

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

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

Third Quarter of 2024 and 2023

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

Table of Contents

	Item	Page
Chapter I	Cover	1
Chapter II	Table of Contents	2
Chapter III	CPA’s Review Report	3
Chapter IV	Consolidated Balance Sheets	5
Chapter V	Consolidated Statements of Comprehensive Income	6
Chapter VI	Consolidated Statements of Changes in Equity	7
Chapter VII	Consolidated Statements of Cash Flows	8
Chapter VIII	Notes to Consolidated Financial Statements	
	I. Company History	9
	II. Dates and Procedures for the Financial Statement Approval	9
	III. Application of New and Revised Standards, Amendments, and Interpretations	9
	IV. Summary of Significant Accounting Policies	13
	V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimations, and Assumptions	18
	VI. Description of Significant Accounting Items	18
	VII. Related Party Transaction	51
	VIII. Pledged Assets	53
	IX. Material Contingent Liabilities and Unrecognized Contractual Commitments	54
	X. Losses Due to Major Disasters	55
	XI. Major Subsequent Events	56
	XII. Other	56
	XIII. Notes to Disclosures	
	1. Information on Significant Transactions	57
	2. Information on Investees	63
	3. Information of Investment in Mainland China	64
	4. Information of Major Shareholders	65
	XIV. Department Information	65

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 September 30, 2024 and 2023 and the consolidated income statement from July 1 to September 30, and from January 1 to September 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 September 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 September 30, 2024 and 2023, and the consolidated financial performance from July 1 to September 30, and from January 1 to September 30 in 2024 and 2023, and consolidated cash flow from January 1 to September 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

October 30, 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

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and stockholders' equity		Amount	%	Amount	%	Amount	%
Current Assets:								Current Liabilities:							
1100	Cash and cash equivalents (Note 6 (1))	\$ 13,600,992	19	9,258,881	17	10,581,781	20	2100	Short-term borrowings (Note 6 (8))	\$ 8,336,627	12	6,556,651	12	6,423,279	12
1110	Financial assets at fair value through profit or loss - current (Note 6 (10))	2,850	-	-	-	-	-	2170	Accounts payable (Note 7)	14,467,226	21	10,488,612	20	10,194,790	20
1150	Notes receivable, net (Note 6 (2))	46,989	-	130,344	-	117,993	-	2200	Other payables (Note 7)	4,420,372	6	4,002,881	8	4,562,974	9
1170	Accounts receivable, net (Notes 6 (2) and 7)	23,391,238	33	17,196,218	32	15,539,901	30	2321	Corporate bonds that mature in one year or one operating cycle or that have put rights executed (Note 6 (10))	461,547	1	-	-	-	-
1200	Other receivables (Note 6 (3))	426,886	1	404,467	1	410,218	1	2230	Current income tax liabilities	693,185	1	484,781	1	398,346	1
1220	Current income tax assets	242	-	212	-	7,683	-	2280	Current lease liabilities (Note 6 (11))	40,894	-	13,068	-	13,474	-
1310	Inventories (Note 6 (4))	8,740,580	13	6,134,702	12	5,598,287	11	2322	Long-term borrowings due within one year or one operating cycle (Note 6 (9))	2,112,138	3	1,309,368	2	1,504,537	3
1479	Other current assets - others (Note 8)	1,197,726	2	550,089	1	539,040	1	2399	Other current liabilities - others	231,488	-	217,718	-	240,649	-
Total current assets		<u>47,407,503</u>	<u>68</u>	<u>33,674,913</u>	<u>63</u>	<u>32,794,903</u>	<u>63</u>	Total current liabilities		<u>30,763,477</u>	<u>44</u>	<u>23,073,079</u>	<u>43</u>	<u>23,338,049</u>	<u>45</u>
Non-current assets:								Non-current liabilities:							
1510	Financial assets at fair value through profit or loss - non-current (Note 6 (10))	-	-	5,504	-	11,566	-	2500	Financial liabilities at fair value through profit or loss - non-current (Note 6 (10))	32,400	-	-	-	-	-
1600	Property, plant and equipment (Note 6 (6))	19,377,817	28	16,654,509	31	17,036,280	33	2530	Bonds payable (Note 6 (10))	2,792,546	4	930,543	2	1,292,335	2
1755	Right-of-use assets (Note 6 (7))	2,166,770	3	1,509,821	3	603,623	1	2540	Long-term borrowings (Note 6 (9))	2,510,264	3	1,178,524	2	1,095,720	2
1780	Total intangible assets	773,912	1	712,271	1	755,718	2	2570	Deferred income tax liabilities	829,371	1	664,782	1	541,122	1
1840	Deferred income tax assets	90,336	-	297,588	1	200,630	-	2580	Non-current lease liabilities (Note 6 (11))	624,107	1	297,614	1	316,333	1
1900	Other non-current assets	204,503	-	462,207	1	397,160	1	2600	Other non-current liabilities (Note 6 (12))	519,333	1	472,594	1	464,195	1
1920	Refundable deposits paid (Note 8)	104,102	-	68,612	-	70,014	-	Total non-current liabilities		<u>7,308,021</u>	<u>10</u>	<u>3,544,057</u>	<u>7</u>	<u>3,709,705</u>	<u>7</u>
1975	Net defined benefit asset - non-current	41,202	-	41,202	-	42,842	-	Total liabilities		<u>38,071,498</u>	<u>54</u>	<u>26,617,136</u>	<u>50</u>	<u>27,047,754</u>	<u>52</u>
Total non-current assets		<u>22,758,642</u>	<u>32</u>	<u>19,751,714</u>	<u>37</u>	<u>19,117,833</u>	<u>37</u>	Equity attributable to owners of the parent company (Note 6 (15)):							
								3100	Share capital	3,452,219	5	3,431,793	6	3,416,111	7
								3200	Capital surplus	5,078,465	7	4,361,746	8	4,015,432	8
								Retained earnings:							
								3310	Legal reserve	4,010,652	7	3,462,000	6	3,462,000	7
								3320	Special reserve	859,153	1	549,290	1	549,290	1
								3350	Unappropriated retained earnings	18,470,188	26	15,863,815	30	13,879,724	26
								3400	Other equity interest	236,087	-	(859,153)	(1)	(457,575)	(1)
								Total equity attributable to owners of the parent company		<u>32,106,764</u>	<u>46</u>	<u>26,809,491</u>	<u>50</u>	<u>24,864,982</u>	<u>48</u>
								36XX	Non-controlling interests	(12,117)	-	-	-	-	-
								Total equity		<u>32,094,647</u>	<u>46</u>	<u>26,809,491</u>	<u>50</u>	<u>24,864,982</u>	<u>48</u>
Total assets		<u>\$ 70,166,145</u>	<u>100</u>	<u>53,426,627</u>	<u>100</u>	<u>51,912,736</u>	<u>100</u>	Total liabilities and equity		<u>\$ 70,166,145</u>	<u>100</u>	<u>53,426,627</u>	<u>100</u>	<u>51,912,736</u>	<u>100</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 COMPREHENSIVE INCOME

From July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		July 2024 to September 2024		July 2023 to September 2023		January 2024 to September 2024		January 2023 to September 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 6 (17) and 7)	\$ 17,463,096	100	11,874,501	100	45,814,623	100	28,414,074	100
5000	Operating costs (Notes 6 (4) and 7)	(12,747,903)	(73)	(8,290,373)	(70)	(33,126,257)	(72)	(20,732,775)	(73)
	Gross profit from operations	4,715,193	27	3,584,128	30	12,688,366	28	7,681,299	27
	Operating expenses:								
6100	Total selling expenses (Note 7)	(493,590)	(3)	(309,116)	(3)	(1,247,980)	(3)	(842,071)	(3)
6200	Total administrative expenses (Note 7)	(587,114)	(3)	(432,845)	(3)	(1,602,260)	(3)	(1,067,711)	(4)
6300	Total research and development expenses	(467,050)	(3)	(335,863)	(3)	(1,208,493)	(3)	(874,494)	(3)
6450	Expected credit impairment gains (losses) (Note 6 (2))	(355)	-	37	-	(3,176)	-	(2,255)	-
	Total operating expenses	(1,548,109)	(9)	(1,077,787)	(9)	(4,061,909)	(9)	(2,786,531)	(10)
	Net operating income	3,167,084	18	2,506,341	21	8,626,457	19	4,894,768	17
	Non-operating income and expenses								
	(Notes 6 (19) and 7):								
7100	Total interest income	38,779	-	36,117	-	97,884	-	87,518	-
7020	Other gains and losses	89,337	1	108,465	1	378,536	1	142,246	1
7050	Financial costs	(121,245)	(1)	(76,738)	(1)	(340,109)	(1)	(233,153)	(1)
	Total non-operating income and expenses	6,871	-	67,844	-	136,311	-	(3,389)	-
7900	Profit from continuing operations before tax	3,173,955	18	2,574,185	21	8,762,768	19	4,891,379	17
7950	Income tax expenses (Note 6 (14))	(659,300)	(4)	(551,754)	(4)	(1,837,531)	(4)	(1,388,951)	(5)
8200	Profit	2,514,655	14	2,022,431	17	6,925,237	15	3,502,428	12
	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
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	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	22,173	-	-	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	648,907	4	654,055	5	1,341,052	3	114,643	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(129,723)	(1)	(130,811)	(1)	(268,267)	(1)	(22,928)	-
	Components of other comprehensive income that will be reclassified to profit or loss	519,184	3	523,244	4	1,072,785	2	91,715	-
	Current period other comprehensive income (post-tax profit or loss)	519,184	3	523,244	4	1,094,958	2	91,715	-
8500	Total comprehensive income in current period	\$ 3,033,839	17	2,545,675	21	8,020,195	17	3,594,143	12
	Income attributable to:								
8610	Owners of the parent company	\$ 2,516,219	14	2,022,431	17	6,930,367	15	3,502,428	12
8620	Non-controlling interests	(1,564)	-	-	-	(5,130)	-	-	-
		\$ 2,514,655	14	2,022,431	17	6,925,237	15	3,502,428	12
	Comprehensive income attributable to:								
8710	Owners of the parent company	\$ 3,035,111	17	2,545,675	21	8,025,607	17	3,594,143	12
8720	Non-controlling interests	(1,272)	-	-	-	(5,412)	-	-	-
		\$ 3,033,839	17	2,545,675	21	8,020,195	17	3,594,143	12
	Earnings per share (NTD) (Note 6 (16))								
9750	Basic earnings per share (NTD)	\$ 7.30		6.04		20.14		10.50	
9850	Diluted earnings per share (NTD)	\$ 7.25		5.79		19.94		10.03	

(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 September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
						Total other equity interest		Total equity attributable to owners of parent	Non-controlling interests	Total equity
						Exchange differences on translation of foreign financial statements	Equity instrument investment losses measured at fair value through other comprehensive income			
	Share capital	Retained earnings								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
Balance as of January 1, 2023	\$ 3,329,183	2,076,279	2,953,134	903,909	13,361,349	(511,344)	(37,946)	22,074,564	-	22,074,564
Profit	-	-	-	-	3,502,428	-	-	3,502,428	-	3,502,428
Other comprehensive income in the current period	-	-	-	-	-	91,715	-	91,715	-	91,715
Total comprehensive income in current period	-	-	-	-	3,502,428	91,715	-	3,594,143	-	3,594,143
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)
Convertible corporate bond conversion	86,928	1,939,153	-	-	-	-	-	2,026,081	-	2,026,081
Balance as of September 30, 2023	\$ 3,416,111	4,015,432	3,462,000	549,290	13,879,724	(419,629)	(37,946)	24,864,982	-	24,864,982
Balance as of January 1, 2024	\$ 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	-	-	-	-	6,930,367	-	-	6,930,367	(5,130)	6,925,237
Other comprehensive income in the current period	-	-	-	-	-	1,073,067	22,173	1,095,240	(282)	1,094,958
Total comprehensive income in current period	-	-	-	-	6,930,367	1,073,067	22,173	8,025,607	(5,412)	8,020,195
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)
Equity component (subscription right) of convertible bonds issued by the Company-	-	265,279	-	-	-	-	-	265,279	-	265,279
Convertible corporate bond conversion	20,426	451,392	-	-	-	-	-	471,818	-	471,818
Difference between the price and the book value of acquisition or disposal of subsidiary’s equity	-	48	-	-	(26,147)	-	-	(26,099)	3,346	(22,753)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(10,051)	(10,051)
Balance as of September 30, 2024	\$ 3,452,219	5,078,465	4,010,652	859,153	18,470,188	251,860	(15,773)	32,106,764	(12,117)	32,094,647

(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 September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January 2024 to September 2024	January 2023 to September 2023
Cash flows from operating activities:		
Profit before tax	\$ 8,762,768	4,891,379
Adjustments:		
Adjustments to reconcile:		
Depreciation expense	1,268,469	881,689
Amortization expense	40,896	35,236
Expected credit impairment loss	3,176	3,423
Net losses (gains) on financial assets or liabilities at fair value through profit or loss)	2,283	(45,352)
Interest expenses	334,216	206,655
Total interest income	(97,884)	(87,518)
Loss on disposal of property, plant and equipment	1,863	1,487
Gain on disposal of investment	(19,164)	-
Bond discounted amortized interest expense	5,893	26,498
Total adjustments to reconcile	<u>1,539,748</u>	<u>1,022,118</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Note receivable	85,540	94,519
Accounts receivable	(5,362,370)	(4,028,511)
Other receivables	(40,562)	(2,131)
Inventory	(2,344,813)	(1,611,506)
Other current assets	(635,190)	(392,380)
Other non-current assets	34,503	47,025
Total changes in operating assets	<u>(8,262,892)</u>	<u>(5,892,984)</u>
Changes in operating liabilities:		
Accounts payable	3,456,271	3,648,074
Other payables	650,133	284,043
Other current liabilities	23,127	152,342
Other non-current liabilities	(10,103)	(11,321)
Total changes in operating liabilities	<u>4,119,428</u>	<u>4,073,138</u>
Total changes in operating assets and liabilities	<u>(4,143,464)</u>	<u>(1,819,846)</u>
Total adjustments	<u>(2,603,716)</u>	<u>(797,728)</u>
Cash inflow generated from operations	6,159,052	4,093,651
Interest received	118,533	78,048
Interest paid	(333,606)	(207,389)
Income taxes paid	<u>(1,576,687)</u>	<u>(1,543,321)</u>
Net cash flows from operating activities	<u>4,367,292</u>	<u>2,420,989</u>
Cash flows from (used in) investing activities:		
Net cash flow from acquisition of subsidiaries	10,383	-
Acquisition of property, plant and equipment	(3,433,129)	(2,436,521)
Proceed from disposal of property, plant and equipment	1,192	619
Decrease in other receivable	-	188,000
Acquisition of intangible assets	(26,913)	(13,764)
Acquisition of right-of-use assets	(11,025)	-
Refundable deposits paid	<u>(32,835)</u>	<u>(133)</u>
Net cash flows used in investing activities	<u>(3,492,327)</u>	<u>(2,261,799)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,439,175	1,181,357
Issuance of bonds	3,090,000	-
Long-term loan	2,865,849	1,688,975
Repay long-term loan	(854,395)	(101,192)
Guarantee deposits and margins received	28,493	(481)
Payment of lease liabilities	(24,738)	(9,789)
Cash dividends paid	(3,439,332)	(2,829,806)
Changes in non-controlling interests	57	-
Net cash inflows (outflows) from financing activities	<u>3,105,109</u>	<u>(70,936)</u>
Effect of exchange rate fluctuations on cash held	362,037	49,909
Net increase in cash and cash equivalents	4,342,111	138,163
Cash and cash equivalents at beginning of period	9,258,881	10,443,618
Cash and cash equivalents at end of period	<u>\$ 13,600,992</u>	<u>10,581,781</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
Third 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 October 30, 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:

New or amended standards	Major amendment details	Effective date announced by IASB
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"> • 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. • 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. 	January 1, 2027

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

New or amended standards	Major amendment details	Effective date announced by IASB
	<ul style="list-style-type: none"> • 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. 	
Annual Improvements to IFRS Accounting Standards	<p>The amendments are as follows:</p> <ol style="list-style-type: none"> 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. 2. IFRS 7 “Financial Instruments: Disclosures” The amendments address potential confusion caused by inconsistent terms between IFRS 7 and IFRS 13. 	January 1, 2026
Annual Improvements to IFRS Accounting Standards	<ol style="list-style-type: none"> 3. IFRS 9 “Financial Instruments” <ul style="list-style-type: none"> • 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 in accordance with the provision for lease modification under IFRS 16. 	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
	<ul style="list-style-type: none"> • 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. 	
	<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 Statement. For relevant information, please refer to Note 4 to the 2023 Consolidated Financial Statement.

(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
			September 30, 2024	December 31, 2023	September 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)

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

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
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)
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%	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	TECHNICA USA	General import and export services	56.07% (Note 4)	30.00%	30.00%	
EMD SPECIALTY MATERIALS, LLC	TECHNICA 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.

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

(Mainland China).

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

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

Note 4: EMD SPECIALTY MATERIALS, LLC invested USD 600 thousand in 30% of the equity of TECHNICA USA on January 1, 2024, raising the Consolidated Company's stake in TECHNICA 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.

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

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 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

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

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.

(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.

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

(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.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash	\$ 660	577	621
Demand deposits	9,259,466	6,643,754	8,072,881
Time deposits	1,905,463	982,152	1,047,483
Cash equivalents	<u>2,435,403</u>	<u>1,632,398</u>	<u>1,460,796</u>
Cash and cash equivalents shown in the consolidated statement of cash flows	<u>\$ 13,600,992</u>	<u>9,258,881</u>	<u>10,581,781</u>

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

(II) Note receivable and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable - resulting from			
operating activities	\$ 47,398	130,753	118,402
Accounts receivable - measured			
at amortized cost	23,401,377	17,201,164	15,544,988
Less: loss allowances	<u>(10,548)</u>	<u>(5,355)</u>	<u>(5,496)</u>
	<u>\$ 23,438,227</u>	<u>17,326,562</u>	<u>15,657,894</u>

The Consolidated Company used the simplified approach to estimate expected credit losses on September 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:

	September 30, 2024		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 23,217,567	0.03%	7,247
Less than 30 days past due	150,613	0.14%	212
31~120 days past due	74,946	0.04%	32
More than 121 days past due	<u>5,649</u>	54.12%	<u>3,057</u>
	<u>\$ 23,448,775</u>		<u>10,548</u>

	December 31, 2023		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
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	<u>65,859</u>	0.05%	<u>32</u>
	<u>\$ 17,331,917</u>		<u>5,355</u>

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

	September 30, 2023		
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 15,482,916	0.03%	5,342
Less than 30 days past due	175,612	0.02%	32
31~120 days past due	3,574	0.00%	-
More than 121 days past due	<u>1,288</u>	9.47%	<u>122</u>
	<u>\$ 15,663,390</u>		<u>5,496</u>

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

	January 2024 to September 2024	January 2023 to September 2023
Opening Balance	\$ 5,355	5,040
Impairment loss recognized	3,176	2,255
Amount written off due to irrecoverability during this year	(1,775)	(1,950)
Acquired through business combination	3,522	-
Foreign currency exchange gains and losses	<u>270</u>	<u>151</u>
Ending balance	<u>\$ 10,548</u>	<u>5,496</u>

(III) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Claims receivable	\$ 349,959	349,959	349,959
Other receivables	78,095	55,676	61,427
Less: loss allowances	<u>(1,168)</u>	<u>(1,168)</u>	<u>(1,168)</u>
	<u>\$ 426,886</u>	<u>404,467</u>	<u>410,218</u>

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

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

(IV)	Inventory	September 30, 2024	December 31, 2023	September 30, 2023
	Raw material	\$ 5,701,188	3,861,963	3,441,130
	Goods-in-process	490,995	388,873	468,046
	Finished goods	2,527,129	1,883,866	1,689,111
	Merchandise	21,268	-	-
		<u>\$ 8,740,580</u>	<u>6,134,702</u>	<u>5,598,287</u>

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

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Cost of goods sold	\$ 12,846,009	8,316,860	33,401,563	20,918,223
Losses on disposal of obsolete inventory	-	14,511	-	14,511
Loss for market price decline and obsolete and slow-moving inventories (Gain from price recovery)	10,797	20,801	(525)	(36,079)
Revenue from sale of scraps	<u>(108,903)</u>	<u>(61,799)</u>	<u>(274,781)</u>	<u>(163,880)</u>
Total	<u>\$ 12,747,903</u>	<u>8,290,373</u>	<u>33,126,257</u>	<u>20,732,775</u>

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

As of September 30, 2024, December 31, 2023, and September 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.

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

(V) Business combination

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

From the date of acquisition to September 30, 2024, the income and net loss contributed by TECHNICA USA were NTD 216,642 thousand and NTD 18,265 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.

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.

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

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	<u>25,269</u>
Goodwill	<u><u>\$ 52,007</u></u>

The Consolidated Company recognized a gain of USD 600 thousand (NTD 19,164 thousand) due to the remeasurement of the fair value of the 30% equity in TECHNICA 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 nine months ended September 30, 2024. Please refer to Notes 6 (19) for details.

(VI) Property, plant and equipment

The details of the changes in property, plant, and equipment of the Consolidated Company during the nine months ended September 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)	-	-	-	-	3,120,203	3,120,203
Disposal	-	(350)	(58,949)	(15,322)	-	(74,621)
Reclassification	-	500,160	963,790	309,694	(1,773,644)	-
Impact from change in exchange rate	<u>-</u>	<u>253,596</u>	<u>427,600</u>	<u>128,865</u>	<u>285,116</u>	<u>1,095,177</u>
Balance as of September 30, 2024	<u><u>\$ 2,537,243</u></u>	<u><u>6,988,562</u></u>	<u><u>12,934,761</u></u>	<u><u>3,955,935</u></u>	<u><u>3,103,828</u></u>	<u><u>29,520,329</u></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)	-	-	-	-	3,422,678	3,422,678
Disposal	-	(143,563)	(557,378)	(62,468)	(105,813)	(869,222)
Reclassification	-	2,384,457	2,454,369	591,456	(5,430,282)	-
Impact from change in exchange rate	<u>-</u>	<u>20,128</u>	<u>28,216</u>	<u>11,774</u>	<u>(2,194)</u>	<u>57,924</u>
Balance as of September 30, 2023	<u><u>\$ 2,537,243</u></u>	<u><u>6,368,927</u></u>	<u><u>11,716,910</u></u>	<u><u>3,502,185</u></u>	<u><u>1,404,719</u></u>	<u><u>25,529,984</u></u>

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

	Land	Property and building	Equipment	Other	Unfinished works and equipment to be inspected	Total
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	-	256,636	615,656	333,639	-	1,205,931
Disposal	-	(350)	(56,815)	(14,401)	-	(71,566)
Impact from change in exchange rate	-	47,781	179,999	61,000	-	288,780
Balance as of September 30, 2024	<u>\$ -</u>	<u>1,692,600</u>	<u>6,287,955</u>	<u>2,161,957</u>	<u>-</u>	<u>10,142,512</u>
Balance as of January 1, 2023	\$ -	1,244,293	5,527,029	1,467,404	-	8,238,726
Depreciation for the year	-	173,181	421,909	265,536	-	860,626
Disposal	-	(89,627)	(479,298)	(49,824)	-	(618,749)
Impact from change in exchange rate	-	2,181	5,464	5,456	-	13,101
Balance as of September 30, 2023	<u>\$ -</u>	<u>1,330,028</u>	<u>5,475,104</u>	<u>1,688,572</u>	<u>-</u>	<u>8,493,704</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>
September 30, 2024	<u>\$ 2,537,243</u>	<u>5,295,962</u>	<u>6,646,806</u>	<u>1,793,978</u>	<u>3,103,828</u>	<u>19,377,817</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>
September 30, 2023	<u>\$ 2,537,243</u>	<u>5,038,899</u>	<u>6,241,806</u>	<u>1,813,613</u>	<u>1,404,719</u>	<u>17,036,280</u>

On September 30, 2024, December 31, 2023, and September 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.

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

(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:

	Land	Property and building	Total
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	255,252	372,011	627,263
Impact from change in exchange rate	89,489	7,663	97,152
Balance as of September 30, 2024	<u><u>\$ 1,636,270</u></u>	<u><u>735,540</u></u>	<u><u>2,371,810</u></u>
Balance as of January 1, 2023	\$ 362,629	348,903	711,532
Impact from change in exchange rate	576	17,724	18,300
Balance as of September 30, 2023	<u><u>\$ 363,205</u></u>	<u><u>366,627</u></u>	<u><u>729,832</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	22,148	40,390	62,538
Impact from change in exchange rate	3,773	1,695	5,468
Balance as of September 30, 2024	<u><u>\$ 96,674</u></u>	<u><u>108,366</u></u>	<u><u>205,040</u></u>
Balance as of January 1, 2023	\$ 62,482	39,874	102,356
Depreciation	5,976	15,087	21,063
Impact from change in exchange rate	138	2,652	2,790
Balance as of September 30, 2023	<u><u>\$ 68,596</u></u>	<u><u>57,613</u></u>	<u><u>126,209</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>
September 30, 2024	<u><u>\$ 1,539,596</u></u>	<u><u>627,174</u></u>	<u><u>2,166,770</u></u>
January 1, 2023	<u><u>\$ 300,147</u></u>	<u><u>309,029</u></u>	<u><u>609,176</u></u>
September 30, 2023	<u><u>\$ 294,609</u></u>	<u><u>309,014</u></u>	<u><u>603,623</u></u>

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

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

(VIII) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 8,020,127	6,556,651	6,423,279
Secured bank loans	316,500	-	-
Total	<u>\$ 8,336,627</u>	<u>6,556,651</u>	<u>6,423,279</u>
Unused short-term credit lines	<u>\$ 15,869,932</u>	<u>13,288,421</u>	<u>12,400,805</u>
Interest rate range	<u>1.56%~10.50%</u>	<u>1.68%~7.05%</u>	<u>1.60%~6.97%</u>

Please refer to Note 8 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.

(IX) Long-term borrowings

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

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 4,622,402	2,487,892	2,600,257
Less: amount due within one year	(2,112,138)	(1,309,368)	(1,504,537)
Total	<u>\$ 2,510,264</u>	<u>1,178,524</u>	<u>1,095,720</u>
Unused short-term credit lines	<u>\$ 6,184,746</u>	<u>5,345,307</u>	<u>4,104,341</u>
Interest rate range	<u>1.98%~4.35%</u>	<u>1.85%~4.35%</u>	<u>1.85%~4.35%</u>
Due year	<u>2024~2027</u>	<u>2024~2025</u>	<u>2023~2025</u>

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

The Consolidated Company signs a credit contract with a financial institution. According to the credit contract, during the loan period, the 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 December 31, 2023, the Consolidated Company did not violate the above financial ratio restrictions.

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

(X) Unsecured convertible bonds

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

	September 30, 2024	December 31, 2023	September 30, 2023
Bond issuance amount	\$ 6,465,300	3,465,300	3,465,300
Unamortized balance of discounted corporate bonds payable	(220,907)	(35,157)	(52,565)
Cumulative amount of conversion	(2,990,300)	(2,499,600)	(2,120,400)
Ending balance of corporate bonds payable	3,254,093	930,543	1,292,335
Less: amount due within one year	(461,547)	-	-
Balance of corporate bonds payable - non-current	<u>\$ 2,792,546</u>	<u>930,543</u>	<u>1,292,335</u>
Embedded derivative financial instruments - call-back and repurchase rights (presented as financial assets at fair value through profit or loss)	<u>\$ 2,850</u>	<u>5,504</u>	<u>11,566</u>
Embedded derivative financial instruments - call-back and repurchase rights (presented as financial liabilities at fair value through profit or loss)	<u>\$ 32,400</u>	<u>-</u>	<u>-</u>
Equity component - conversion right (reported in capital surplus - subscription right)	<u>\$ 293,738</u>	<u>57,858</u>	<u>80,578</u>
	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024
Embedded derivative financial instruments - remeasurement of call-back and repurchase at fair value through profit and loss (presented in the non-operating income and expense in financial assets (liabilities) at fair value through profit or loss)	<u>\$ (3,311)</u>	<u>22,481</u>	<u>(2,283)</u>
Interest expenses	<u>\$ 1,673</u>	<u>8,062</u>	<u>5,893</u>
			January 2023 to September 2023
			<u>45,352</u>
			<u>26,498</u>

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

1. On July 31, 2024, the Company's Board of Directors approved by resolution the issuance of the sixth domestic unsecured convertible corporate bonds. The total par value of the issuance was NTD 3,000,000 thousand. The bonds were issued at 103% of the par value. The actual amount loaned was NTD 3,090,000 thousand, which was declared effective by the Financial Supervisory Commission (FSC), and the bonds were listed on Taipei Exchange on September 25, 2024.
2. On December 21, 2021, the Company's Board of Directors approved by resolution the issuance of the fifth domestic unsecured convertible corporate bonds. The total par value of the issuance was NTD 3,465,300 thousand. The bonds were issued at 101% of the par value. The actual amount loaned was NTD 3,499,953 thousand, which was declared effective by the FSC and the bonds were listed on Taipei Exchange on April 25, 2022. In addition, the holders of the convertible corporate bonds can exercise the put rights within a period that is in compliance with the issuance regulations. Therefore, the Company recognized it in current liabilities starting from April 25, 2024; however, it does not mean that the holders will definitely require the Company to repay the liability within the next year.

The Company issues domestic convertible corporate bonds at face value. The main conditions for issuance are stated below:

	Fifth domestic unsecured convertible corporate bonds	Sixth domestic unsecured convertible corporate bonds
Total amount of issue	NTD 3,465,300 thousand	NTD 3,000,000 thousand
Issue date	April 25, 2022	September 25, 2024
Issue price	Issued at 101% of par value	Issued at 103% of par value
Coupon rate	0%	0%
Issuance period	April 25, 2022 ~ April 25, 2027	September 25, 2024 ~ September 25, 2029
Redemption right for the convertible corporate bonds	From the day after three full months after the issuance (July 26, 2022) to 40 days before the expiration of the issuance period (maturity date) (March 16, 2027): A. If the closing price of the Consolidated Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days;	From the day after three full months after the issuance (December 26, 2024) to 40 days before the expiration of the issuance period (maturity date) (August 16, 2029): A. If the closing price of the Consolidated Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days;

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

	Fifth domestic unsecured convertible corporate bonds	Sixth domestic unsecured convertible corporate bonds
	<p>B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount; The 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.</p>	<p>B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount; The 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.</p>
Call rights for convertible corporate bonds	Thirty days before the record date (March 26, 2025) 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.	Thirty days before the record date (August 26, 2027) 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.
Conversion period for converting corporate bonds	Bond holders may convert the corporate bonds between July 26, 2022 (the day after three full months after the issuance date of the convertible corporate bonds) and April 25, 2027 (maturity date).	Bond holders may convert the corporate bonds between December 26, 2024 (the day after three full months after the issuance date of the convertible corporate bonds) and September 25, 2029 (maturity date).

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

	Fifth domestic unsecured convertible corporate bonds	Sixth domestic unsecured convertible corporate bonds
Conversion price for the convertible corporate bonds	The conversion price at the time of the issuance of the fifth five-year unsecured convertible corporate bonds 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 6, 2024 and September 1, 2023 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 241.8 to NTD 236.2 and from NTD 246.8 to NTD 241.8. This bond does not have reset feature.	The conversion price at the time of the issuance of the sixth five-year unsecured convertible corporate bonds is set at NTD 607.5 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. This bond does not have reset feature.

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 40,894	13,068	13,474
Non-current	\$ 624,107	297,614	316,333

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

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

The amounts recognized in profit or loss are as follows:

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Interest expense				
on lease liability	\$ <u>9,956</u>	<u>2,637</u>	<u>22,705</u>	<u>7,803</u>
Expense on				
short-term lease	\$ <u>17,173</u>	<u>12,272</u>	<u>46,209</u>	<u>35,085</u>

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

	January 2024 to September 2024	January 2023 to September 2023
Total cash outflow from lease	\$ <u>93,652</u>	<u>52,677</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments	\$ 466,705	456,318	445,858
Guarantee deposits and margins			
received	<u>52,628</u>	<u>16,276</u>	<u>18,337</u>
Total	<u>\$ 519,333</u>	<u>472,594</u>	<u>464,195</u>

Due to the relocation of the Kunshan Youbi Factory, the Consolidated Company received an advance payment of NTD 357,317 thousand, NTD 341,833 thousand and NTD 348,785 thousand on September 30, 2024, December 31, 2023, and September 30, 2023 respectively. Please refer to Note 9 (2) for details.

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

(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 nine months ended September 30, 2024 and 2023 were NTD 0.

2. Determined appropriation plan

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

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Operating costs	\$ 53,388	41,574	152,539	117,483
Total selling expenses	3,610	2,872	10,409	8,362
Total administrative expenses	7,285	5,000	19,287	14,327
Total research and development expenses	5,194	3,822	13,807	10,713
Total	<u>\$ 69,477</u>	<u>53,268</u>	<u>196,042</u>	<u>150,885</u>

(XIV) Income tax

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

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Current income tax expense				
Current tax expense recognized in the current year	\$ 885,270	620,252	1,893,254	1,409,494
Income tax adjustments on prior years	(15,925)	(4)	(128,129)	(11,621)
	<u>869,345</u>	<u>620,248</u>	<u>1,765,125</u>	<u>1,397,873</u>
Deferred income tax expense				
Occurrence and reversal of temporary differences	(210,045)	(68,494)	72,406	(8,922)

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

	<u>July 2024 to September 2024</u>	<u>July 2023 to September 2023</u>	<u>January 2024 to September 2024</u>	<u>January 2023 to September 2023</u>
Income tax expenses of continuing operations	<u>\$ 659,300</u>	<u>551,754</u>	<u>1,837,531</u>	<u>1,388,951</u>

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

	<u>July 2024 to September 2024</u>	<u>July 2023 to September 2023</u>	<u>January 2024 to September 2024</u>	<u>January 2023 to September 2023</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ (129,723)</u>	<u>(130,811)</u>	<u>(268,267)</u>	<u>(22,928)</u>

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 September 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 September 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 September 30, 2024, December 31, 2023, and September 30, 2023, the Company's total rated share capital was NTD 6,000,000 thousand. The face value of each share is NTD 10 with 600,000 thousand shares. The issued common shares are 345,222 thousand shares, 343,179 thousand shares, and 341,611 thousand shares respectively where all share price on the issued shares have been received.

On September 30, 2024, 662 thousand new shares were converted by convertible bond holders with a total issuance amount of NTD 156,800 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:

	September 30, 2024	December 31, 2023	September 30, 2023
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	4,689,052	4,208,261	3,839,227
Difference between the price and the book value of acquisition or disposal of subsidiary's equity	48	-	-
Conversion right	293,738	57,858	80,578
	<u><u>\$ 5,078,465</u></u>	<u><u>4,361,746</u></u>	<u><u>4,015,432</u></u>

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.

A. 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 10% of said profits as legal reserve.

B. 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:

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

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	1,073,067	-	(282)	1,072,785
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	22,173	-	22,173

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

	Exchange differences on translation of foreign financial statements	Equity instrument investment losses measured at fair value through other comprehensive income	Non-controlling interests	Total
Gain (loss) on non-controlling interests	-	-	(5,130)	(5,130)
Difference between the price and the book value of acquisition or disposal of subsidiary's equity	-	-	3,346	3,346
Changes in non-controlling interests	-	-	(10,051)	(10,051)
Balance as of September 30, 2024	<u><u>\$ 251,860</u></u>	<u><u>(15,773)</u></u>	<u><u>(12,117)</u></u>	<u><u>223,970</u></u>
January 1, 2023	\$ -	-	-	-
Opening balance of the same period last year	(511,344)	(37,946)	-	(549,290)
Exchange differences arising on translation of foreign operations	91,715	-	-	91,715
Balance as of September 30, 2023	<u><u>\$ (419,629)</u></u>	<u><u>(37,946)</u></u>	<u><u>-</u></u>	<u><u>(457,575)</u></u>

(XVI) Earnings per share

1. Earnings per share - basic

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

A. Net income attributable to common shareholders of the Company

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Net income attributable to common shareholders of the Company	<u><u>\$ 2,516,219</u></u>	<u><u>2,022,431</u></u>	<u><u>6,930,367</u></u>	<u><u>3,502,428</u></u>

B. Weighted average number of common shares outstanding (thousand shares)

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Weighted average number of common shares outstanding	<u><u>\$ 344,618</u></u>	<u><u>334,764</u></u>	<u><u>344,156</u></u>	<u><u>333,534</u></u>

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

2. Earnings per share - diluted

The diluted earnings per share for the three and nine months ended September 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:

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

	<u>July 2024 to September 2024</u>	<u>July 2023 to September 2023</u>	<u>January 2024 to September 2024</u>	<u>January 2023 to September 2023</u>
Net income attributable to the Company's ordinary share shareholders (basic)	\$ 2,516,219	2,022,431	6,930,367	3,502,428
Amount of after-tax effect of relevant gains and losses on convertible bonds	<u>3,987</u>	<u>(11,535)</u>	<u>6,541</u>	<u>(15,083)</u>
Net income attributable to the Company's ordinary share shareholders (diluted)	<u><u>\$ 2,520,206</u></u>	<u><u>2,010,896</u></u>	<u><u>6,936,908</u></u>	<u><u>3,487,345</u></u>

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

	<u>July 2024 to September 2024</u>	<u>July 2023 to September 2023</u>	<u>January 2024 to September 2024</u>	<u>January 2023 to September 2023</u>
Weighted average number of common shares outstanding (basic)	\$ 344,618	334,764	344,156	333,534
Effect of convertible corporate bonds	2,615	12,409	3,077	13,639
Effect of employee stock dividends	<u>527</u>	<u>290</u>	<u>610</u>	<u>474</u>
Weighted average number of outstanding ordinary shares as of September 30 (diluted)	<u><u>347,760</u></u>	<u><u>347,463</u></u>	<u><u>347,843</u></u>	<u><u>347,647</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.

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

3. Earnings per share are as follows:

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Earnings per share - basic	<u>\$ 7.30</u>	<u>6.04</u>	<u>20.14</u>	<u>10.50</u>
Earnings per share - diluted	<u>\$ 7.25</u>	<u>5.79</u>	<u>19.94</u>	<u>10.03</u>

(XVII) Revenue from customer contracts

1. Breakdown of income

		July 2024 to September 2024			
		Domestic department	Foreign department	Adjustment and write off	Total
Key market region:					
Taiwan	\$	2,655,482	420,458	(416,568)	2,659,372
China		461,474	15,651,659	(2,699,201)	13,413,932
Other countries		982,963	441,517	(34,688)	1,389,792
	\$	<u>4,099,919</u>	<u>16,513,634</u>	<u>(3,150,457)</u>	<u>17,463,096</u>
Key products:					
Prepreg	\$	1,452,863	6,962,472	(1,054,796)	7,360,539
Copper clad laminate		2,068,937	9,302,505	(1,479,871)	9,891,571
Mass lamination boards		99,613	-	-	99,613
Other		478,506	248,657	(615,790)	111,373
	\$	<u>4,099,919</u>	<u>16,513,634</u>	<u>(3,150,457)</u>	<u>17,463,096</u>
		July 2023 to September 2023			
		Domestic department	Foreign department	Adjustment and write off	Total
Key market region:					
Taiwan	\$	1,946,807	209,280	(164,764)	1,991,323
China		584,426	10,520,720	(2,084,568)	9,020,578
Other countries		576,200	292,248	(5,848)	862,600
	\$	<u>3,107,433</u>	<u>11,022,248</u>	<u>(2,255,180)</u>	<u>11,874,501</u>
Key products:					
Prepreg	\$	1,163,387	4,603,590	(685,059)	5,081,918
Copper clad laminate		1,269,895	6,349,397	(957,388)	6,661,904
Mass lamination boards		108,756	-	-	108,756
Other		565,395	69,261	(612,733)	21,923
	\$	<u>3,107,433</u>	<u>11,022,248</u>	<u>(2,255,180)</u>	<u>11,874,501</u>

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

January 2024 to September 2024				
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	\$ 7,194,787	1,324,407	(1,309,597)	7,209,597
China	1,644,114	40,020,428	(6,896,345)	34,768,197
Other countries	2,673,436	1,267,231	(103,838)	3,836,829
	\$ 11,512,337	42,612,066	(8,309,780)	45,814,623
Key products:				
Prepreg	\$ 3,902,464	18,127,971	(2,718,923)	19,311,512
Copper clad laminate	5,589,316	23,870,101	(3,642,770)	25,816,647
Mass lamination boards	393,174	-	-	393,174
Other	1,627,383	613,994	(1,948,087)	293,290
	\$ 11,512,337	42,612,066	(8,309,780)	45,814,623
January 2023 to September 2023				
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	\$ 4,400,132	622,632	(517,993)	4,504,771
China	1,209,823	24,875,837	(4,947,990)	21,137,670
Other countries	1,959,123	881,649	(69,139)	2,771,633
	\$ 7,569,078	26,380,118	(5,535,122)	28,414,074
Key products:				
Prepreg	\$ 2,803,245	11,096,235	(1,833,234)	12,066,246
Copper clad laminate	3,273,183	15,104,925	(2,412,214)	15,965,894
Mass lamination boards	310,107	-	-	310,107
Other	1,182,543	178,958	(1,289,674)	71,827
	\$ 7,569,078	26,380,118	(5,535,122)	28,414,074

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 July 1 to September 30 and January 1 to September 30, 2024 and 2023 were NTD 84,774 thousand, 69,432 thousand, 235,531 thousand, and 124,015 thousand respectively, and the estimated amount of directors' remuneration NTD 18,367 thousand, 15,044 thousand, 51,031 thousand, and 26,870 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 September 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:

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Bank deposit interest	<u>\$ 38,779</u>	<u>36,117</u>	<u>97,884</u>	<u>87,518</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:

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Gain on disposal of investment	\$ 52	-	19,164	-
Foreign currency exchange gain	23,564	56,727	170,471	50,276
Gain (loss) on financial liabilities at fair value through profit or loss	(3,311)	22,481	(2,283)	45,352
Gain (loss) on disposal of property, plant and equipment	(66)	263	(1,863)	(1,487)
Disaster loss	-	-	-	(537,959)
Claim receipts	-	-	-	537,959
Expected credit impairment loss	-	(1,168)	-	(1,168)
Other gains	<u>69,098</u>	<u>30,162</u>	<u>193,047</u>	<u>49,273</u>
Other gains and losses, net	<u>\$ 89,337</u>	<u>108,465</u>	<u>378,536</u>	<u>142,246</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:

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Interest expenses	\$ 121,315	84,741	348,971	266,857
Less: capitalized interest	<u>(70)</u>	<u>(8,003)</u>	<u>(8,862)</u>	<u>(33,704)</u>
	<u>\$ 121,245</u>	<u>76,738</u>	<u>340,109</u>	<u>233,153</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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>Over 2 years</u>
September 30, 2024						
Non-derivative						
financial liabilities						
Unsecured bank						
loans	\$ 12,642,529	12,966,744	8,291,691	2,071,871	1,211,166	1,392,016
Secured bank loans	316,500	338,212	10,707	327,505	-	-
Bonds payable	3,254,093	3,475,000	-	475,000	-	3,000,000
Accounts payable	14,467,226	14,467,226	14,467,226	-	-	-
Other payables	4,420,372	4,420,372	4,420,372	-	-	-
Lease liabilities	665,001	909,019	38,888	39,993	76,584	753,554
	<u>\$ 35,765,721</u>	<u>36,576,573</u>	<u>27,228,884</u>	<u>2,914,369</u>	<u>1,287,750</u>	<u>5,145,570</u>
December 31, 2023						
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
	<u>\$ 24,777,261</u>	<u>25,075,723</u>	<u>20,674,559</u>	<u>1,878,027</u>	<u>1,209,375</u>	<u>1,313,762</u>
September 30, 2023						
Non-derivative						
financial liabilities						
Unsecured bank						
loans	\$ 9,023,536	9,205,674	6,333,578	1,757,800	1,114,296	-
Bonds payable	1,292,335	1,344,900	-	-	-	1,344,900
Accounts payable	10,194,790	10,194,790	10,194,790	-	-	-
Other payables	4,562,974	4,562,974	4,562,974	-	-	-
Lease liabilities	329,807	420,508	11,891	12,039	24,529	372,049
	<u>\$ 25,403,442</u>	<u>25,728,846</u>	<u>21,103,233</u>	<u>1,769,839</u>	<u>1,138,825</u>	<u>1,716,949</u>

The Consolidated Company does not expect that the cash flows for the maturity analysis will occur significantly earlier, or that the actual amounts will be significantly different.

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

2. Market risk

A. Currency risk

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

September 30, 2024					
		Foreign currency			
		(thousand)	Exchange rate		NTD
Financial Asset					
Monetary items					
USD	\$	141,469	USD: NTD	31.6500	4,477,490
		121,580	USD: RMB	6.9976	3,848,007
		2,270	USD: MYR	4.1131	71,840
Financial liabilities					
Monetary items					
USD		111,022	USD: NTD	31.6500	3,513,852
		143,121	USD: RMB	6.9976	4,529,776
		39	USD: MYR	4.1131	1,246
CHF		2,120	CHF: USD	1.1863	79,607
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.)

September 30, 2023					
		Foreign currency			
		(thousand)	Exchange rate		NTD
<u>Financial Asset</u>					
<u>Monetary items</u>					
USD	\$	101,635	USD: NTD	32.2700	3,279,759
		106,911	USD: RMB	7.3092	3,450,010
		2,000	USD: MYR	4.7876	64,543
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		76,206	USD: NTD	32.2700	2,459,152
		127,895	USD: RMB	7.3092	4,127,164

B. 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 September 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 September 30, 2024 and 2023 will increase or decrease by NTD 2,269 thousand and NTD 1,757 thousand respectively.

C. 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 (including realized and unrealized) during the three and nine months ended September 30, 2024 and 2023 were NTD 23,564 thousand, NTD 56,727 thousand, and NTD 170,471 thousand, and NTD 50,276 thousand, respectively.

3. Fair value information

A. 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.

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

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:

	September 30, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Call and put rights of corporate bonds	\$ 2,850	-	-	2,850	2,850
Financial assets measured at amortized cost					
Cash and cash equivalents	13,600,992	-	-	-	-
Note receivable and accounts receivable	23,438,227	-	-	-	-
Other receivables	426,886	-	-	-	-
Refundable deposits paid	104,102	-	-	-	-
Subtotal	37,570,207	-	-	-	-
Total	<u>\$ 37,573,057</u>	<u>-</u>	<u>-</u>	<u>2,850</u>	<u>2,850</u>
Financial liabilities at fair value through profit or loss					
Call and put rights of corporate bonds	\$ 32,400	-	-	32,400	32,400
Financial liabilities measured at amortized cost					
Bank loans	12,959,029	-	-	-	-
Accounts payable	14,467,226	-	-	-	-
Other payables	4,420,372	-	-	-	-
Bonds payable	3,254,093	-	-	-	-
Guarantee deposits and margins received	52,628	-	-	-	-
Lease liabilities	665,001	-	-	-	-
Subtotal	35,818,349	-	-	-	-
Total	<u>\$ 35,850,749</u>	<u>-</u>	<u>-</u>	<u>32,400</u>	<u>32,400</u>

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

		December 31, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
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	\$	27,064,026	-	-	5,504	5,504
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	\$	24,793,537	-	-	-	-
		September 30, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Call and put rights of corporate bonds	\$	11,566	-	-	11,566	11,566
Financial assets measured at amortized cost						
Cash and cash equivalents		10,581,781	-	-	-	-
Note receivable and accounts receivable		15,657,894	-	-	-	-
Other receivables		410,218	-	-	-	-
Refundable deposits paid		70,014	-	-	-	-
Subtotal		26,719,907	-	-	-	-
Total	\$	26,731,473	-	-	11,566	11,566

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

		September 30, 2023			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	\$ 9,023,536	-	-	-	-
Accounts payable	10,194,790	-	-	-	-
Other payables	4,562,974	-	-	-	-
Bonds payable	1,292,335	-	-	-	-
Guarantee deposits and margins received	18,337	-	-	-	-
Lease liabilities	329,807	-	-	-	-
Total	<u>\$ 25,421,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

B. 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.

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.

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

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.

C. The transfer between Level 1 and Level 2

There was no transfer from January 1 to September 30, 2024 and 2023.

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

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.

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

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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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"> • Weighted average cost of capital • Perpetual growth rate 	<ul style="list-style-type: none"> • The higher the weighted average cost of capital, the lower the fair value • The higher the perpetual growth rate, the higher the fair value
Financial 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"> • Volatility (49.44%, 43.02%, and 42.35% on September 30, 2024, December 31, 2023, and September 30, 2023, respectively) 	<ul style="list-style-type: none"> • The higher the volatility, the higher the fair value

(XXI) Financial risk management

There is no significant change in the financial risk management objectives and policies of the Consolidated Company and those disclosed in Note 6 (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.

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

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

The Consolidated Company's non-cash investment and financing activities from January 1 to September 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:

	Non-cash changes					
	January 1, 2024	Cash flow	Acquisition	Change in exchange rate	Other	September 30, 2024
Short-term borrowings	\$ 6,556,651	1,439,175	87,730	253,071	-	8,336,627
Long-term borrowings	2,487,892	2,011,454	-	123,056	-	4,622,402
Lease liabilities	310,682	(24,738)	553	6,493	372,011	665,001
Bonds payable	930,543	3,090,000	-	-	(766,450)	3,254,093
Total liabilities from financing activities	<u>\$ 10,285,768</u>	<u>6,515,891</u>	<u>88,283</u>	<u>382,620</u>	<u>(394,439)</u>	<u>16,878,123</u>
	Non-cash changes					
	January 1, 2023	Cash flow	Acquisition	Change in exchange rate	Other	September 30, 2023
Short-term borrowings	\$ 5,209,815	1,181,357	-	32,107	-	6,423,279
Long-term borrowings	1,005,789	1,587,783	-	6,685	-	2,600,257
Lease liabilities	323,566	(9,789)	-	16,030	-	329,807
Bonds payable	3,302,140	-	-	-	(2,009,805)	1,292,335
Total liabilities from financing activities	<u>\$ 9,841,310</u>	<u>2,759,351</u>	<u>-</u>	<u>54,822</u>	<u>(2,009,805)</u>	<u>10,645,678</u>

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)
EMC AUTOMATION LEASING LLC	Other related parties
RANCHO IRVINE LLC	Other related parties

Note 1: EMD SPECIALTY MATERIALS, LLC invested in 30% of the equity of TECHNICA 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>July 2024 to September 2024</u>	<u>July 2023 to September 2023</u>	<u>January 2024 to September 2024</u>	<u>January 2023 to September 2023</u>
Associate	\$ -	-	-	(4,715)
Other related parties	16,236	-	16,236	-
	<u>\$ 16,236</u>	<u>-</u>	<u>16,236</u>	<u>(4,715)</u>

The terms of sale for the Consolidated Company to affiliated companies and general customers are determined through negotiation between the two parties. The payment terms is net 90 days to 120 days from invoice date, which is not significantly different from that of ordinary customers.

2. Purchase

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

	<u>July 2024 to September 2024</u>	<u>July 2023 to September 2023</u>	<u>January 2024 to September 2024</u>	<u>January 2023 to September 2023</u>
Associate	\$ -	37	-	3,047

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

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

3. Receivables from related parties

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

Item	Related party categories	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	Associate	\$ -	-	1,220
Accounts receivable	Other related parties	580	-	-
Less: allowance for bad debts	Associate	-	-	(122)
		<u>\$ 580</u>	<u>-</u>	<u>1,098</u>

4. Payable to related parties

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

Item	Related party categories	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Associate	\$ -	-	2,321
Other payables	Associate	-	1,212	2,496
		<u>\$ -</u>	<u>1,212</u>	<u>4,817</u>

5. Endorsement and guarantee

On December 31, 2023, and on September 30, 2023, the guarantees provided by Consolidated Company for the borrowings taken by its affiliates amounted to NTD 18,423 thousand and NTD 19,362 thousand, respectively.

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

6. Other related party transactions

Item	Related party categories	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Other expenditure	Associate	\$ -	1,082	-	1,435
Total selling expenses	Associate	-	794	-	2,391
Total administrative expenses	Other related parties	431	-	431	-
		<u>\$ 431</u>	<u>1,876</u>	<u>431</u>	<u>3,826</u>

(III) Key management personnel transactions

Key management personnel compensation includes:

	July 2024 to September 2024	July 2023 to September 2023	January 2024 to September 2024	January 2023 to September 2023
Short-term employee benefits	\$ 31,734	41,898	113,407	95,156
Post-employment benefits	162	243	486	705
	<u>\$ 31,896</u>	<u>42,141</u>	<u>113,893</u>	<u>95,861</u>

VIII. Pledged assets

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

Asset	Purpose of pledge	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits paid	Deposits for mailbox, leases and natural gas, etc.	104,102	68,612	70,014
Other current assets - others	Secured bank loans	339,583	-	-
		<u>\$ 443,685</u>	<u>68,612</u>	<u>70,014</u>

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

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:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Unused standby letters of credit			
USD	\$ 32,831	26,673	32,816

- 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:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Total contract price			
JPY	\$ -	-	-
USD	-	11,663	93,780
RMB	74,680	93,780	5,564
MYR	455,037	416,640	-
Unpaid contract price			
JPY	\$ -	-	-
USD	-	2,691	33,563
RMB	52,850	33,563	556
MYR	256,454	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 September 30, 2024, the land use rights, buildings and ancillary equipment of Zhoushi Town Youbi Road have not been disposed of.

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

According to the contract, the advance payment amounted to RMB 79,000 thousand (NTD 357,317 thousand), and the remaining compensation will be collected when the land is handed over. The Consolidated Company's relocation began in 2024 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 3,226,505 thousand). As of September 30, 2024, an amount of MYR 162,991 thousand (NTD 1,253,779 thousand) has been paid for the construction contract. Please refer to Note 13 (1) 5 for more information.

Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China), a subsidiary of the Consolidated Company, signed a contract on the second phase of a R&D project with Jiangsu Yongtai Construction Engineering Co., Ltd. The contract price was RMB 74,680 thousand (NTD 337,778 thousand). As of September 30, 2024, an amount of RMB 21,830 thousand (NTD 98,738 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

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

incremental insurance claim receipts will not be recognized until the Company is almost certain to receive it. As of September 30, 2024, claims receivable of NTD 188,000 thousand had been collected.

XI. Major subsequent events

On July 31, 2024, the Consolidated Company's Board of Directors approved by resolution the issuance of the seventh domestic unsecured convertible corporate bonds. The total par value of the issuance was NTD 3,000,000 thousand. The bonds were issued at 110.94% of the par value. The actual amount loaned was NTD 3,328,253 thousand, which was declared effective by the Financial Supervisory Commission (FSC), and the bonds were listed on Taipei Exchange on October 9, 2024.

On October 30, 2024, the Consolidated Company's Board of Directors approved by resolution a plan to invest NTD 8,109,000 thousand in capital expenditure for the construction of the new Dayuan Plant in order to expand the Dayuan Plant.

XII. Other

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

Function Classification	July 2024 to September 2024			July 2023 to September 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	712,179	509,294	1,221,473	522,892	365,636	888,528
Labor and national health insurance expenses	37,220	15,438	52,658	29,613	9,932	39,545
Pension expenses	53,388	16,089	69,477	41,574	11,694	53,268
Other employee benefit expenses	53,480	21,632	75,112	38,626	14,563	53,189
Depreciation expense	388,114	55,405	443,519	297,623	40,569	338,192
Amortization expense	1,610	12,598	14,208	321	11,742	12,063

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

Function Classification	January 2024 to September 2024			January 2023 to September 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,960,406	1,378,623	3,339,029	1,481,552	877,046	2,358,598
Labor and national health insurance expenses	105,674	40,527	146,201	85,415	30,793	116,208
Pension expenses	152,539	43,503	196,042	117,483	33,402	150,885
Other employee benefit expenses	147,046	61,669	208,715	106,839	42,912	149,751
Depreciation expense	1,112,100	156,369	1,268,469	774,324	107,365	881,689
Amortization expense	3,946	36,950	40,896	860	34,376	35,236

XIII. Notes to disclosures

(I) Information on significant transactions

From January 1 to September 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:

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	-		-	9,632,029 (Note 3)	9,632,029 (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	-	-	2.00%	2	-	Operations	-		-	8,505,987 (Note 4)	8,505,987 (Note 4)
1	"	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	1,489,684	-	-	2.00%	2	-	Operations	-		-	8,505,987 (Note 4)	8,505,987 (Note 4)
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Other receivables - related parties	Y	949,905	945,307	628,697	2.00%	2	-	Operations	-		-	2,855,498 (Note 5)	2,855,498 (Note 5)

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. 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	16,053,382	1,967,607	1,949,742	1,802,493	-	6.07%	32,106,764	Y		
0	"	ELITE MATERIAL (PENANG) SDN. BHD.	2	16,053,382	2,955,150	2,848,500	-	-	8.87%	32,106,764	Y		
0	"	TECHNICA USA	2	16,053,382	19,200	-	-	-	- %	32,106,764	Y		
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	14,176,645	1,766,400	1,405,295	722,445	-	4.96%	28,353,290			Y
1	"	ELITE MATERIAL (PENANG) SDN. BHD.	4	14,176,645	3,940,200	3,798,000	-	-	13.40%	28,353,290			
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	4,759,163	1,435,840	723,680	692,444	-	7.60%	9,518,326			Y

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.

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

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	-	2,953,041	-	-	-	-	-	4,202,868 (Note 2)
"	ELITE MATERIAL (PENANG) SDN. BHD.	"	ELITE MATERIAL (PENANG) SDN. BHD.	"	45,382,001	302,434	291,135,500	2,310,649	-	-	-	-	336,517,501	2,613,083 (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.

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 Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Unfinished works and equipment to be inspected	2023/11/24	337,778	Note 2	Jiangsu Yongtai Construction Engineering Co., Ltd.	None	Not applicable	Not applicable	Not applicable	-	Not applicable (Note 1)	For business use	Note 2
ELITE MATERIAL (PENANG) SDN. BHD.	Unfinished works and equipment to be inspected	2023/12/28	3,226,505	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	349,304	-	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.

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

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	(813,958)	(7)%	Depends on the financial position of the Company	-		355,655	7%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	813,958	6%	"	-		(355,655)	(6)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(478,088)	(4)%	"	-		245,203	5%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	478,088	5%	"	-		(245,203)	(5)%	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Sales	(133,413)	(1)%	"	-		38,591	1%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	133,413	3%	"	-		(38,591)	(1)%	
Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLC	"	Sales	(103,838)	(1)%		-		86,317	2%	
EMD SPECIALTY MATERIALS, LLC	Elite Material Co., Ltd.	"	Purchase	103,838	25%		-		(86,317)	(67)%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(462,586)	(2)%	"	-		456,531	4%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Purchase	462,586	5%	"	-		(456,531)	(10)%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	Sales	(126,066)	(1)%		-		57,478	1%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Purchase	126,066	2%		-		(57,478)	(2)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	Parent company and subsidiary	Sales	(1,196,786)	(16)%	"	-		598,658	17%	

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 Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	1,196,786	15%	"	-		(598,658)	(13)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Sales	(1,053,476)	(14)%		-		455,836	13%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	1,053,476	8%		-		(455,836)	(7)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	Sales	(3,518,752)	(48)%		-		1,637,791	45%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	3,518,752	35%		-		(1,637,791)	(35)%	

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	355,655	4.16	-		113,482	-
Elite Material Co., Ltd. (Note 1)	"	"	10,476	Not applicable	-		10,445	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	245,203	3.35	-		61,106	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	44,628	1.38	-		13,718	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) (Note 1)	"	"	434,301	Not applicable	-		97,914	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	456,531	2.51	-		117,677	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	7,818	0.68	-		1,991	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) (Note 1)	"	"	351,541	Not applicable	-		89,921	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	57,478	4.09	-		16,917	-

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 (Zhongshan) Co., Ltd. (Mainland China) (Note 1)	"	"	633,517	Not applicable	-		-	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	Parent company and subsidiary	598,658	3.49	-		155,900	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	455,836	2.67	-		164,061	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	1,637,791	3.52	-		585,052	-

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 counterpart	Relationship to the counterparty (Note 2)	Business transactions of the third 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	813,958	Note 3	1.78%
0	Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	1	Sales Revenue	478,088	Note 3	1.04%
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	1	Sales Revenue	462,586	Note 3	1.01%
2	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	2	Sales Revenue	1,196,786	Note 3	2.61%
2	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	2	Sales Revenue	1,053,476	Note 3	2.30%
2	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Sales Revenue	3,518,752	Note 3	7.68%
2	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Accounts Receivable	1,637,791	Note 3	2.33%

Note 1: The number is filled in as follows:

1. Parent company is numbered 0.

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

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

1. Parent company to subsidiary

2. Subsidiary to parent company

3. Subsidiary to subsidiary

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

Note 4: 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.

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

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

The information on the investees of the Consolidated Company from January 1 to September 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%	28,410,201	6,899,382	6,899,382	Subsidiary company; Note 6
"	Grand Wuhan Incorporated	Cayman Islands	Investment	602,440	602,440	20,020,000	100.00%	785,925	32,190	32,190	Subsidiary company
"	EMC INTERNATIONAL HOLDING INCORPORATED	"	Investment	781,850	781,850	27,042,000	100.00%	305,313	(288,902)	(288,902)	Subsidiary company; Note 6
"	Li Ceng Technology Co., Ltd.	Taiwan	Electrical appliances, telecommunication s 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	1,095,662	1,095,662	34,618,060	100.00%	28,386,585	6,897,926	6,897,926	Subsidiary of subsidiary company
"	Li Ceng Technology Co., Ltd.	Taiwan	Electrical appliances, telecommunication s 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	1,071,378	1,071,378	18,200,000	100.00%	17,238,305	4,186,885	4,186,885	Fellow subsidiary company
"	Grand Zhongshan Incorporated	British Virgin Islands	Investment	520,231	520,231	16,437,000	100.00%	11,142,044	2,706,005	2,706,005	"
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment	830,971	830,971	26,255,000	100.00%	304,633	(298,436)	(298,436)	Subsidiary of subsidiary company
"	EMC USA HOLDING INCORPORATED	"	Investment	23,168	23,168	732,000	100.00%	2,075	9,577	9,577	"
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	USA	Production and sales of Copper Clad Laminate and Prepreg	829,139	829,139	-	100.00%	303,741	(286,545)	(286,545)	Fellow subsidiary company
EMC USA HOLDING INCORPORATED	TECHNICA USA	"	General import and export services	41,841	18,990	2,044,000	56.07%	2,051	(18,265)	(9,638)	Note 4
EMD SPECIALTY MATERIALS, LLC	TECHNICA USA	"	General import and export services	18,990	-	600,000	16.46%	19,538	(18,265)	(3,496)	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	2,365,090	322,194	336,517,501	100.00%	2,613,083	21,309	21,309	

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 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%.

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

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 September 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 September 30, 2024	Accumulated inward remittance of earnings as of September 30, 2024
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Production and sales of Copper Clad Laminate and Prepreg	3,926,062	(2)	650,816	-	-	650,816	6,891,359	100.00%	6,891,358	28,353,097	12,585,987
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	3,629,708	(2)	440,613	-	-	440,613	2,253,344	100.00%	2,253,344	9,517,373	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	2,902,694	(2)	601,858	-	-	601,858	630,008	100.00%	630,008	4,202,868	-

2. Upper limit on reinvestment in Mainland China:

Company name	Accumulated investment in Mainland China as of September 30, 2024	Investment amounts authorized by investment commission, MOEA	Upper limit on investment
The Company	1,710,734	11,590,220	19,264,058

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 31.6500 (asset and liability) and 31.9395 (profit and loss) on September 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 September 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:

Name of major shareholders	Shareholding	Shares held	Ratio of shareholding
Yuchang Investment Co., Ltd.		25,471,477	7.37%
The first 2022 Discretionary Investment of Labor Pension Fund with HSBC Securities investment account		20,609,400	5.96%

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:

July 2024 to September 2024					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 3,603,757	13,859,339	-	-	17,463,096
Income from each department	496,162	2,654,295	-	(3,150,457)	-
Total income	\$ 4,099,919	16,513,634	-	(3,150,457)	17,463,096
Segment gains and losses					
which shall be disclosed	\$ 2,717,395	4,112,326	7,693,862	(11,349,628)	3,173,955

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

July 2023 to September 2023					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 2,517,652	9,356,849	-	-	11,874,501
Income from each department	589,781	1,665,399	-	(2,255,180)	-
Total income	\$ 3,107,433	11,022,248	-	(2,255,180)	11,874,501
Segment gains and losses which shall be disclosed	\$ 2,222,491	2,939,259	5,471,310	(8,058,875)	2,574,185
January 2024 to September 2024					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 9,764,385	36,050,238	-	-	45,814,623
Income from each department	1,747,952	6,561,828	-	(8,309,780)	-
Total income	\$ 11,512,337	42,612,066	-	(8,309,780)	45,814,623
Segment gains and losses which shall be disclosed	\$ 7,519,501	10,739,609	20,144,628	(29,640,970)	8,762,768
January 2023 to September 2023					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 6,293,794	22,120,280	-	-	28,414,074
Income from each department	1,275,284	4,259,838	-	(5,535,122)	-
Total income	\$ 7,569,078	26,380,118	-	(5,535,122)	28,414,074
Segment gains and losses which shall be disclosed	\$ 3,962,891	5,399,342	9,811,610	(14,282,464)	4,891,379