<u>(1,708,744)</u>	<u>(10)</u>
	<b>Net operating income</b>	<u>2,923,620</u>	<u>19</u>	<u>1,619,273</u>	<u>18</u>	<u>5,459,373</u>	<u>19</u>	<u>2,388,427</u>	<u>15</u>
	<b>Non-operating income and expenses</b>								
	<b>(Notes 6 (19) and 7):</b>								
7100	Total interest income	32,359	-	29,961	-	59,105	-	51,401	-
7020	Other gains and losses	136,905	1	23,747	-	289,199	1	33,781	-
7050	Financial costs	(117,642)	(1)	(84,826)	(1)	(218,864)	-	(156,415)	(1)
	<b>Total non-operating income and expenses</b>	<u>51,622</u>	<u>-</u>	<u>(31,118)</u>	<u>(1)</u>	<u>129,440</u>	<u>1</u>	<u>(71,233)</u>	<u>(1)</u>
7900	<b>Profit from continuing operations before tax</b>	<u>2,975,242</u>	<u>19</u>	<u>1,588,155</u>	<u>17</u>	<u>5,588,813</u>	<u>20</u>	<u>2,317,194</u>	<u>14</u>
7950	<b>Income tax expenses (Note 6 (14))</b>	<u>(541,705)</u>	<u>(3)</u>	<u>(587,854)</u>	<u>(6)</u>	<u>(1,178,231)</u>	<u>(4)</u>	<u>(837,197)</u>	<u>(5)</u>
8200	<b>Profit</b>	<u>2,433,537</u>	<u>16</u>	<u>1,000,301</u>	<u>11</u>	<u>4,410,582</u>	<u>16</u>	<u>1,479,997</u>	<u>9</u>
	<b>Other comprehensive income:</b>								
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	22,173	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,173</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	225,481	1	(632,311)	(7)	692,145	3	(539,412)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(45,121)	-	126,463	1	(138,544)	(1)	107,883	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>180,360</u>	<u>1</u>	<u>(505,848)</u>	<u>(6)</u>	<u>553,601</u>	<u>2</u>	<u>(431,529)</u>	<u>(3)</u>
	<b>Current period other comprehensive income (post-tax profit or loss)</b>	<u>180,360</u>	<u>1</u>	<u>(505,848)</u>	<u>(6)</u>	<u>575,774</u>	<u>2</u>	<u>(431,529)</u>	<u>(3)</u>
8500	<b>Total comprehensive income in current period</b>	<u>\$ 2,613,897</u>	<u>17</u>	<u>494,453</u>	<u>5</u>	<u>4,986,356</u>	<u>18</u>	<u>1,048,468</u>	<u>6</u>
	<b>Income attributable to:</b>								
8610	Owners of the parent company	\$ 2,435,866	16	1,000,301	11	4,414,148	16	1,479,997	9
8620	Non-controlling interests	(2,329)	-	-	-	(3,566)	-	-	-
		<u>\$ 2,433,537</u>	<u>16</u>	<u>1,000,301</u>	<u>11</u>	<u>4,410,582</u>	<u>16</u>	<u>1,479,997</u>	<u>9</u>
	<b>Comprehensive income attributable to:</b>								
8710	Owners of the parent company	\$ 2,616,350	17	494,453	5	4,990,496	18	1,048,468	6
8720	Non-controlling interests	(2,453)	-	-	-	(4,140)	-	-	-
		<u>\$ 2,613,897</u>	<u>17</u>	<u>494,453</u>	<u>5</u>	<u>4,986,356</u>	<u>18</u>	<u>1,048,468</u>	<u>6</u>
	<b>Earnings per share (NTD) (Note 6 (16))</b>								
9750	<b>Basic earnings per share (NTD)</b>	<u>\$ 7.08</u>		<u>3.00</u>		<u>12.83</u>		<u>4.45</u>	
9850	<b>Diluted earnings per share (NTD)</b>	<u>\$ 7.01</u>		<u>2.86</u>		<u>12.71</u>		<u>4.25</u>	

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

Chairman: Ding-Yu Dong

Managerial Officer: Ding-Yu Dong    Accounting Manager: Meng-Yu Lin

**ELITE MATERIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**From January 1 to June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
						Total other equity interest				
						Equity instrument investment losses measured at fair value through other comprehensive income				
	Share capital	Retained earnings				Exchange differences on translation of foreign financial statements		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
<b>Balance as of January 1, 2023</b>	\$ 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)
<b>Balance as of June 30, 2023</b>	<b>\$ 3,329,183</b>	<b>2,076,279</b>	<b>3,462,000</b>	<b>549,290</b>	<b>11,857,293</b>	<b>(942,873)</b>	<b>(37,946)</b>	<b>20,293,226</b>	<b>-</b>	<b>20,293,226</b>
<b>Balance as of January 1, 2024</b>	\$ 3,431,793	4,361,746	3,462,000	549,290	15,863,815	(821,207)	(37,946)	26,809,491	-	26,809,491
Profit	-	-	-	-	4,414,148	-	-	4,414,148	(3,566)	4,410,582
Other comprehensive income in the current period	-	-	-	-	-	554,175	22,173	576,348	(574)	575,774
Total comprehensive income in current period	-	-	-	-	4,414,148	554,175	22,173	4,990,496	(4,140)	4,986,356
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	548,652	-	(548,652)	-	-	-	-	-
Special reserve	-	-	-	309,863	(309,863)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,439,332)	-	-	(3,439,332)	-	(3,439,332)
Convertible corporate bond conversion	13,808	306,650	-	-	-	-	-	320,458	-	320,458
Difference between the price and the book value of acquisition or disposal of subsidiary's equity	-	-	-	-	(26,147)	-	-	(26,147)	3,395	(22,752)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(10,108)	(10,108)
<b>Balance as of June 30, 2024</b>	<b>\$ 3,445,601</b>	<b>4,668,396</b>	<b>4,010,652</b>	<b>859,153</b>	<b>15,953,969</b>	<b>(267,032)</b>	<b>(15,773)</b>	<b>28,654,966</b>	<b>(10,853)</b>	<b>28,644,113</b>

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

Chairman: Ding-Yu Dong

Managerial Officer: Ding-Yu Dong

Accounting Manager: Meng-Yu Lin

**ELITE MATERIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**From January 1 to June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 5,588,813	2,317,194
<b>Adjustments:</b>		
Adjustments to reconcile:		
Depreciation expense	824,950	543,497
Amortization expense	26,688	23,173
Expected credit impairment loss	2,821	2,292
Net gains on financial assets or liabilities at fair value through profit or loss	(1,028)	(22,871)
Interest expenses	214,644	137,979
Total interest income	(59,105)	(51,401)
Loss on disposal of property, plant and equipment	1,797	1,750
Gain on disposal of investment	(19,112)	-
Bond discounted amortized interest expense	4,220	18,436
Total adjustments to reconcile	<u>995,875</u>	<u>652,855</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Note receivable	94,154	107,114
Accounts receivable	(2,962,272)	(349,098)
Other receivables	(57,796)	3,788
Inventory	(1,472,137)	(96,107)
Other current assets	(361,173)	(141,038)
Other non-current assets	41,072	116,599
Total changes in operating assets	<u>(4,718,152)</u>	<u>(358,742)</u>
Changes in operating liabilities:		
Accounts payable	2,132,445	820,164
Other payables	549,533	12,801
Other current liabilities	139,645	(17,387)
Other non-current liabilities	756	(7,460)
Total changes in operating liabilities	<u>2,822,379</u>	<u>808,118</u>
Total changes in operating assets and liabilities	<u>(1,895,773)</u>	<u>449,376</u>
Total adjustments	<u>(899,898)</u>	<u>1,102,231</u>
Cash inflow generated from operations	4,688,915	3,419,425
Interest received	81,223	44,843
Interest paid	(206,128)	(137,542)
Income taxes paid	(765,470)	(829,314)
<b>Net cash flows from operating activities</b>	<u>3,798,540</u>	<u>2,497,412</u>
<b>Cash flows from (used in) investing activities:</b>		
Net cash flow from acquisition of subsidiaries	10,383	-
Acquisition of property, plant and equipment	(2,350,654)	(1,766,442)
Proceed from disposal of property, plant and equipment	1,110	110
Acquisition of intangible assets	(16,855)	(7,477)
Refundable deposits paid	(45,495)	26
<b>Net cash flows used in investing activities</b>	<u>(2,401,511)</u>	<u>(1,773,783)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	1,379,078	2,409,658
Long-term loan	2,017,233	710,870
Repay long-term loan	(790,069)	(30,439)
Guarantee deposits and margins received	29,808	(700)
Payment of lease liabilities	(15,028)	(6,575)
<b>Net cash flows from financing activities</b>	<u>2,621,022</u>	<u>3,082,814</u>
<b>Effect of exchange rate fluctuations on cash held</b>	236,751	(299,019)
<b>Net increase in cash and cash equivalents</b>	4,254,802	3,507,424
<b>Cash and cash equivalents at beginning of period</b>	9,258,881	10,443,618
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 13,513,683</u></u>	<u><u>13,951,042</u></u>

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

Chairman: Ding-Yu Dong

Managerial Officer: Ding-Yu Dong    Accounting Manager: Meng-Yu Lin



**ELITE MATERIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**Second Quarter of 2024 and 2023**  
(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 31, 2024.

**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 IASs from January 1, 2024, did not have any material impact on the Consolidated Company’s financial statement.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 - Non-Current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”

- (II) The impact of international financial reporting standards issued by the International Accounting Standards Board has not yet been approved by the FSC.

The Consolidated Company assesses that the adoption of the amendments to the IFRSs from January 1, 2025, would not have any material impact on the its consolidated financial statements:

- Amendments to IAS 21 - Lack of Exchangeability

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

- (III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC
- The standards and interpretations that have been issued and revised by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC and may be relevant to the Consolidated Company are as follows:

<b>New or amended standards</b>	<b>Major amendment details</b>	<b>Effective date announced by IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard brings three categories of income and expenses, two income statement subtotals and one single note on management performance measures. (MPMs). The three amendments, combined with enhanced disaggregation guidance, set the stage for better and more consistent information for users and will affect all companies.	January 1, 2027
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>• More structured income statements: Under the existing standard, companies use different formats to present their operating results, making it difficult for investors to compare different companies’ financial performance. The new standard adopts a more structured income statement, a new definition of operating profit subtotal, and a requirement that all income and expenses should be classified into three new different categories based on a company’s main operating activities.</li> <li>• MPMs: The new standard adopts a definition of management-defined performance measures and a requirement that companies should explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated and how it is reconciled to amounts recognized in accordance with the IFRS Accounting Standards.</li> </ul>	January 1, 2027

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements  
(Cont.)**

<b>New or amended standards</b>	<b>Major amendment details</b>	<b>Effective date announced by IASB</b>
	<ul style="list-style-type: none"> <li>• More disaggregated information: The new standard includes guidance on how companies can enhance the disaggregation of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further disaggregated in the notes.</li> </ul>	
Annual Improvements to IFRS Accounting Standards	<p>The amendments clarify:</p> <ol style="list-style-type: none"> <li>1. IFRS 1 “First-time Adoption of International Financial Reporting Standards” The first-time application of hedging accounting is amended to address the inconsistency in the terms required for hedging accounting in paragraph B6 of IFRS 1 and IFRS 9.</li> <li>2. IFRS 7 “Financial Instruments: Disclosures” The amendments address potential confusion caused by inconsistent terms between IFRS 7 and IFRS 13.</li> <li>3. IFRS 9 “Financial Instruments” <ul style="list-style-type: none"> <li>• Derecognition of lessee’s lease liabilities The amendments clarify that if lease liabilities are derecognized, they should be handled in accordance with the provision for financial liability derecognition under IFRS 9; that is, the difference between the carrying amount of the lease liability and the consideration paid is recognized as profit or loss. In addition, if a lease liability is modified, it should be handled</li> </ul> </li> </ol>	January 1, 2026

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

New or amended standards	Major amendment details	Effective date announced by IASB
	<p>in accordance with the provision for lease modification under IFRS 16.</p> <ul style="list-style-type: none"> <li>• Transaction prices The amendments require enterprises to measure accounts receivable in accordance with IFRS 15 when initially recognizing accounts receivable without significant financial components, in order to eliminate the conflict between IFRS 9 and IFRS 15 in the original measurement of accounts receivable.</li> </ul> <p>4. IFRS 10 “Consolidated Financial Statements” The amendments clarify the determination of de facto agents under IFRS 10.</p> <p>5. IAS 7 “Statement of Cash Flow” The term “cost method” in paragraph 37 of IAS 7 is deleted to avoid confusion in application.</p>	

The Consolidated Company is evaluating the impact of the above standards and interpretations on its financial position and operating performance and will disclose relevant impacts when completing the evaluation.

The Consolidated Company does not anticipate that the following newly issued and amended standards, which have not yet been endorsed, 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
- IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

## 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 Accounting Standards endorsed by the FSC”).

Except as stated below, the significant accounting policies adopted in this consolidated financial statements are the same as those in the 2023 consolidated financial statements. For relevant information, please refer to Note 4 to the 2023 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, 2024	December 31, 2023	June 30, 2023	
The Company	EMC OVERSEAS HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	
The Company	Grand Wuhan Incorporated	Investment	100.00%	100.00%	100.00%	
The Company	EMC INTERNATIONAL HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Investment	100.00%	100.00%	100.00%	
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	Investment	100.00%	100.00%	100.00%	
Grand Zhuhai Incorporated	Grand Zhongshan Incorporated	Investment	100.00%	100.00%	100.00%	
Grand Shanghai Incorporated	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	60.74%	60.74%	60.74%	(Note 1) (Note 2)
Grand Zhongshan Incorporated	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Manufacturing of Prepreg and Copper Clad Laminate for PCB	39.26%	39.26%	39.26%	(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, 2024	December 31, 2023	June 30, 2023	
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%	100.00%	100.00%	(Note 1) (Note 2)
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%	100.00%	100.00%	(Note 3)
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	ELITE MATERIAL (PENANG) SDN. BHD.	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	- %	
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Investment	100.00%	100.00%	100.00%	
EMC INTERNATIONAL HOLDING INCORPORATED	EMC USA HOLDING INCORPORATED	Investment	100.00%	100.00%	100.00%	
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	Manufacturing of Prepreg and Copper Clad Laminate for PCB	100.00%	100.00%	100.00%	
EMC USA HOLDING INCORPORATED	TECHINA USA	General import and export services	56.07% (Note 4)	30.00%	30.00%	
EMD SPECIALTY MATERIALS, LLC	TECHINA USA	General import and export services	16.46% (Note 4)	- %	- %	

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 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).

## Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

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).

Note 4: EMD SPECIALTY MATERIALS, LLC invested USD 600 thousand in 30% of the equity of TECHINA USA on January 1, 2024, raising the Consolidated Company's stake in TECHINA USA to 60%. EMC USA HOLDING INCORPORATED, in March of the same year, and non-controlling interests, in May 2024, converted preferred stock, changing the equity of EMC USA HOLDING INCORPORATED to 56.07% and the equity of EMD SPECIALTY MATERIALS, LLC to 16.46%.

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

### (III) Business combination

The Consolidated Company first obtained control over another company through acquisition in the first quarter of 2024, so the accounting policies related to business combinations began to apply on January 1, 2024.

The Consolidated Company accounts for business combinations using the acquisition method. Goodwill is measured as the consideration on the acquisition day (including any non-controlling interest in the acquiree) less the net value of the identifiable assets acquired and liabilities assumed (usually measured at the fair value). If the deduction yields a negative balance, the Consolidated Company reassesses whether the assets

## **Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)**

acquired and liabilities assumed are correctly identified before recognizing the gain on a bargain purchase in profit or loss.

All transaction costs related to business combinations are expensed by the Group immediately as incurred, except for the issuance of debt or equity instruments.

If the acquiree's non-controlling interests are present ownership interests and the holders are entitled to a proportionate share of the acquiree's net assets in the event of liquidation, the Consolidated Company, on a transaction-by-transaction basis, chooses to measure it at the acquisition-date fair value or at the proportionate share of the present ownership interests in the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at acquisition-date fair value or on other bases stipulated in the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Consolidated Company remeasures its previously held equity in the acquiree at acquisition-date fair value, and any gains or losses resulting therefrom are recognized in profit or loss. Changes in the value of the acquiree's equity that have been recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Consolidated Company had directly disposed of its previously held equity. If the equity is disposed of, it is advised to reclassify it to profit or loss, then the amount is reclassified to profit or loss.

The contingent consideration included in the transfer consideration is recognized at the fair value on the acquisition date. If a change in the fair value of the contingent consideration after the acquisition date is an adjustment during the measurement period, the acquisition cost will be retrospectively adjusted, with the goodwill adjusted accordingly. An adjustment to the measurement period is an adjustment made because the Consolidated Company obtains additional information about facts and circumstances that existed on the acquisition date only after the acquisition date. The measurement period does not exceed one year from the acquisition date. As for a change in the fair value of contingent consideration that is not an adjustment during the measurement period, the accounting treatment depends on the classification of the contingent consideration. Contingent consideration classified as equity may not be remeasured, and its subsequent settlement should be adjusted within equity. Other contingent consideration is measured at fair value on each balance sheet date after the acquisition date, and a change in the fair value is recognized in profit or loss or other comprehensive income.



**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

(IV) Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets; all other assets that are not current assets are classified as non-current assets:

1. Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed;
2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the balance sheet date; or
4. Assets that are cash or cash equivalents (as defined in IAS 7), excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Liabilities expected to be settled in the ordinary course of business;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the balance sheet date; or
4. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

(V) 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 estimated average 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.

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

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

## 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 2023 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 2023 Consolidated Financial Statement. For relevant information, please refer to Note 6 to the 2023 Consolidated Financial Statement.

### (I) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash	\$ 684	577	506
Demand deposits	10,880,749	6,643,754	10,338,068
Time deposits	1,039,901	982,152	2,601,993
Cash equivalents	1,592,349	1,632,398	1,010,475
Cash and cash equivalents shown in the consolidated statement of cash flows	<u>\$ 13,513,683</u>	<u>9,258,881</u>	<u>13,951,042</u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

(II) Note receivable and accounts receivable

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes receivable - resulting from			
operating activities	\$ 38,044	130,753	104,361
Accounts receivable - measured			
at amortized cost	20,697,790	17,201,164	11,558,128
Less: loss allowances	<u>(11,365)</u>	<u>(5,355)</u>	<u>(5,405)</u>
	<b><u>\$ 20,724,469</u></b>	<b><u>17,326,562</u></b>	<b><u>11,657,084</u></b>

The Consolidated Company used the simplified approach to estimate expected credit losses on June 30, 2024 and 2023 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 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:

	<b>June 30, 2024</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 20,388,589	0.04%	7,462
Less than 30 days past due	288,387	0.06%	179
31~120 days past due	48,868	0.00%	2
More than 121 days past due	<u>9,990</u>	37.26%	<u>3,722</u>
	<b><u>\$ 20,735,834</u></b>		<b><u>11,365</u></b>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

	<b>December 31, 2023</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 17,017,327	0.03%	5,300
Less than 30 days past due	248,731	0.01%	23
31~120 days past due	65,859	0.05%	32
	<b><u>\$ 17,331,917</u></b>		<b><u>5,355</u></b>

	<b>June 30, 2023</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss</b>	<b>Allowance for lifetime expected credit losses</b>
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	1,178	10.00%	118
	<b><u>\$ 11,662,489</u></b>		<b><u>5,405</u></b>

Changes in lose allowance for note receivable and accounts receivable of the Consolidated Company is as follows:

	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
Opening Balance	\$ 5,355	5,040
Impairment loss recognized	2,821	2,292
Amount written off due to irrecoverability during this year	(735)	(1,949)
Acquired through business combination	3,522	-
Foreign currency exchange gains and losses	402	22
Ending balance	<b><u>\$ 11,365</u></b>	<b><u>5,405</u></b>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

(III) Other receivables

	June 30, 2024	December 31, 2023	June 30, 2023
Claims receivable	\$ 349,959	349,959	537,959
Other receivables	93,780	55,676	51,616
Less: loss allowances	(1,168)	(1,168)	-
	<u><u>\$ 442,571</u></u>	<u><u>404,467</u></u>	<u><u>589,575</u></u>

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

(IV) Inventory

	June 30, 2024	December 31, 2023	June 30, 2023
Raw material	\$ 4,868,767	3,861,963	2,367,123
Goods-in-process	579,048	388,873	288,497
Finished goods	2,303,972	1,883,866	1,324,380
Merchandise	19,180	-	-
	<u><u>\$ 7,770,967</u></u>	<u><u>6,134,702</u></u>	<u><u>3,980,000</u></u>

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

	April 2024 to June 2024	April 2023 to June 2023	January 2024 to June 2024	January 2023 to June 2023
Cost of goods sold	\$ 11,314,066	6,760,253	20,555,554	12,601,363
Gains on price recovery of inventory valuation loss and obsolescence	(6,494)	(51,017)	(11,322)	(56,880)
Revenue from sale of scraps	(93,534)	(53,919)	(165,878)	(102,081)
Total	<u><u>\$ 11,214,038</u></u>	<u><u>6,655,317</u></u>	<u><u>20,378,354</u></u>	<u><u>12,442,402</u></u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

The gains on price recovery of inventory valuation loss and obsolescence are due to the unrecognized scrapped or disposed inventories, of which the previous net realizable value is lower than the cost. As a result, the net realizable value of inventories is increased, and a deduction of operating costs is recognized.

As of June 30, 2024, December 31, 2023, and June 30, 2023, the Consolidated Company's inventory had not been provided as a pledge.

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.

(V) Business combination

On January 1, 2024, the Consolidated Company acquired 30% of TECHINA USA's shares through EMD SPECIALTY MATERIALS, LLC and gained control over the former. The Consolidated Company's stake in TECHINA USA increased from 30% to 60%. TECHINA USA mainly engages in general import and export services.

From the date of acquisition to June 30, 2024, the income and net loss contributed by TECHINA USA were NTD 133,275 thousand and NTD 12,567 thousand, respectively. When determining these amounts, management assumed that the acquisition occurred on January 1, 2024 and that the provisional fair value adjustments on the acquisition date were the same.

## Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

The main categories of transfer consideration, assets acquired, and liabilities assumed on the acquisition date and the amount of goodwill recognized are as follows:

### 1. Identifiable assets acquired and liabilities assumed

The details of the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date are as follows:

Cash and cash equivalents	\$ 28,806
Notes receivable and accounts receivable, net	113,217
Inventory	19,310
Other current assets	9,501
Property, plant and equipment	5,694
Right-of-use assets	540
Other non-current assets	426
Short-term borrowings	(87,730)
Note payable and accounts payable	(102,448)
Other payables	(4,263)
Current income tax liabilities	(299)
Lease liabilities	(553)
Other non-current liabilities	(7,470)
Fair value of identifiable net assets	<u><u>\$ (25,269)</u></u>

The Consolidated Company will continue to review the above matters during the measurement period. If new information is obtained within one year from the acquisition date regarding facts and circumstances existing on the acquisition date, which can identify any adjustments to the above provisional amounts or any additional provisions existing on the acquisition date, the accounting treatment for the acquisition will be modified.

### 2. Goodwill

The goodwill recognized due to the acquisition is as follows:

Transfer consideration	\$ 18,423
Add: Non-controlling interests (measured at the proportion of identifiable net assets to non-controlling interests)	(10,108)
Add: Fair value of the acquiree's original equity	18,423
Less: Fair value of identifiable net assets	25,269
Goodwill	<u><u>\$ 52,007</u></u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

The Consolidated Company recognized a gain of USD 600 thousand (NTD 19,112 thousand) due to the remeasurement of the fair value of the 30% equity in Technina USA held by the Consolidated Company before the acquisition date. The gain was recognized in “Gain on disposal of investment” in the consolidated statements of comprehensive income for the six months ended June 30, 2024.

(VI) Property, plant and equipment

The details of the changes in property, plant, and equipment of the Consolidated Company during the six months ended June 30, 2024 and 2023 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, 2024	\$ 2,537,243	6,235,156	11,599,363	3,507,572	1,472,153	25,351,487
Acquired through business combination	-	-	2,957	25,126	-	28,083
Addition (including interest capitalization)	-	-	-	-	2,164,271	2,164,271
Disposal	-	(350)	(58,886)	(13,090)	-	(72,326)
Reclassification	-	486,217	878,323	208,980	(1,573,520)	-
Impact from change in exchange rate	-	151,342	261,438	81,373	40,774	534,927
Balance as of June 30, 2024	<u>\$ 2,537,243</u>	<u>6,872,365</u>	<u>12,683,195</u>	<u>3,809,961</u>	<u>2,103,678</u>	<u>28,006,442</u>
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>
Depreciation and impairment losses:						
Balance as of January 1, 2024	\$ -	1,388,533	5,547,329	1,761,116	-	8,696,978
Acquired through business combination	-	-	1,786	20,603	-	22,389
Depreciation for the year	-	167,452	401,648	217,788	-	786,888
Disposal	-	(350)	(56,766)	(12,303)	-	(69,419)
Impact from change in exchange rate	-	27,556	105,088	38,364	-	171,008
Balance as of June 30, 2024	<u>\$ -</u>	<u>1,583,191</u>	<u>5,999,085</u>	<u>2,025,568</u>	<u>-</u>	<u>9,607,844</u>
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>
Book value:						
January 1, 2024	<u>\$ 2,537,243</u>	<u>4,846,623</u>	<u>6,052,034</u>	<u>1,746,456</u>	<u>1,472,153</u>	<u>16,654,509</u>
June 30, 2024	<u>\$ 2,537,243</u>	<u>5,289,174</u>	<u>6,684,110</u>	<u>1,784,393</u>	<u>2,103,678</u>	<u>18,398,598</u>
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>



**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

On June 30, 2024, December 31, 2023, and June 30, 2023, the property, plant, and equipment of the Consolidated Company were not provided as guarantees for bank loans and pledges of financing lines.

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 Notes 9 (1) and (2) 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 details of the changes in the costs and depreciation of the right-of-use assets of the land and buildings leased and recognized by the Consolidated Company are as follows:

	<b>Property and</b>		
	<b>Land</b>	<b>building</b>	<b>Total</b>
Cost of right-of-use assets:			
Balance as of January 1, 2024	\$ 1,291,529	348,847	1,640,376
Acquired through business combination	-	7,019	7,019
Enhancements	236,371	371,027	607,398
Impact from change in exchange rate	37,658	27,009	64,667
Balance as of June 30, 2024	<u><u>\$ 1,565,558</u></u>	<u><u>753,902</u></u>	<u><u>2,319,460</u></u>
Balance as of January 1, 2023	\$ 362,629	348,903	711,532
Impact from change in exchange rate	(10,365)	4,885	(5,480)
Balance as of June 30, 2023	<u><u>\$ 352,264</u></u>	<u><u>353,788</u></u>	<u><u>706,052</u></u>
Depreciation and impairment losses on right-of-use assets:			
Balance as of January 1, 2024	\$ 70,753	59,802	130,555
Acquired through business combination	-	6,479	6,479
Depreciation	14,109	23,953	38,062
Impact from change in exchange rate	2,046	4,187	6,233

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

	<b>Land</b>	<b>Property and building</b>	<b>Total</b>
Balance as of June 30, 2024	<u><u>\$ 86,908</u></u>	<u><u>94,421</u></u>	<u><u>181,329</u></u>
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><u>\$ 64,585</u></u>	<u><u>50,541</u></u>	<u><u>115,126</u></u>
Book value:			
January 1, 2024	<u><u>\$ 1,220,776</u></u>	<u><u>289,045</u></u>	<u><u>1,509,821</u></u>
June 30, 2024	<u><u>\$ 1,478,650</u></u>	<u><u>659,481</u></u>	<u><u>2,138,131</u></u>
January 1, 2023	<u><u>\$ 300,147</u></u>	<u><u>309,029</u></u>	<u><u>609,176</u></u>
June 30, 2023	<u><u>\$ 287,679</u></u>	<u><u>303,247</u></u>	<u><u>590,926</u></u>

On June 30, 2024, December 31, 2023, and June 30, 2023, the Consolidated Company's right-of-use assets were not provided as guarantees for bank loans and the amount of financing.

(VIII) Short-term borrowings

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unsecured bank loans	\$ 8,018,707	6,556,651	7,433,526
Secured bank loans	194,700	-	-
Total	<u><u>\$ 8,213,407</u></u>	<u><u>6,556,651</u></u>	<u><u>7,433,526</u></u>
Unused short-term credit lines	<u><u>\$ 15,557,735</u></u>	<u><u>13,288,421</u></u>	<u><u>10,686,304</u></u>
Interest rate range	<u><u>1.75%~11.00%</u></u>	<u><u>1.68%~7.05%</u></u>	<u><u>3.00%~6.92%</u></u>

Please refer to for the details of the assets pledged by the Consolidated Company for bank loans.

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

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

(IX) Long-term borrowings

The detail of the Consolidated Company's long-term borrowings is as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unsecured bank loans	\$ 3,777,385	2,487,892	1,641,527
Less: amount due within one year	(2,143,195)	(1,309,368)	(669,764)
Total	<u><b>\$ 1,634,190</b></u>	<u><b>1,178,524</b></u>	<u><b>971,763</b></u>
Unused short-term credit lines	<u><b>\$ 5,870,290</b></u>	<u><b>5,345,307</b></u>	<u><b>5,483,765</b></u>
Interest rate range	<u><b>1.85%~4.35%</b></u>	<u><b>1.85%~4.35%</b></u>	<u><b>3.60%~4.35%</b></u>
Due year	<u><b>2024-2027</b></u>	<u><b>2024-2025</b></u>	<u><b>2023-2025</b></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 Consolidated Company must maintain the specified current ratio, debt ratio, tangible net worth, interest coverage ratio and other financial ratios on the balance sheet date based on its annual consolidated financial statements audited by CPAs and semi-annual consolidated financial statements reviewed by CPAs. 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, 2024, December 31, 2023, and June 30, 2023, the Consolidated Company did not violate the above financial ratio restrictions.

(X) Unsecured convertible bonds

The information on the Consolidated Company's issuance of unsecured convertible corporate bonds is as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Bond issuance amount	\$ 3,465,300	3,465,300	3,465,300
Unamortized balance of discounted corporate bonds payable	(19,604)	(35,157)	(144,724)
Cumulative amount of conversion	(2,833,500)	(2,499,600)	-
Ending balance of corporate bonds payable	<u><b>\$ 612,196</b></u>	<u><b>930,543</b></u>	<u><b>3,320,576</b></u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Embedded derivative financial instruments - call-back and repurchase rights (presented as financial assets (liabilities) at fair value through profit or loss)	<b>\$ 4,423</b>	<b>5,504</b>	<b>(693)</b>
Equity component - conversion right (reported in capital surplus - subscription right)	<b>\$ 37,853</b>	<b>57,858</b>	<b>207,618</b>
	<b>April 2024 to June 2024</b>	<b>April 2023 to June 2023</b>	<b>January 2024 to June 2024</b>
	<b>January 2023 to June 2023</b>		
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)	<b>\$ (69)</b>	<b>16,633</b>	<b>1,028</b>
Interest expenses	<b>\$ 1,881</b>	<b>9,250</b>	<b>4,220</b>
	<b>18,436</b>		

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

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

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 Consolidated 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 Consolidated Company takes September 1, 2023 and September 2, 2022 as the base date for dividend distribution, according to the provisions of Article 11 of the Consolidated Company's 5th domestic unsecured convertible corporate bond issuance and conversion methods, the adjustment conversion price are adjusted from NTD 246.8 to NTD 241.8 and from NTD 263 to NTD 246.8. This bond does not have reset feature.

3. The call-back right of the Consolidated 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 Consolidated 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 Consolidated Company per the requests of the bond holders is less than 10% of total initial issue amount;

The Consolidated 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.

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

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

Thirty days before the record date for sell back three full years after the issuance, the bond holder may request the Consolidated Company to call-back the convertible bonds held by the Company in cash at par value. The Consolidated 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:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current	<u>\$ 40,625</u>	<u>13,068</u>	<u>12,754</u>
Non-current	<u>\$ 650,826</u>	<u>297,614</u>	<u>308,654</u>

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

The amounts recognized in profit or loss are as follows:

	<b>April 2024 to June 2024</b>	<b>April 2023 to June 2023</b>	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
Interest expense				
on lease				
liability	<u>\$ 10,062</u>	<u>2,587</u>	<u>12,749</u>	<u>5,166</u>
Expense on				
short-term				
lease	<u>\$ 16,090</u>	<u>10,997</u>	<u>29,036</u>	<u>22,813</u>

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

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

	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
Total cash outflow from lease	<b><u>\$ 56,813</u></b>	<b><u>34,554</u></b>

1. Leasing of houses and buildings

The Consolidated Company leased houses and buildings as plants and offices for a period of 2-17.5 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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Prepayments	\$ 469,524	456,318	436,193
Guarantee deposits and margins received	<u>54,735</u>	<u>16,276</u>	<u>17,918</u>
Total	<b><u>\$ 524,259</u></b>	<b><u>472,594</u></b>	<b><u>454,111</u></b>

Due to the relocation of the Kunshan Youbi Factory, the Consolidated Company received an advance payment of NTD 351,155 thousand, NTD 341,833 thousand and NTD 338,278 thousand on June 30, 2024, December 31, 2023, and June 30, 2023 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, 2023 and 2022 and disclose the pension costs for interim periods. The pension costs recognized by the Consolidated Company for the six months ended June 30, 2024 and 2023 were NTD 0.

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

2. Determined appropriation plan

The Consolidated Company has determined the pension expenses under the appropriation method as follows:

		<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
		<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Operating costs	\$	51,670	38,910	99,151	75,909
Total selling expenses		3,363	2,761	6,799	5,490
Total administrative expenses		6,325	4,765	12,002	9,327
Total research and development expenses		4,445	3,558	8,613	6,891
Total	\$	<b>65,803</b>	<b>49,994</b>	<b>126,565</b>	<b>97,617</b>

(XIV) Income tax

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

		<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
		<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Current income tax expense					
Current tax expense recognized in the current year	\$	515,958	544,588	1,007,984	789,242
Income tax adjustments on prior years		(116,108)	(11,700)	(112,204)	(11,617)
		<u>399,850</u>	<u>532,888</u>	<u>895,780</u>	<u>777,625</u>
Deferred income tax expense					
Occurrence and reversal of temporary differences		<u>141,855</u>	<u>54,966</u>	<u>282,451</u>	<u>59,572</u>
Income tax expenses of continuing operations	\$	<b>541,705</b>	<b>587,854</b>	<b>1,178,231</b>	<b>837,197</b>



# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

The details of income tax (expense) gains and losses recognized by the Consolidated Company under other comprehensive income are as follows:

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<b>\$ (45,121)</b>	<b>126,463</b>	<b>(138,544)</b>	<b>107,883</b>

The income tax settlement declaration of the profit-seeking enterprise of the Company has been approved by the tax collection authority up to 2022, except for 2021.

Malaysia, where the Consolidated Company operates, is expected to adopt in Pillar Two in 2025, so there was no current income tax effect on the Consolidated Company as of June 30, 2024.

## (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, 2024 and 2023. For relevant information, please refer to Note 6 (15) to the 2023 Consolidated Financial Statement.

### 1. Issuance of common stock

On June 30, 2024, December 31, 2023, and June 30, 2023, the Company's total rated share capital was NTD 600,000 thousand. The face value of each share is NTD 10 with 600,000 thousand shares. The issued common shares are 344,560 thousand shares, 343,179 thousand shares, and 332,918 thousand shares respectively where all share price on the issued shares have been received.

On June 30, 2024, 282 thousand new shares were converted by convertible bond holders with a total issuance amount of NTD 68,200 thousand. The registration procedures are in progress.

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

2. Capital surplus

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

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
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	4,534,916	4,208,261	1,773,034
Conversion right	37,853	57,858	207,618
	<b><u>\$ 4,668,396</u></b>	<b><u>4,361,746</u></b>	<b><u>2,076,279</u></b>

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 based on business needs or 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. 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.

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.

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

When the Consolidated Company plans to pay out all or part of the dividends and bonuses or legal reserves or capital surplus in cash, it should be approved 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.

The rest is the same as the undistributed earnings in previous years, and the Board of Directors will formulate a distribution proposal and submit it to the shareholders' meeting for resolution.

## (1) Legal reserve

In the case the Company has surplus profit after settling the annual accounts, when allocating its surplus profits after having paid all taxes and dues, it shall first set aside ten percent of said profits as legal reserve.

## (2) Earnings distribution

The Company's Board of Directors approved by resolution the 2023 and 2022 earnings distribution proposals, on February 29, 2024 and February 23, 2023, respectively. The amounts of dividends distributed to owners are as follows:

		<b>2023</b>		<b>2022</b>	
		<b>Payout ratio</b>		<b>Payout ratio</b>	
		<b>(NTD)</b>	<b>Amount</b>	<b>(NTD)</b>	<b>Amount</b>
Dividends					
distributed to					
owners of					
common stock:					
Cash	\$	10.00	\$ <u><u>3,439,332</u></u>	8.50	<u><u>2,829,806</u></u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

4. Other equity (net post-tax)

	Exchange differences on translation of foreign financial statements	Equity instrument investment losses measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2024	\$ (821,207)	(37,946)	-	(859,153)
Exchange differences arising on translation of foreign operations	554,175	-	(574)	553,601
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	22,173	-	22,173
Gain (loss) on non-controlling interests	-	-	(3,566)	(3,566)
Difference between the price and the book value of acquisition or disposal of subsidiary's equity	-	-	3,395	3,395
Changes in non-controlling interests	-	-	(10,108)	(10,108)
Balance as of June 30, 2024	<u>\$ (267,032)</u>	<u>(15,773)</u>	<u>(10,853)</u>	<u>(293,658)</u>
January 1, 2023	\$ (511,344)	(37,946)	-	(549,290)
Exchange differences arising on translation of foreign operations	(431,529)	-	-	(431,529)
Balance as of June 30, 2023	<u>\$ (942,873)</u>	<u>(37,946)</u>	<u>-</u>	<u>(980,819)</u>

(XVI) Earnings per share

1. Earnings per share - basic

The basic EPS and diluted EPS of the Consolidated Company are calculated as follows:

(1) Net income attributable to common shareholders of the Company

	April 2024 to June 2024	April 2023 to June 2023	January 2024 to June 2024	January 2023 to June 2023
Net income attributable to common shareholders of the Company	<u>\$ 2,435,866</u>	<u>1,000,301</u>	<u>4,414,148</u>	<u>1,479,997</u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

(2) Weighted average number of common shares outstanding (thousand shares)

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Weighted average number of common shares outstanding	<u><u>\$ 344,289</u></u>	<u><u>332,918</u></u>	<u><u>343,925</u></u>	<u><u>332,918</u></u>

2. Earnings per share - diluted

The diluted earnings per share for the three and six months ended June 30, 2024 and 2023 is calculated based on the net income attributable to holders of the Company's ordinary equity based on the weighted average number of outstanding ordinary shares with the dilutive effect of potential ordinary shares adjusted. The calculation is as follows:

(1) Net income attributable to the Company's ordinary share shareholders (diluted)

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Net income attributable to the Company's ordinary share shareholders (basic)	\$ 2,435,866	1,000,301	4,414,148	1,479,997
Amount of after-tax effect of relevant gains and losses on convertible bonds	<u>1,560</u>	<u>(5,906)</u>	<u>2,554</u>	<u>(3,548)</u>
Net income attributable to the Company's ordinary share shareholders (diluted)	<u><u>\$ 2,437,426</u></u>	<u><u>994,395</u></u>	<u><u>4,416,702</u></u>	<u><u>1,476,449</u></u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

(2) Weighted average number of outstanding ordinary shares (diluted) (in thousands of shares)

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Weighted average number of common shares outstanding (basic)	\$ 344,289	332,918	343,925	332,918
Effect of convertible preferred shares				
Effect of convertible corporate bonds	2,884	14,041	3,248	14,041
Effect of employee stock dividends	<u>317</u>	<u>224</u>	<u>442</u>	<u>502</u>
Weighted average number of outstanding ordinary shares as of June 30 (diluted)	<u><u>347,490</u></u>	<u><u>347,183</u></u>	<u><u>347,615</u></u>	<u><u>347,461</u></u>

When the dilutive effect of stock options is calculated, the average market value is calculated based on the quoted market price of the Company's shares during the period, in which the options are outstanding.

3. Earnings per share are as follows:

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Earnings per share - basic	<u>\$ 7.08</u>	<u>3.00</u>	<u>12.83</u>	<u>4.45</u>
Earnings per share - diluted	<u>\$ 7.01</u>	<u>2.86</u>	<u>12.71</u>	<u>4.25</u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

(XVII) Revenue from customer contracts

1. Breakdown of income

April 2024 to June 2024				
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	\$ 2,490,078	598,897	(592,004)	2,496,971
China	684,590	13,397,342	(2,425,114)	11,656,818
Other countries	910,645	419,932	(35,299)	1,295,278
	<u><b>\$ 4,085,313</b></u>	<u><b>14,416,171</b></u>	<u><b>(3,052,417)</b></u>	<u><b>15,449,067</b></u>
Key products:				
Prepreg	\$ 1,327,333	6,222,613	(1,030,889)	6,519,057
Copper clad laminate	1,963,920	7,995,884	(1,239,940)	8,719,864
Mass lamination boards	114,611	-	-	114,611
Other	679,449	197,674	(781,588)	95,535
	<u><b>\$ 4,085,313</b></u>	<u><b>14,416,171</b></u>	<u><b>(3,052,417)</b></u>	<u><b>15,449,067</b></u>
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
	<u><b>\$ 2,441,538</b></u>	<u><b>8,246,608</b></u>	<u><b>(1,507,700)</b></u>	<u><b>9,180,446</b></u>
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
	<u><b>\$ 2,441,538</b></u>	<u><b>8,246,608</b></u>	<u><b>(1,507,700)</b></u>	<u><b>9,180,446</b></u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

January 2024 to June 2024				
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	\$ 4,539,305	903,949	(893,029)	4,550,225
China	1,182,640	24,368,769	(4,197,144)	21,354,265
Other countries	1,690,473	825,714	(69,150)	2,447,037
	<u><b>\$ 7,412,418</b></u>	<u><b>26,098,432</b></u>	<u><b>(5,159,323)</b></u>	<u><b>28,351,527</b></u>
Key products:				
Prepreg	\$ 2,449,601	11,165,499	(1,664,127)	11,950,973
Copper clad laminate	3,520,379	14,567,596	(2,162,899)	15,925,076
Mass lamination boards	293,561	-	-	293,561
Other	1,148,877	365,337	(1,332,297)	181,917
	<u><b>\$ 7,412,418</b></u>	<u><b>26,098,432</b></u>	<u><b>(5,159,323)</b></u>	<u><b>28,351,527</b></u>
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><b>\$ 4,461,645</b></u>	<u><b>15,357,870</b></u>	<u><b>(3,279,942)</b></u>	<u><b>16,539,573</b></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><b>\$ 4,461,645</b></u>	<u><b>15,357,870</b></u>	<u><b>(3,279,942)</b></u>	<u><b>16,539,573</b></u>



# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

## (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, 2024 and 2023 were NTD 80,677 thousand, 34,158 thousand, 150,757 thousand, and 54,583 thousand respectively, and the estimated amount of directors' remuneration NTD 17,480 thousand, 7,401 thousand, 32,664 thousand, and 11,826 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 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, 2024 and 2023. 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 2023 and 2022 was NTD 190,947 thousand and 172,916 thousand respectively, and the amount of directors' remuneration was NTD 41,372 thousand and 37,465 thousand respectively. There is no difference between the amount of employee remuneration and director's remuneration in 2023 and 2022 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 the Consolidated Company's interest income are as follows:

	<b>April 2024 to June 2024</b>	<b>April 2023 to June 2023</b>	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
Bank deposit interest	<u>\$ 32,359</u>	<u>29,961</u>	<u>59,105</u>	<u>51,401</u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

2. Other gains and losses

The details of other profits and losses of the Consolidated Company are as follows:

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Gain on disposal of investment	\$ 276	-	19,112	-
Foreign currency exchange gain (loss)	83,429	(4,241)	146,907	(6,451)
Gain (loss) on financial liabilities at fair value through profit or loss	(69)	16,633	1,028	22,871
Loss on disposal of property, plant and equipment	(69)	(126)	(1,797)	(1,750)
Disaster loss	-	-	-	(537,959)
Claim receipts	-	-	-	537,959
Other gains	<u>53,338</u>	<u>11,481</u>	<u>123,949</u>	<u>19,111</u>
Other gains and losses, net	<u><b>\$ 136,905</b></u>	<u><b>23,747</b></u>	<u><b>289,199</b></u>	<u><b>33,781</b></u>

Please refer to Note 10 for details on disaster loss and claim receipts.

3. Financial costs

The details of financial costs of the Consolidated Company are as follows:

	<b>April 2024</b>	<b>April 2023</b>	<b>January 2024</b>	<b>January 2023</b>
	<b>to June 2024</b>	<b>to June 2023</b>	<b>to June 2024</b>	<b>to June 2023</b>
Interest expenses	\$ 117,959	99,044	227,656	182,116
Less: capitalized interest	<u>(317)</u>	<u>(14,218)</u>	<u>(8,792)</u>	<u>(25,701)</u>
	<u><b>\$ 117,642</b></u>	<u><b>84,826</b></u>	<u><b>218,864</b></u>	<u><b>156,415</b></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 (20) to 2023 Consolidated Financial Statement.

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

1. Liquidity risk

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>Over 2 years</b>
<b>June 30, 2024</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 11,796,092	12,093,389	4,727,705	5,679,418	1,239,286	446,980
Secured bank loans	194,700	208,270	6,692	201,578	-	-
Bonds payable	612,196	631,800	-	631,800	-	-
Accounts payable	12,969,562	12,969,562	12,969,562	-	-	-
Other payables	7,864,393	7,864,393	7,864,393	-	-	-
Lease liabilities	691,451	951,713	39,790	40,342	79,649	791,932
	<b><u>\$ 34,128,394</u></b>	<b><u>34,719,127</u></b>	<b><u>25,608,142</u></b>	<b><u>6,553,138</u></b>	<b><u>1,318,935</u></b>	<b><u>1,238,912</u></b>
<b>December 31, 2023</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 9,044,543	9,224,073	6,171,752	1,866,430	1,185,891	-
Bonds payable	930,543	965,700	-	-	-	965,700
Accounts payable	10,488,612	10,488,612	10,488,612	-	-	-
Other payables	4,002,881	4,002,881	4,002,881	-	-	-
Lease liabilities	310,682	394,457	11,314	11,597	23,484	348,062
	<b><u>\$ 24,777,261</u></b>	<b><u>25,075,723</u></b>	<b><u>20,674,559</u></b>	<b><u>1,878,027</u></b>	<b><u>1,209,375</u></b>	<b><u>1,313,762</u></b>
<b>June 30, 2023</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 9,075,053	9,286,923	4,176,426	4,112,262	998,235	-
Bonds payable	3,320,576	3,465,300	-	-	-	3,465,300
Accounts payable	7,180,117	7,180,117	7,180,117	-	-	-
Other payables	6,131,057	6,131,057	6,131,057	-	-	-
Lease liabilities	321,408	411,520	11,474	11,474	23,523	365,049
	<b><u>\$ 26,028,211</u></b>	<b><u>26,474,917</u></b>	<b><u>17,499,074</u></b>	<b><u>4,123,736</u></b>	<b><u>1,021,758</u></b>	<b><u>3,830,349</u></b>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

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.

2. Market risk

(1) Currency risk

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

June 30, 2024					
		Foreign currency			
		(thousand)	Exchange rate		NTD
Financial asset					
Monetary items					
USD	\$	127,136	USD: NTD	32.4500	4,125,562
		112,565	USD: RMB	7.3003	3,652,722
		2,089	USD: MYR	4.8363	67,787
Financial liabilities					
Monetary items					
USD		100,763	USD: NTD	32.4500	3,269,744
		141,378	USD: RMB	7.3003	4,587,731
		25	USD: MYR	4.8363	815
December 31, 2023					
		Foreign currency			
		(thousand)	Exchange rate		NTD
Financial asset					
Monetary items					
USD	\$	119,788	USD: NTD	30.7050	3,678,102
		93,700	USD: RMB	7.0961	2,877,071
		1,701	USD: MYR	4.6034	52,232
Financial liabilities					
Monetary items					
USD		82,483	USD: NTD	30.7050	2,532,631
		130,398	USD: RMB	7.0961	4,003,868

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

		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

(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, 2024 and 2023, 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, 2024 and 2023 will increase or decrease by NTD 66 thousand and NTD 1,344 thousand respectively.

(3) Exchange gains and losses on monetary items

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) during the three and six months ended June 30, 2024 and 2023 were a profit of NTD 83,429 thousand, a loss of NTD 4,241 thousand, and a profit of NTD 146,907 thousand, and a loss of NTD 6,451 thousand, respectively.

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

## 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 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, 2024			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Call and put rights of corporate bonds	\$ 4,423	-	-	4,423	4,423
Financial assets measured at amortized cost					
Cash and cash equivalents	13,513,683	-	-	-	-
Note receivable and accounts receivable	20,724,469	-	-	-	-
Other receivables	442,571	-	-	-	-
Refundable deposits paid	117,202	-	-	-	-
Subtotal	34,797,925	-	-	-	-
Total	<u>\$ 34,802,348</u>	<u>-</u>	<u>-</u>	<u>4,423</u>	<u>4,423</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 11,990,792	-	-	-	-
Accounts payable	12,969,562	-	-	-	-
Other payables	7,864,393	-	-	-	-
Bonds payable	612,196	-	-	-	-
Guarantee deposits and margins received	54,735	-	-	-	-
Lease liabilities	691,451	-	-	-	-
Total	<u>\$ 34,183,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

		<b>December 31, 2023</b>			
		<b>Fair value</b>			
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss					
Call and put rights of corporate bonds	\$ 5,504	-	-	5,504	5,504
Financial assets measured at amortized cost					
Cash and cash equivalents	9,258,881	-	-	-	-
Note receivable and accounts receivable	17,326,562	-	-	-	-
Other receivables	404,467	-	-	-	-
Refundable deposits paid	68,612	-	-	-	-
Subtotal	27,058,522	-	-	-	-
Total	<b>\$ 27,064,026</b>	<b>-</b>	<b>-</b>	<b>5,504</b>	<b>5,504</b>
Financial liabilities measured at amortized cost					
Bank loans	\$ 9,044,543	-	-	-	-
Accounts payable	10,488,612	-	-	-	-
Other payables	4,002,881	-	-	-	-
Bonds payable	930,543	-	-	-	-
Guarantee deposits and margins received	16,276	-	-	-	-
Lease liabilities	310,682	-	-	-	-
Total	<b>\$ 24,793,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>June 30, 2023</b>			
		<b>Fair value</b>			
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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	<b>\$ 26,265,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

	June 30, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value					
through profit or loss					
Call and put rights of					
corporate bonds	\$ 693	-	-	693	693
Financial liabilities measured at					
amortized cost					
Bank loans	9,075,053	-	-	-	-
Accounts payable	7,180,117	-	-	-	-
Other payables	6,131,057	-	-	-	-
Bonds payable	3,320,576	-	-	-	-
Guarantee deposits and					
margins received	17,918	-	-	-	-
Lease liabilities	321,408	-	-	-	-
Subtotal	26,046,129	-	-	-	-
Total	\$ 26,046,822	-	-	693	693

(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 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.



## Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

The Consolidated 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 be reliably measured: The fair value is estimated using the market comparable company method, and the main assumption is based on an investee's earnings before interest, taxes, depreciation and amortization and the equity multiplier derived from the net before tax before the 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, 2024 and 2023.

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

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

The Consolidated Company's financial assets at Level 3 fair value mainly include financial assets measured at fair value through other comprehensive income - equity instrument investments with no active market and financial assets (liabilities) measured at fair value through profit or loss - embedded derivatives - call/put option.

Most of the Level 3 fair value attributed to the Consolidated Company only has single significant unobservable input, and only equity instrument investments with no active market have multiple significant unobservable inputs. Significant unobservable inputs of equity instrument investments with no active market are independent of each other, so there is no correlation.

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income - equity instrument investments with no active market	Discounted cash flow	<ul style="list-style-type: none"> <li>Weighted average cost of capital</li> <li>Perpetual growth rate</li> </ul>	<ul style="list-style-type: none"> <li>The higher the weighted average cost of capital, the lower the fair value</li> <li>The higher the perpetual growth rate, the higher the fair value</li> </ul>
Financial assets (liabilities) at fair value through profit or loss - embedded derivative financial instruments - call/put option	Binomial tree convertible bond pricing model	<ul style="list-style-type: none"> <li>Volatility (51.06%, 43.02%, and 42.35% on June 30, 2024, December 31, 2023, and June 30, 2023, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the volatility, the higher the fair value</li> </ul>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

(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 (21) of the 2023 Consolidated Financial Statement.

(XXII) Capital management

The capital management objectives, policies and procedures of the Consolidated Company are consistent with those disclosed in the 2023 Consolidated Financial Statement; there is no significant change in the aggregated quantitative information of the capital management items and those disclosed in the 2023 Consolidated Financial Statement. For relevant information, please refer to Note 6 (22) of the 2023 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, 2024 and 2023 are as follows:

1. For the right-of-use assets obtained by leasing, please refer to Note 6 (7) for details.

Reconciliation of liabilities arising from financing activities:

		<b>Non-cash changes</b>					
		<b>Change in</b>					
	<b>January 1,</b>	<b>Cash flow</b>	<b>Acquisition</b>	<b>exchange</b>	<b>Other</b>	<b>June 30,</b>	
	<b>2024</b>			<b>rate</b>		<b>2024</b>	
Short-term borrowings	\$ 6,556,651	1,379,078	87,730	189,948	-	8,213,407	
Long-term borrowings	2,487,892	1,227,164	-	62,329	-	3,777,385	
Lease liabilities	310,682	(15,028)	553	24,217	371,027	691,451	
Bonds payable	930,543	-	-	-	(318,347)	612,196	
Total liabilities from financing activities	<b>\$ 10,285,768</b>	<b>2,591,214</b>	<b>88,283</b>	<b>276,494</b>	<b>52,680</b>	<b>13,294,439</b>	

		<b>Non-cash changes</b>					
		<b>Change in</b>					
	<b>January 1,</b>	<b>Cash flow</b>	<b>Acquisition</b>	<b>exchange</b>	<b>Other</b>	<b>June 30,</b>	
	<b>2023</b>			<b>rate</b>		<b>2023</b>	
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	<b>\$ 9,841,310</b>	<b>3,083,514</b>	<b>-</b>	<b>(226,223)</b>	<b>18,436</b>	<b>12,717,037</b>	

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

**VII. Related party transaction**

(I) 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:

<u>Related party</u>	<u>Relationship with the Consolidated Company</u>
Technica USA	Affiliates of the Consolidated Company (Note 1)

Note 1: EMD SPECIALTY MATERIALS, LLC invested in 30% of the equity of TECHINA USA on January 1, 2024, bringing the Consolidated Company's shareholding to 60%. Therefore, the company was included as a subsidiary in the consolidated financial statements on January 1, 2024.

(II) Significant transactions with related parties

1. Revenue

The significant sales amount of the Consolidated Company to related parties is as follows:

	<u>April 2024</u> <u>to June 2024</u>	<u>April 2023</u> <u>to June 2023</u>	<u>January 2024</u> <u>to June 2024</u>	<u>January 2023</u> <u>to June 2023</u>
Associate	\$ -	(4,715)	-	(4,715)

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 2024</u> <u>to June 2024</u>	<u>April 2023</u> <u>to June 2023</u>	<u>January 2024</u> <u>to June 2024</u>	<u>January 2023</u> <u>to June 2023</u>
Associate	\$ -	1,568	-	3,010

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.

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

3. Receivables from related parties

The details of receivables from related parties to the Consolidated Company are as follows:

<b>Item</b>	<b>Related party categories</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Accounts receivable	Associate	<u>\$ -</u>	<u>-</u>	<u>1,178</u>

4. Payable to related parties

The details of payables to related parties by the Consolidated Company are as follows:

<b>Item</b>	<b>Related party categories</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Accounts payable	Associate	\$ -	-	2,599
Other payables	Associate	<u>-</u>	<u>1,212</u>	<u>1,620</u>
		<u>\$ -</u>	<u>1,212</u>	<u>4,219</u>

5. Endorsement and guarantee

On December 31, 2023, and on June 30, 2023, the guarantees provided by Consolidated Company for the borrowings taken by its affiliates amounted to NTD 18,423 thousand and NTD 18,684 thousand, respectively.

6. Other related party transactions

<b>Item</b>	<b>Related party categories</b>	<b>April 2024 to June 2024</b>	<b>April 2023 to June 2023</b>	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
Other expenditure	Associate	\$ -	353	-	353
Total selling expenses	Associate	<u>-</u>	<u>1,019</u>	<u>-</u>	<u>1,597</u>
		<u>\$ -</u>	<u>1,372</u>	<u>-</u>	<u>1,950</u>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
**(Cont.)**

(III) Key management personnel transactions

Key management personnel compensation includes:

	<b>April 2024 to June 2024</b>	<b>April 2023 to June 2023</b>	<b>January 2024 to June 2024</b>	<b>January 2023 to June 2023</b>
Short-term				
employee benefits \$	48,219	30,460	81,673	53,258
Post-employment				
benefits	162	243	324	462
	<u><b>\$ 48,381</b></u>	<u><b>30,703</b></u>	<u><b>81,997</b></u>	<u><b>53,720</b></u>

**VIII. Pledged assets**

The details of the carrying amount of the assets pledged by the Consolidated Company are as follows:

<b>Asset</b>	<b>Purpose of pledge</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Refundable deposits paid	Deposits for mailbox, leases and natural gas, etc.	117,202	68,612	67,981
Other current assets - others	Secured bank loans	207,350	-	-
		<u><b>\$ 324,552</b></u>	<u><b>68,612</b></u>	<u><b>67,981</b></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:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unused standby letters of credit			
NTD	\$ -	-	7,399
USD	31,697	26,673	26,645

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

2. 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:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Total contract price			
JPY	\$ -	-	642,000
USD	-	11,663	100,139
RMB	93,780	93,780	746,648
MYR	455,037	416,640	-
Unpaid contract price			
JPY	\$ -	-	57,780
USD	-	2,691	76,109
RMB	80,874	33,563	297,820
MYR	307,671	416,640	-

(II) Commitment:

Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China), a subsidiary of the 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, 2024, 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 351,155 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's construction was completed in July 2023. The relocation began in 2024, and the completion date of the relocation is still under negotiation.

Elite Material (Penang) Sdn. Bhd., a subsidiary of the Consolidated Company, signed a construction contract for a new plant in Penang, Malaysia, with MASTEQ Engineering Sdn. Bhd. The tentative contract price was MYR 419,446 thousand (NTD 2,815,071 thousand). As of June 30, 2024, an amount of MYR 111,775 thousand (NTD 750,169

## **Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)**

thousand) has been paid for the construction contract. Please refer to Note 13 (1) 5 for more information.

### **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 NTD 248,367 thousand, other assets amounted for NTD 18,070 thousand, inventory amounted for NTD 271,522 thousand and a total disaster loss of NTD 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. In 2023, the Company has recognized claims income and 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. As of June 30, 2024, claims receivable of NTD 188,000 thousand had been collected.

### **XI. Major subsequent events**

To repay bank loans and increase working capital, the Board of Directors of the Consolidated Company approved on July 31, 2024 to issue 30,000 domestic unsecured convertible corporate bonds for the sixth time at 103% of the face value, and the temporary lower limit for unsecured convertible corporate bonds issued for the seventh time is no less than 105% of the face value, and the actual amount of the bonds issued will depend on the results of the bidding auction.

### **XII. Other**

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



**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

<b>Function</b>  <b>Classification</b>	<b>April 2024 to June 2024</b>			<b>April 2023 to June 2023</b>		
	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefits expenses						
Salary expenses	665,949	462,334	1,128,283	497,050	282,169	779,219
Labor and national health insurance expenses	34,901	11,281	46,182	28,230	9,593	37,823
Pension expenses	51,670	14,133	65,803	38,910	11,084	49,994
Other employee benefit expenses	49,825	19,269	69,094	35,434	12,816	48,250
Depreciation expense	382,048	53,095	435,143	241,025	38,556	279,581
Amortization expense	1,427	12,116	13,543	268	11,492	11,760

<b>Function</b>  <b>Classification</b>	<b>January 2024 to June 2024</b>			<b>January 2023 to June 2023</b>		
	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefits expenses						
Salary expenses	1,248,227	869,329	2,117,556	958,660	511,410	1,470,070
Labor and national health insurance expenses	68,454	25,089	93,543	55,802	20,861	76,663
Pension expenses	99,151	27,414	126,565	75,909	21,708	97,617
Other employee benefit expenses	93,566	40,037	133,603	68,213	28,349	96,562
Depreciation expense	723,986	100,964	824,950	476,701	66,796	543,497
Amortization expense	2,336	24,352	26,688	539	22,634	23,173

**XIII. Notes to disclosures**

(I) Information on significant transactions

From January 1 to June 30, 2024, 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:

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

## 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		
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLC	Other receivables - related parties	Y	1,000,000	1,000,000	-	2.00%	2	-	Operations	-		-	8,596,490 (Note 3)	8,596,490 (Note 3)
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	3,078,082	3,049,270	-	2.00%	2	-	Operations	-		-	8,064,758 (Note 4)	8,064,758 (Note 4)
1	"	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	1,489,684	1,475,740	-	2.00%	2	-	Operations	-		-	8,064,758 (Note 4)	8,064,758 (Note 4)
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	937,783	929,005	617,855	2.00%	2	-	Operations	-		-	2,748,363 (Note 5)	2,748,363 (Note 5)

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 regulations of the Company's Regulations Governing Loaning of Funds: the individual loan amount with the companies with business relationship shall not exceed 50% of the total purchase (sale) transaction in the latest year and shall not exceed 3% of the Company's net value where the total amount of the loan 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 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 5: 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 6: The Consolidated Company's total loan of fund shall not exceed 100% of the Company's net worth.

Note 7: 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 statements	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	14,327,483	1,679,427	1,674,525	1,486,098	-	5.84%	28,654,966	Y		
0	"	TECHNICA USA	2	14,327,483	19,200	-	-	-	- %	28,654,966	Y		
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	13,441,264	1,766,400	1,381,195	874,852	-	5.14%	26,882,527			Y
1	"	ELITE MATERIAL (PENANG) SDN. BHD.	4	13,441,264	3,905,400	3,894,000	-	-	14.49%	26,882,527			
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	4,580,606	1,435,840	1,422,400	640,934	-	15.53%	9,161,212			Y

## Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

Note 1: The number is filled in as follows:

1. Parent company is numbered 0.
2. Investees are numbered sequentially beginning from Arabic numeral 1 by the company category, and the code for the same company should be the same.

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%	-	

4. Aggregate purchases or sales of the same securities reaching NTD 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		Sell				End of the period	
					Quantity	Amount (Note 1)	Quantity	Amount (Note 1)	Quantity	Selling price	Book cost	Disposal gain (loss)	Quantity	Amount (Note 1)
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Investments accounted for using equity method	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Subsidiary company	-	1,249,827	-	2,608,813	-	-	-	-	-	3,858,640 (Note 2)
"	ELITE MATERIAL (PENANG) SDN. BHD.	"	ELITE MATERIAL (PENANG) SDN. BHD.	"	45,382,001	302,434	204,860,500	1,412,634	-	-	-	-	250,242,501	1,715,068 (Note 2)

Note 1: It includes new investments in this period and the changes in the shares of the equity and other comprehensive income of the investees recognized.

Note 2: 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.)

### 5. Acquisition of property reaching NTD 300 million or 20% of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars)

Company name	Types of property	Transaction date	Transaction amount	Payment term	Counterparty	Nature of relationships	Prior Transaction of related counterparty				Price reference	Purpose of acquisition	Other terms
							Owner	Relationship to the issuer	Transfer date	Amount			
ELITE MATERIAL (PENANG) SDN. BHD.	Unfinished works and equipment to be inspected	2024/1/22	2,815,071	Note 2	MASTEQ ENGINEERING SDN. BHD.	None	Not applicable	Not applicable	Not applicable	-	Not applicable (Note 1)	For business use	Note 2
EMD SPECIALTY MATERIALS, LLC	Right-of-use assets	2024/4/1	348,358	-	BCORE Defender CA1W02, LLC	None	Not applicable	Not applicable	Not applicable	-	Appraisal report	For business use	-

Note 1: This is a construction project by a contracted party on rented land, so there is no need to obtain an appraisal report.

Note 2: Please refer to Note 9 for details of the contract price.

### 6. Disposal of property reaching NTD 300 million or 20% of paid-in capital or more: None.

### 7. The purchase and sale of goods with related parties reaching NTD 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	(567,208)	(8)%	Depends on the financial position of the Company	-		434,526	8%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	567,208	7%	"	-		(434,526)	(8)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(289,958)	(4)%	"	-		247,952	5%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	289,958	5%	"	-		(247,952)	(6)%	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Sales	(100,309)	(1)%	"	-		75,924	1%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	100,309	3%	"	-		(75,924)	(3)%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(176,656)	(1)%	"	-		195,108	2%	

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

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 Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Purchase	176,656	3%	"	-		(195,108)	(5)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Sales	(819,299)	(18)%	"	-		699,131	23%	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	819,299	16%	"	-		(699,131)	(17)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Sales	(651,950)	(15)%		-		319,267	10%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	651,950	8%		-		(319,267)	(6)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	Sales	(2,096,424)	(47)%		-		1,425,332	46%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	2,096,424	36%		-		(1,425,332)	(37)%	

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

8. Receivables from related parties reaching NTD 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	434,526	3.78	-		100,180	-
Elite Material Co., Ltd. (Note 1)	"	"	105,907	Not applicable	-		-	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	247,952	3.03	-		83,700	-
Elite Material Co., Ltd. (Note 1)	"	"	56,203	Not applicable	-		-	-
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Parent company and subsidiary	75,924	4.47	-		6,733	-
Elite Material Co., Ltd. (Note 1)	"	"	27,138	Not applicable	-		-	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	64,478	1.26	-		620	-

## Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

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 Electronic Material (Kunshan) Co., Ltd. (Mainland China) (Note 1)	"	"	373,460	Not applicable	-		78,526	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	195,108	3.07	-		5,903	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	3,256	0.46	-		864	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) (Note 1)	"	"	410,213	Not applicable	-		110,100	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	78,693	3.48	-		28,958	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) (Note 1)	"	"	619,434	Not applicable	-		-	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	Parent company and subsidiary	699,131	3.23	-		125,794	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	319,267	2.85	-		121,965	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	1,425,332	3.42	-		431,731	-

Note 1: Other receivables- related parties

Note 2: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

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:

No. (Note 1)	Related party	Transaction counterparty	Relationship to the counterparty (Note 2)	Business transactions of the second quarter of 2024			
				Classification	Amount	Transaction terms	% of total
0	Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	1	Sales revenue	567,208	Note 3	2.00%
0	Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	1	Sales revenue	289,958	Note 3	1.02%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	2	Sales revenue	819,299	Note 3	2.89%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	2	Accounts receivable	699,131	Note 3	1.07%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	2	Sales revenue	651,950	Note 3	2.30%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Sales revenue	2,096,424	Note 3	7.39%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Accounts receivable	1,425,332	Note 3	2.19%

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.

# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

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

Note 5: 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, 2024 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%	26,942,141	4,245,536	4,245,536	Subsidiary company; Note 6
"	Grand Wuhan Incorporated	Cayman Islands	Investment	602,440	602,440	20,020,000	100.00%	794,903	21,417	21,417	Subsidiary company
"	EMC INTERNATIONAL HOLDING INCORPORATED	"	Investment	781,850	781,850	27,042,000	100.00%	450,271	(152,670)	(152,670)	Subsidiary company; Note 6
"	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 5
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Cayman Islands	Investment	1,123,356	1,123,356	34,618,060	100.00%	26,908,729	4,244,582	4,244,582	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 5
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	British Virgin Islands	Investment	1,098,458	1,098,458	18,200,000	100.00%	16,343,636	2,578,258	2,578,258	Fellow subsidiary company
"	Grand Zhongshan Incorporated	"	Investment	533,381	533,381	16,437,000	100.00%	10,563,808	1,666,316	1,666,316	"
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment	851,975	851,975	26,255,000	100.00%	447,099	(165,340)	(165,340)	Subsidiary of subsidiary company
"	EMC USA HOLDING INCORPORATED	"	Investment	23,753	23,753	732,000	100.00%	5,302	12,667	12,667	"
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	USA	Production and sales of Copper Clad Laminate and Prepreg	850,097	850,097	-	100.00%	446,187	(157,435)	(157,435)	Fellow subsidiary company
EMC USA HOLDING INCORPORATED	TECHNICA USA	"	General import and export services	42,899	19,470	2,044,000	56.07%	5,329	(12,567)	(6,445)	Note 4
EMD SPECIALTY MATERIALS, LLC	TECHNICA USA	"	General import and export services	19,470	-	600,000	16.46%	20,979	(12,567)	(2,557)	Note 4
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	ELITE MATERIAL (PENANG) SDN. BHD.	Malaysia	Production and sales of Copper Clad Laminate and Prepreg	1,706,697	316,638	250,242,501	100.00%	1,715,068	35,908	35,908	

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: EMD SPECIALTY MATERIALS, LLC invested USD 600 thousand in 30% of the equity of TECHNICA USA on January 1, 2024. EMC USA

## Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

HOLDING INCORPORATED, in March of the same year, and non-controlling interests, in May 2024, converted preferred stock, changing the equity of EMC USA HOLDING INCORPORATED to 56.07% and the equity of EMD SPECIALTY MATERIALS, LLC to 16.46%.

Note 5: The investment value has been impaired and the loss was recognized in full where the book value was reduced to zero in 2005.

Note 6: 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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	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, 2024	Accumulated inward remittance of earnings as of June 30, 2024
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Production and sales of Copper Clad Laminate and Prepreg	4,025,297	(2)	650,816	-	-	650,816	4,245,830	100.00%	4,245,830	26,879,868	10,731,560
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	3,567,113	(2)	440,613	-	-	440,613	1,359,204	100.00%	1,359,204	9,159,988	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	2,852,637	(2)	601,858	-	-	601,858	366,071	100.00%	366,071	3,858,640	-

#### 2. Upper limit on reinvestment in Mainland China:

Company name	Accumulated investment in Mainland China as of June 30, 2024	Investment amounts authorized by investment commission, MOEA	Upper limit on investment
The Company	1,710,734	11,590,220	17,192,979

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

- (1) Directly conduct investment in China.
- (2) Reinvest in China through a company in which the same have invested in a third jurisdiction.
- (3) Other methods.

Note 2: Financial statements reviewed by CPAs 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, capital increase through capitalization of retained earnings of USD 10,000 thousand and USD 35,000 thousand, and capital increase through capitalization of capital surplus of USD 20,000 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 of Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) and the remittance from Taiwan is the direct investment of RMB 510,000 thousand by an overseas subsidiary.

Note 6: 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 7: It is converted according to the exchange rate of 32.4500 (asset and liability) and 31.8529 (profit and loss) on June 30, 2024.

Note 8: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

Note 9: 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.

#### 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, 2024 (which have been offset when the consolidated report is prepared), please refer to "Information on Significant Transactions" for details.



# Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements (Cont.)

## (IV) Information of major shareholders:

<b>Name of major shareholders</b>	<b>Shareholding</b>	<b>Shares held</b>	<b>Ratio of shareholding</b>
Yuchang Investment Co., Ltd.		25,471,477	7.39%
The first 2022 Discretionary Investment of Labor Pension Fund with HSBC Securities investment account		22,400,400	6.50%

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 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:

<b>April 2024 to June 2024</b>				
	<b>Domestic</b>	<b>Foreign</b>	<b>Other</b>	<b>Adjustment</b>
	<b>department</b>	<b>department</b>	<b>departments</b>	<b>and write off</b>
				<b>Total</b>
<b>Income:</b>				
Income from external customers	\$ 3,365,425	12,083,642	-	-
Income from each department	719,888	2,332,529	-	(3,052,417)
<b>Total income</b>	<b>\$ 4,085,313</b>	<b>14,416,171</b>	<b>-</b>	<b>(3,052,417)</b>
<b>Segment gains and losses which shall be disclosed</b>	<b>\$ 2,572,810</b>	<b>3,622,116</b>	<b>6,659,619</b>	<b>(9,879,303)</b>
				<b>2,975,242</b>

**Notes on Elite Material Co., Ltd. and Subsidiaries Consolidated Financial Statements**  
(Cont.)

	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	-	-	9,180,446
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>	<u>9,180,446</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>	<u>1,588,155</u>

	January 2024 to June 2024				
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 6,160,628	22,190,899	-	-	28,351,527
Income from each department	1,251,790	3,907,533	-	(5,159,323)	-
Total income	<u>\$ 7,412,418</u>	<u>26,098,432</u>	<u>-</u>	<u>(5,159,323)</u>	<u>28,351,527</u>
Segment gains and losses which shall be disclosed	\$ 4,802,106	6,627,283	12,450,766	(18,291,342)	5,588,813

	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	685,503	2,594,439	-	(3,279,942)	-
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>