

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

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

First Quarter of 2025 and 2024

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CPA's Review Report

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

Foreword

The consolidated balance sheet of Elite Material Co., Ltd. and its subsidiaries on March 31, 2025 and 2024 and the consolidated income statement, 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 March 31 in 2025 and 2024 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 March 31, 2025 and 2024, and the consolidated financial performance and consolidated cash flow from January 1 to March 31 in 2025 and 2024.

KPMG

CPA:

| | |
|----------------------|---|
| Securities Competent | Chin-Kuan-Cheng-Shen-Tzu No. 1080303300 |
| Authority Approval | Chin-Kuan-Cheng-Liu-Tzu No. 0940100754 |
| Certified Number | |

April 30, 2025

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.

(Expressed in Thousands of New Taiwan Dollars)

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

Accounting Manager: Meng-Yu Lin

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

From January 1 to March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

| | | January 2025 to March 2025 | | January 2024 to March 2024 | |
|------|--|-------------------------------|-----------|-------------------------------|-----------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Notes 6 (17) and 7) | \$ 21,680,064 | 100 | 12,902,460 | 100 |
| 5000 | Operating costs (Notes 6 (4) and 7) | (15,089,738) | (70) | (9,164,316) | (71) |
| | Gross profit from operations | 6,590,326 | 30 | 3,738,144 | 29 |
| | Operating expenses: | | | | |
| 6100 | Total selling expenses | (743,075) | (3) | (368,341) | (3) |
| 6200 | Total administrative expenses (Note 7) | (827,642) | (4) | (488,379) | (4) |
| 6300 | Total research and development expenses | (478,616) | (2) | (344,029) | (2) |
| 6450 | Expected credit losses (Note 6 (2)) | (1,258) | - | (1,642) | - |
| | Total operating expenses | (2,050,591) | (9) | (1,202,391) | (9) |
| | Net operating income | 4,539,735 | 21 | 2,535,753 | 20 |
| | Non-operating income and expenses (Note 6 (19)): | | | | |
| 7100 | Total interest income | 42,821 | - | 26,746 | - |
| 7020 | Other gains and losses | 192,491 | 1 | 152,294 | 1 |
| 7050 | Financial costs | (107,560) | - | (101,222) | (1) |
| | Total non-operating income and expenses | 127,752 | 1 | 77,818 | - |
| 7900 | Profit from continuing operations before tax | 4,667,487 | 22 | 2,613,571 | 20 |
| 7950 | Income tax expenses (Note 6 (14)) | (1,200,333) | (6) | (636,526) | (5) |
| 8200 | Profit | 3,467,154 | 16 | 1,977,045 | 15 |
| | 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 | 713,722 | 3 | 466,664 | 4 |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | (142,792) | - | (93,423) | (1) |
| | Components of other comprehensive income that will be reclassified to profit or loss | 570,930 | 3 | 373,241 | 3 |
| | Current period other comprehensive income (post-tax profit or loss) | 570,930 | 3 | 395,414 | 3 |
| 8500 | Total comprehensive income in current period | <u>\$ 4,038,084</u> | <u>19</u> | <u>2,372,459</u> | <u>18</u> |
| | Income attributable to: | | | | |
| 8610 | Owners of the parent company | \$ 3,468,900 | 16 | 1,978,282 | 15 |
| 8620 | Non-controlling interests | (1,746) | - | (1,237) | - |
| | | <u>\$ 3,467,154</u> | <u>16</u> | <u>1,977,045</u> | <u>15</u> |
| | Comprehensive income attributable to: | | | | |
| 8710 | Owners of the parent company | \$ 4,040,065 | 19 | 2,374,146 | 18 |
| 8720 | Non-controlling interests | (1,981) | - | (1,687) | - |
| | | <u>\$ 4,038,084</u> | <u>19</u> | <u>2,372,459</u> | <u>18</u> |
| | Earnings per share (NTD) (Note 6 (16)) | | | | |
| 9750 | Basic earnings per share (NTD) | <u>\$ 10.01</u> | | <u>5.76</u> | |
| 9850 | Diluted earnings per share (NTD) | <u>\$ 9.72</u> | | <u>5.69</u> | |

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

Chairman:

Ding-Yu Dong

Managerial Officer:

Ding-Yu Dong

Accounting Manager:

Meng-Yu Lin

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

From January 1 to March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | Total other equity interest | | | | |
|--|---|------------------|-------------------|-----------------|----------------------------------|---|---|---|---------------------------|-------------------|
| | Share capital | | Retained earnings | | | Exchange differences on translation of foreign financial statements | Equity instrument investment losses measured at fair value through other comprehensive income | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
| | | | | | | | | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | | | | | |
| 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 | - | - | - | - | 1,978,282 | - | - | 1,978,282 | (1,237) | 1,977,045 |
| Other comprehensive income in the current period | - | - | - | - | - | 373,691 | 22,173 | 395,864 | (450) | 395,414 |
| Total comprehensive income in current period | - | - | - | - | 1,978,282 | 373,691 | 22,173 | 2,374,146 | (1,687) | 2,372,459 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Cash dividends | - | - | - | - | (3,439,332) | - | - | (3,439,332) | - | (3,439,332) |
| Convertible corporate bond conversion | 10,988 | 243,872 | - | - | - | - | - | 254,860 | - | 254,860 |
| Changes in associates and joint ventures accounted for using equity method | - | - | - | - | (27,698) | - | - | (27,698) | 4,946 | (22,752) |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | (10,108) | (10,108) |
| Balance as of March 31, 2024 | \$ 3,442,781 | 4,605,618 | 3,462,000 | 549,290 | 14,375,067 | (447,516) | (15,773) | 25,971,467 | (6,849) | 25,964,618 |
| Balance as of January 1, 2025 | \$ 3,466,329 | 5,690,867 | 4,010,652 | 859,153 | 21,127,674 | (28,085) | (15,773) | 35,110,817 | (16,967) | 35,093,850 |
| Profit | - | - | - | - | 3,468,900 | - | - | 3,468,900 | (1,746) | 3,467,154 |
| Other comprehensive income in the current period | - | - | - | - | - | 571,165 | - | 571,165 | (235) | 570,930 |
| Total comprehensive income in current period | - | - | - | - | 3,468,900 | 571,165 | - | 4,040,065 | (1,981) | 4,038,084 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Cash dividends | - | - | - | - | (5,893,695) | - | - | (5,893,695) | - | (5,893,695) |
| Convertible corporate bond conversion | 1,407 | 32,756 | - | - | - | - | - | 34,163 | - | 34,163 |
| Balance as of March 31, 2025 | \$ 3,467,736 | 5,723,623 | 4,010,652 | 859,153 | 18,702,879 | 543,080 | (15,773) | 33,291,350 | (18,948) | 33,272,402 |

(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 March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

| | January 2025 to March 2025 | January 2024 to March 2024 |
|---|---------------------------------------|---------------------------------------|
| Cash flows from operating activities: | | |
| Profit before tax | \$ 4,667,487 | 2,613,571 |
| Adjustments: | | |
| Adjustments to reconcile: | | |
| Depreciation expense | 454,168 | 389,807 |
| Amortization expense | 14,100 | 13,145 |
| Expected credit impairment loss | 1,258 | 1,642 |
| Net losses (gains) on financial assets or liabilities at fair value through profit or loss) | 13,601 | (1,097) |
| Interest expenses | 98,657 | 98,883 |
| Total interest income | (42,821) | (26,746) |
| Loss on disposal of property, plant and equipment | 894 | 1,728 |
| Gain on disposal of investment | - | (18,836) |
| Bond discounted amortized interest expense | 8,903 | 2,339 |
| Total adjustments to reconcile | <u>548,760</u> | <u>460,865</u> |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Note receivable | 3,477 | (64,025) |
| Accounts receivable | (3,833,591) | (182,989) |
| Other receivables | (3,685) | (32,891) |
| Inventory | (952,241) | (416,434) |
| Other current assets | (31,684) | (122,281) |
| Other non-current assets | 16,787 | 38,606 |
| Total changes in operating assets | <u>(4,800,937)</u> | <u>(780,014)</u> |
| Changes in operating liabilities: | | |
| Accounts payable | 1,787,647 | (102,171) |
| Other payables | 415,221 | 56,175 |
| Other current liabilities | 110,499 | (493) |
| Other non-current liabilities | 21,092 | (5,313) |
| Total changes in operating liabilities | <u>2,334,459</u> | <u>(51,802)</u> |
| Total changes in operating assets and liabilities | <u>(2,466,478)</u> | <u>(831,816)</u> |
| Total adjustments | <u>(1,917,718)</u> | <u>(370,951)</u> |
| Cash inflow generated from operations | 2,749,769 | 2,242,620 |
| Interest received | 53,362 | 50,705 |
| Interest paid | (101,129) | (96,238) |
| Income taxes paid | <u>(557,769)</u> | <u>(399,879)</u> |
| Net cash flows from operating activities | <u>2,144,233</u> | <u>1,797,208</u> |
| Cash flows from (used in) investing activities: | | |
| Net cash flow from acquisition of subsidiaries | - | 10,383 |
| Acquisition of property, plant and equipment | (2,596,413) | (1,348,511) |
| Proceed from disposal of property, plant and equipment | 86 | 506 |
| Acquisition of intangible assets | (3,484) | (7,488) |
| Refundable deposits paid | <u>(9,000)</u> | <u>(612)</u> |
| Net cash flows used in investing activities | <u>(2,608,811)</u> | <u>(1,345,722)</u> |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term loans | 1,132,177 | 1,957,128 |
| Long-term loan | 4,090,796 | 1,534,890 |
| Repay long-term loan | (1,588,019) | (746,789) |
| Guarantee deposits and margins received | 33,044 | 3,108 |
| Payment of lease liabilities | <u>(10,253)</u> | <u>(5,584)</u> |
| Net cash flows from financing activities | <u>3,657,745</u> | <u>2,742,753</u> |
| Effect of exchange rate fluctuations on cash held | 245,261 | 172,327 |
| Net increase in cash and cash equivalents | 3,438,428 | 3,366,566 |
| Cash and cash equivalents at beginning of period | <u>14,988,308</u> | <u>9,258,881</u> |
| Cash and cash equivalents at end of period | <u><u>\$ 18,426,736</u></u> | <u><u>12,625,447</u></u> |

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

Chairman:

Ding-Yu Dong

Managerial Officer:

Ding-Yu Dong

Accounting Manager:

Meng-Yu Lin

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
First Quarter of 2025 and 2024
(Unless otherwise stated, all amounts are in thousands of NTD)

1. 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.)

2. Dates and procedures for the financial statement approval

The financial statements were approved by the Company’s Board of Directors on April 30, 2025.

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

- (1) Impact of new and revised standards, amendments, and interpretations endorsed by the FSC
The application of the amendments to the IFRS Accounting Standards from January 1, 2025, did not have any material impact on the Consolidated Company’s financial statement.

- Amendments to IAS 21 - Lack of Exchangeability

- (2) The impact of IFRS Accounting Standards has not yet been adopted and approved by the FSC.

The Consolidated Company expects to adopt the following amended International Financial Reporting Standards (IFRSs) starting from January 1, 2026. The potential impacts are summarized as follows:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments,” relating to the application guidance under Section 4.1 of IFRS 9 and related disclosure requirements under IFRS 7.

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

(3) 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” | <p>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.</p> <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 |
|--|--|----------------------------------|
| Annual Improvements to IFRS Accounting Standards | <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. | January 1, 2026 |
| | <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 “Financial Instruments”. 2. IFRS 7 “Financial Instruments: Disclosures” The amendments address potential confusion caused by inconsistent terms between IFRS 7 and IFRS 13 “Fair Value Measurement”. 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 | |

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

| New or amended standards | Major amendment details | Effective date announced by IASB |
|-----------------------------|---|--|
| | <p>profit or loss. However, modifications to lease liabilities shall be accounted for in accordance with the provision for lease modification under IFRS 16 “Leases”.</p> <ul style="list-style-type: none"> • Transaction prices <p>The amendments require enterprises to measure accounts receivable in accordance with IFRS 15 “Revenue from Contracts with Customers” 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> <p>4. IFRS 10 “Consolidated Financial Statements”</p> <p>The amendments clarify the determination of de facto agents under IFRS 10.</p> <p>5. IAS 7 “Statement of Cash Flow”</p> <p>The term “cost method” in paragraph 37 of IAS 7 is deleted to avoid confusion in application.</p> | |

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

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,” relating to the application guidance under Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements under IFRS 7.
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of significant accounting policies

(1) 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 2024 Consolidated Financial Statement. For relevant information, please refer to Note 4 to the 2024 Consolidated Financial Statement.

(2) Consolidation basis

A. Subsidiaries included in the consolidated financial statements

Subsidiaries included in this consolidated financial statements include:

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

| Investment company | Subsidiary | Nature of business | Shareholding percentage | | | Description |
|--|--|---|-------------------------|----------------------|-------------------|-------------|
| | | | March 31, 2025 | December 31, 2024 | March 31, 2024 | |
| 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% | |
| 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% | |
| 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% | |
| 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% | |
| 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% | 56.07% (Note) | 59.35% (Note) | |
| EMD Specialty Materials, LLC | Technica USA | General import and export services | 16.46% | 16.46% (Note) | 17.42% (Note) | |

Note: 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 59.35% and 56.07%, and the equity of EMD Specialty Materials, LLC to 17.42% and 16.46%.

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

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

(3) 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:

- A. Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed;
- B. Assets held primarily for the purpose of trading;
- C. Assets expected to be realized within 12 months after the balance sheet date; or
- D. 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:

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

(4) 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.

(5) Employee benefits

The defined benefit plan pension during the interim period is calculated based on the determined pension cost rate on the reporting date of the previous year, from the beginning of the year to the end of the current period where adjustments are made for significant market fluctuations after the closing date, as well as significant reductions, liquidations, or other significant one-off events.

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

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

When preparing these consolidated financial statements in accordance with the preparation guidelines and IAS 34 “Interim Financial Reporting” approved by the FSC, management is required to make judgments and estimates concerning the future (including climate-related risks and opportunities), which will affect the adoption 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 2024 Consolidated Financial Statement.

6. 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 2024 Consolidated Financial Statement. For relevant information, please refer to Note 6 to the 2024 Consolidated Financial Statement.

(1) Cash and cash equivalents

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|----------------------|----------------------|-------------------|
| Cash | \$ 441 | 600 | 631 |
| Demand deposits | 11,905,804 | 8,373,156 | 9,588,031 |
| Time deposits | 3,695,912 | 3,863,967 | 1,020,365 |
| Cash equivalents | <u>2,824,579</u> | <u>2,750,585</u> | <u>2,016,420</u> |
| Cash and cash equivalents shown in the consolidated statement of cash flows | <u>\$ 18,426,736</u> | <u>14,988,308</u> | <u>12,625,447</u> |

(2) Note receivable and accounts receivable

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-----------------------|----------------------|----------------------|-------------------|
| Note receivable | \$ 29,357 | 32,690 | 196,759 |
| Accounts receivable | 30,242,310 | 25,894,374 | 17,776,959 |
| Less: loss allowances | <u>(32,893)</u> | <u>(30,249)</u> | <u>(10,820)</u> |
| | <u>\$ 30,238,774</u> | <u>25,896,815</u> | <u>17,962,898</u> |

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

The Consolidated Company used the simplified approach to estimate expected credit losses on March 31, 2025 and 2024 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:

| | March 31, 2025 | | |
|-----------------------------|---|--|--|
| | Carrying amount of accounts receivable | Weighted average expected credit loss | Allowance for lifetime expected credit losses |
| Not past due | \$ 29,790,499 | 0.04% | 10,769 |
| Less than 30 days past due | 193,049 | 0.53% | 1,027 |
| 31~120 days past due | 172,805 | 3.81% | 6,581 |
| More than 121 days past due | 115,314 | 12.59% | 14,516 |
| | <u>\$ 30,271,667</u> | | <u>32,893</u> |

| | December 31, 2024 | | |
|-----------------------------|---|--|--|
| | Carrying amount of accounts receivable | Weighted average expected credit loss | Allowance for lifetime expected credit losses |
| Not past due | \$ 25,501,810 | 0.05% | 12,679 |
| Less than 30 days past due | 237,197 | 1.39% | 3,303 |
| 31~120 days past due | 179,861 | 5.75% | 10,342 |
| More than 121 days past due | 8,196 | 47.89% | 3,925 |
| | <u>\$ 25,927,064</u> | | <u>30,249</u> |

| | March 31, 2024 | | |
|----------------------------|---|--|--|
| | Carrying amount of accounts receivable | Weighted average expected credit loss | Allowance for lifetime expected credit losses |
| Not past due | \$ 17,715,375 | 0.06% | 10,404 |
| Less than 30 days past due | 166,924 | 0.22% | 373 |
| 31~120 days past due | 91,419 | 0.05% | 43 |
| | <u>\$ 17,973,718</u> | | <u>10,820</u> |

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

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|--|---------------------------------------|---------------------------------------|
| Opening Balance | \$ 30,249 | 5,355 |
| Impairment loss recognized | 1,258 | 1,642 |
| Reclassification | 816 | - |
| Acquired through business combination | - | 3,522 |
| Foreign currency exchange gains and losses | 570 | 301 |
| Ending balance | <u>\$ 32,893</u> | <u>10,820</u> |

(3) Other receivables

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-----------------------|---------------------------|------------------------------|---------------------------|
| Claims receivable | \$ 349,959 | 349,959 | 349,959 |
| Other receivables | 94,868 | 99,234 | 66,642 |
| Less: loss allowances | <u>(1,168)</u> | <u>(1,168)</u> | <u>(1,168)</u> |
| | <u>\$ 443,659</u> | <u>448,025</u> | <u>415,433</u> |

On January 15, 2023, the Company experienced a significant fire incident, resulting in damage to certain buildings, equipment, construction in progress, other assets, and inventories. The damaged assets were written off during the year, and a disaster loss of NTD 537,959 thousand was 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. There have been no significant changes during the period from January 1 to March 31, 2025. For relevant information, please refer to Note 10 of the 2024 Consolidated Financial Statements.

(4) Inventory

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|------------------|-----------------------------|------------------------------|---------------------------|
| Raw material | \$ 6,780,865 | 6,075,352 | 4,239,613 |
| Goods-in-process | 724,218 | 654,702 | 471,863 |
| Finished goods | 3,020,979 | 2,685,531 | 1,935,282 |
| Merchandise | <u>31,668</u> | <u>21,914</u> | <u>20,986</u> |
| | <u>\$ 10,557,730</u> | <u>9,437,499</u> | <u>6,667,744</u> |

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

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|--|---------------------------------------|---------------------------------------|
| Cost of goods sold | \$ 15,207,962 | 9,241,488 |
| Loss for market price decline and obsolete and slow-moving inventories (Gain from price recovery) | 26,329 | (4,828) |
| Revenue from sale of scraps | <u>(144,553)</u> | <u>(72,344)</u> |
| Total | <u>\$ 15,089,738</u> | <u>9,164,316</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 March 31, 2025, December 31, 2024, and March 31, 2024, the Consolidated Company's inventory had not been provided as a pledge.

(5) Business combination

On January 1, 2024, the Consolidated Company acquired 30% of Technica USA's shares through EMD Specialty Matericals, 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.

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

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

A. 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> |

B. 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 18,836 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 three months ended March 31, 2024. Please refer to Note 6 (19) for details.

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

(6) Property, plant and equipment

The details of the changes in property, plant, and equipment of the Consolidated Company during the three months ended March 31, 2025 and 2024 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, 2025 | \$ 2,537,243 | 6,931,556 | 12,961,873 | 4,008,407 | 5,419,057 | 31,858,136 |
| Addition (including interest capitalization) | - | - | - | - | 2,496,508 | 2,496,508 |
| Disposal | - | - | (3,241) | (15,126) | - | (18,367) |
| Reclassification | - | 19,866 | 102,586 | 43,531 | (165,983) | - |
| Impact from change in exchange rate | - | 129,268 | 219,923 | 66,925 | 136,728 | 552,844 |
| Balance as of March 31, 2025 | <u>\$ 2,537,243</u> | <u>7,080,690</u> | <u>13,281,141</u> | <u>4,103,737</u> | <u>7,886,310</u> | <u>34,889,121</u> |
| 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) | - | - | - | - | 1,310,209 | 1,310,209 |
| Disposal | - | (350) | (57,636) | (12,148) | - | (70,134) |
| Reclassification | - | 473,924 | 780,114 | 137,548 | (1,391,586) | - |
| Impact from change in exchange rate | - | 105,633 | 182,549 | 56,384 | 17,208 | 361,774 |
| Balance as of March 31, 2024 | <u>\$ 2,537,243</u> | <u>6,814,363</u> | <u>12,507,347</u> | <u>3,714,482</u> | <u>1,407,984</u> | <u>26,981,419</u> |
| Depreciation and impairment losses: | | | | | | |
| Balance as of January 1, 2025 | \$ - | 1,767,377 | 6,441,062 | 2,262,719 | - | 10,471,158 |
| Depreciation for the year | - | 90,521 | 221,938 | 116,340 | - | 428,799 |
| Disposal | - | - | (2,856) | (14,531) | - | (17,387) |
| Impact from change in exchange rate | - | 28,646 | 99,794 | 36,266 | - | 164,706 |
| Balance as of March 31, 2025 | <u>\$ -</u> | <u>1,886,544</u> | <u>6,759,938</u> | <u>2,400,794</u> | <u>-</u> | <u>11,047,276</u> |
| 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 | - | 79,631 | 190,648 | 105,303 | - | 375,582 |
| Disposal | - | (350) | (56,132) | (11,418) | - | (67,900) |
| Impact from change in exchange rate | - | 18,745 | 71,590 | 26,325 | - | 116,660 |
| Balance as of March 31, 2024 | <u>\$ -</u> | <u>1,486,559</u> | <u>5,755,221</u> | <u>1,901,929</u> | <u>-</u> | <u>9,143,709</u> |
| Book value: | | | | | | |
| January 1, 2025 | <u>\$ 2,537,243</u> | <u>5,164,179</u> | <u>6,520,811</u> | <u>1,745,688</u> | <u>5,419,057</u> | <u>21,386,978</u> |
| March 31, 2025 | <u>\$ 2,537,243</u> | <u>5,194,146</u> | <u>6,521,203</u> | <u>1,702,943</u> | <u>7,886,310</u> | <u>23,841,845</u> |
| 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> |
| March 31, 2024 | <u>\$ 2,537,243</u> | <u>5,327,804</u> | <u>6,752,126</u> | <u>1,812,553</u> | <u>1,407,984</u> | <u>17,837,710</u> |

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

On March 31, 2025, December 31, 2024, and March 31, 2024, 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.

(7) Right-of-use assets

The details of the changes in right-of-use assets recognized by the Consolidated Company for leased land and buildings are as follows:

| | Land | Property and building | Total |
|---|---------------------|--------------------------|------------------|
| Cost of right-of-use assets: | | | |
| Balance as of January 1, 2025 | \$ 1,606,431 | 761,591 | 2,368,022 |
| Enhancements | - | 1,066 | 1,066 |
| Remeasurement | - | 18,852 | 18,852 |
| Impact from change in exchange rate | 34,403 | 9,830 | 44,233 |
| Balance as of March 31, 2025 | <u>\$ 1,640,834</u> | <u>791,339</u> | <u>2,432,173</u> |
| Balance as of January 1, 2024 | \$ 1,291,529 | 348,847 | 1,640,376 |
| Acquired through business combination | - | 7,019 | 7,019 |
| Enhancements | - | 22,473 | 22,473 |
| Impact from change in exchange rate | 24,177 | 15,267 | 39,444 |
| Balance as of March 31, 2024 | <u>\$ 1,315,706</u> | <u>393,606</u> | <u>1,709,312</u> |
| Depreciation and impairment losses on right-of-use assets: | | | |
| Balance as of January 1, 2025 | \$ 103,622 | 128,959 | 232,581 |
| Depreciation | 8,071 | 17,298 | 25,369 |
| Impact from change in exchange rate | 2,301 | 1,779 | 4,080 |
| Balance as of March 31, 2025 | <u>\$ 113,994</u> | <u>148,036</u> | <u>262,030</u> |
| Balance as of January 1, 2024 | \$ 70,753 | 59,802 | 130,555 |
| Acquired through business combination | - | 6,479 | 6,479 |
| Depreciation | 6,705 | 7,520 | 14,225 |
| Impact from change in exchange rate | 1,387 | 2,926 | 4,313 |
| Balance as of March 31, 2024 | <u>\$ 78,845</u> | <u>76,727</u> | <u>155,572</u> |
| Book value: | | | |
| January 1, 2025 | <u>\$ 1,502,809</u> | <u>632,632</u> | <u>2,135,441</u> |
| March 31, 2025 | <u>\$ 1,526,840</u> | <u>643,303</u> | <u>2,170,143</u> |
| January 1, 2024 | <u>\$ 1,220,776</u> | <u>289,045</u> | <u>1,509,821</u> |
| March 31, 2024 | <u>\$ 1,236,861</u> | <u>316,879</u> | <u>1,553,740</u> |

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

On March 31, 2025, December 31, 2024, and March 31, 2024, the Consolidated Company's right-of-use assets were not provided as guarantees for bank loans and the amount of financing.

(8) Short-term borrowings

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

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--------------------------------|---------------------------|------------------------------|---------------------------|
| Unsecured bank loans | <u>\$ 7,314,439</u> | <u>6,046,780</u> | <u>8,743,565</u> |
| Unused short-term credit lines | <u>\$ 17,753,616</u> | <u>20,115,041</u> | <u>13,293,065</u> |
| Interest rate range | <u>1.12%~5.17%</u> | <u>0.96%~5.50%</u> | <u>1.68%~11.00%</u> |

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

(9) Long-term borrowings

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

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|----------------------------------|---------------------------|------------------------------|---------------------------|
| Unsecured bank loans | \$ 7,166,021 | 4,536,085 | 3,319,672 |
| Less: amount due within one year | <u>(1,617,591)</u> | <u>(1,596,099)</u> | <u>(2,115,142)</u> |
| Total | <u>\$ 5,548,430</u> | <u>2,939,986</u> | <u>1,204,530</u> |
| Unused short-term credit lines | <u>\$ 8,200,399</u> | <u>5,776,504</u> | <u>6,185,073</u> |
| Interest rate range | <u>2.50%~3.10%</u> | <u>2.90%~4.35%</u> | <u>1.85%~4.35%</u> |
| Due year | <u>2026 - 2029</u> | <u>2025 - 2029</u> | <u>2024 - 2026</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. As of December 31, 2024, the Consolidated Company did not violate the above financial ratio restrictions.

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

(10) Unsecured convertible bonds

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

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|----------------------------|---------------------------------------|---------------------------------------|
| Bond issuance amount | \$ 9,465,300 | 9,465,300 | 3,465,300 |
| Unamortized balance of discounted corporate bonds payable | (162,135) | (171,748) | (23,609) |
| Cumulative amount of conversion | <u>(3,358,600)</u> | <u>(3,323,600)</u> | <u>(2,765,300)</u> |
| Ending balance of corporate bonds payable | 5,944,565 | 5,969,952 | 676,391 |
| Less: amount due within one year | <u>(107,577)</u> | <u>(138,070)</u> | <u>-</u> |
| Balance of corporate bonds payable - non-current | <u>\$ 5,836,988</u> | <u>5,831,882</u> | <u>676,391</u> |
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| Embedded derivative financial instruments - call-back or repurchase rights (presented as financial assets at fair value through profit or loss - current) | <u>\$ 352</u> | <u>567</u> | <u>-</u> |
| Embedded derivative financial instruments - call-back or repurchase rights (presented as financial assets at fair value through profit or loss - non-current) | <u>\$ 11,987</u> | <u>18,300</u> | <u>4,970</u> |
| Embedded derivative financial instruments - call-back or repurchase rights (presented as financial liabilities at fair value through profit or loss - non-current) | <u>\$ 19,800</u> | <u>12,600</u> | <u>-</u> |
| Equity component - conversion right (reported in capital surplus - subscription right) | <u>\$ 574,879</u> | <u>577,116</u> | <u>41,940</u> |
| | | January 2025 to March 2025 | January 2024 to March 2024 |
| Embedded derivative financial instruments - remeasurement of call-back or 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>\$ (13,601)</u> | <u>1,097</u> |
| Interest expenses | | <u>\$ 8,903</u> | <u>2,339</u> |

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

- A. On July 31, 2024, the 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.
- B. 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.
- C. 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 Financial Supervisory Commission (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 | Seventh domestic unsecured convertible corporate bonds |
|---|---|---|--|
| Total amount of issue | NTD 3,465,300 thousand | NTD 3,000,000 thousand | NTD 3,000,000 thousand |
| Issue date | April 25, 2022 | September 25, 2024 | October 9, 2024 |
| Issue price | Issued at 101% of par value | Issued at 103% of par value | Issued at 110.94% of par value |
| Coupon rate | 0% | 0% | 0% |
| Issuance period | April 25, 2022 - April 25, 2027 | September 25, 2024 - September 25, 2029 | October 9, 2024 - October 9, 2029 |
| Redemption right for the convertible corporate bonds | From the day after three full months after the issuance (July 26, 2022) | From the day after three full months after the issuance (December 26, | From the day after three full months after the issuance (January 10, |

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

| Fifth domestic unsecured convertible corporate bonds | Sixth domestic unsecured convertible corporate bonds | Seventh domestic unsecured convertible corporate bonds |
|--|---|--|
| to 40 days before the expiration of the issuance period (maturity date) (March 16, 2027): | 2024) to 40 days before the expiration of the issuance period (maturity date) (August 16, 2029): | 2025) to 40 days before the expiration of the issuance period (maturity date) (August 30, 2029): |
| A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days; | A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days; | A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days; |
| B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount; The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible | B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount; The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion | B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount; The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the |

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

| | Fifth domestic unsecured convertible corporate bonds | Sixth domestic unsecured convertible corporate bonds | Seventh domestic unsecured convertible corporate bonds |
|--|---|--|--|
| | corporate bonds is suspended. | of the convertible corporate bonds is suspended. | conversion of the convertible corporate bonds is suspended. |
| 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 Company to call-back the convertible bonds held by the Company in cash at par value. The 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 Company to call-back the convertible bonds held by the Company in cash at par value. The Company accepts the repurchase request and shall call-back the convertible bonds in cash within five business days after the repurchase date. | The Company's bonds are not subject to any repurchase clauses. |
| 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). | Bond holders may convert the corporate bonds between January 10, 2025 (the day after three full months after the issuance date of the convertible corporate bonds) and October 9, 2029 (maturity date). |
| 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 Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of | 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 Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of | The conversion price at the time of the issuance of the seventh five-year unsecured convertible corporate bonds is set at NTD 490.7 per share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of |

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

| Fifth domestic unsecured convertible corporate bonds | Sixth domestic unsecured convertible corporate bonds | Seventh domestic unsecured convertible corporate bonds |
|---|---|---|
| common shares conversion rights, adjustment shall be made. As the 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 Company's fifth 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. | common shares conversion rights, adjustment shall be made. This bond does not have reset feature. | 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.

(11)Lease liabilities

The carrying amounts of the Consolidated Company's lease liabilities are as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-------------|---------------------------|------------------------------|---------------------------|
| Current | <u><u>\$ 44,311</u></u> | <u><u>43,513</u></u> | <u><u>23,507</u></u> |
| Non-current | <u><u>\$ 652,623</u></u> | <u><u>635,046</u></u> | <u><u>317,908</u></u> |

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

The amounts recognized in profit or loss are as follows:

| | January 2025 to March 2025 | January 2024 to March 2024 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Interest expense on lease liability | <u><u>\$ 10,097</u></u> | <u><u>2,687</u></u> |
| Expense on short-term lease | <u><u>\$ 21,868</u></u> | <u><u>12,946</u></u> |

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

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|-------------------------------|---------------------------------------|---------------------------------------|
| Total cash outflow from lease | <u>\$ 42,218</u> | <u>21,217</u> |

A. 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.

B. 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.

(12) Other non-current liabilities

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---------------------------|------------------------------|---------------------------|
| Prepayments | \$ 488,108 | 457,058 | 459,496 |
| Guarantee deposits and margins received | <u>82,519</u> | <u>48,483</u> | <u>27,343</u> |
| Total | <u>\$ 570,627</u> | <u>505,541</u> | <u>486,839</u> |

Due to the relocation of the Kunshan Youbi Factory, the Consolidated Company received an advance payment of NTD 361,267 thousand, NTD 353,762 thousand and NTD 348,232 thousand on March 31, 2025, December 31, 2024, and March 31, 2024 respectively. Please refer to Note 9 (2) for details.

(13) Employee benefits

A. 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, 2024 and 2023 and disclose the pension costs for interim periods. The pension costs recognized by the Consolidated Company for the three months ended March 31, 2025 and 2024 were NTD 0.

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

B. Determined appropriation plan

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

| | January 2025 | January 2024 |
|---|-------------------------|----------------------|
| | to March 2025 | to March 2024 |
| Operating costs | \$ 70,847 | 47,481 |
| Total selling expenses | 4,946 | 3,436 |
| Total administrative expenses | 9,073 | 5,677 |
| Total research and development expenses | <u>6,900</u> | <u>4,168</u> |
| Total | <u>\$ 91,766</u> | <u>60,762</u> |

(14) Income tax

The details of income tax expenses of the Consolidated Company from January 1 to March 31, 2025 and 2024 are as follows:

| | January 2025 | January 2024 |
|--|----------------------------|-----------------------|
| | to March 2025 | to March 2024 |
| Current income tax expense | | |
| Current tax expense recognized in the current year | \$ 946,867 | 492,026 |
| Income tax adjustments on prior years | <u>4,526</u> | <u>3,904</u> |
| | <u>951,393</u> | <u>495,930</u> |
| Deferred income tax expense | | |
| Occurrence and reversal of temporary differences | <u>248,940</u> | <u>140,596</u> |
| Income tax expenses of continuing operations | <u>\$ 1,200,333</u> | <u>636,526</u> |

The details of the income tax benefit (expense) recognized in other comprehensive income by the Consolidated Company for the three months ended March 31, 2025 and 2024 are as follows:

| | January 2025 | January 2024 |
|---|----------------------------|------------------------|
| | to March 2025 | to March 2024 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign financial statements | <u>\$ (142,792)</u> | <u>(93,423)</u> |

A. Income Tax Assessment

The income tax settlement declaration of the profit-seeking enterprise of the Company has been approved by the tax collection authority until 2022.

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

B. Global Minimum Tax

The Pillar Two legislation became effective in Malaysia in 2025, where the Consolidated Company operates. As of March 31, 2025, there was no impact on the Consolidated Company's current income tax.

(15) Capital and other equity

A. Issuance of common stock

On March 31, 2025, December 31, 2024, and March 31, 2024, 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 346,773 thousand shares, 346,632 thousand shares, and 344,278 thousand shares respectively where all share price on the issued shares have been received.

On March 31, 2025, 141 thousand new shares were converted by convertible bond holders with a total issuance amount of NTD 35,000 thousand. The registration procedures are in progress.

B. Capital surplus

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

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|----------------------------|------------------------------|---------------------------|
| 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 | 5,053,069 | 5,018,076 | 4,468,051 |
| Difference between the price and the book value of acquisition or disposal of subsidiary's equity | 48 | 48 | - |
| Conversion right | 574,879 | 577,116 | 41,940 |
| | <u>\$ 5,723,623</u> | <u>5,690,867</u> | <u>4,605,618</u> |

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

C. 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.

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.

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

(B) Earnings distribution

The Company's Board of Directors approved the 2024 earnings distribution proposal on February 25, 2025 by resolution and approved the 2023 earnings distribution proposal on February 29, 2024 by resolution. The amounts of dividends distributed to owners are as follows:

| | 2024 | | 2023 | |
|--|-----------------------|---------------------|-----------------------|------------------|
| | Payout ratio (NTD) | Amount | Payout ratio (NTD) | Amount |
| Dividends distributed to owners of common stock: | | | | |
| Cash | \$ 17.00 | <u>\$ 5,893,695</u> | 10.00 | <u>3,439,332</u> |

D. 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, 2025 | \$ (28,085) | (15,773) | (16,967) | (60,825) |
| Exchange differences arising on translation of foreign operations | 571,165 | - | (235) | 570,930 |
| Loss on non-controlling interests | - | - | (1,746) | (1,746) |
| Balance as of March 31, 2025 | <u>\$ 543,080</u> | <u>(15,773)</u> | <u>(18,948)</u> | <u>508,359</u> |
| January 1, 2024 | \$ (821,207) | (37,946) | - | (859,153) |
| Exchange differences arising on translation of foreign operations | 373,691 | - | (450) | 373,241 |
| Equity instrument investment losses measured at fair value through other comprehensive income | - | 22,173 | - | 22,173 |
| Loss on non-controlling interests | - | - | (1,237) | (1,237) |
| Changes in associates and joint ventures accounted for using equity method | - | - | 4,946 | 4,946 |
| Changes in non-controlling interests | - | - | (10,108) | (10,108) |
| Balance as of March 31, 2024 | <u>\$ (447,516)</u> | <u>(15,773)</u> | <u>(6,849)</u> | <u>(470,138)</u> |

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

(16) Earnings per share

A. Earnings per share - basic

Basic earnings per share for the Consolidated Company for the periods from January 1 to March 31, 2025 and 2024 were calculated based on the net income attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding. The relevant calculations are as follows:

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|--|---------------------------------------|---------------------------------------|
| Net income attributable to common shareholders of the Company | <u>\$ 3,468,900</u> | <u>1,978,282</u> |

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|---|---------------------------------------|---------------------------------------|
| Weighted average number of common shares outstanding | <u>\$ 346,660</u> | <u>343,562</u> |

B. Earnings per share - diluted

The diluted earnings per share for the three months ended March 31, 2025 and 2024 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)

| | January 2025 to March 2025 | January 2024 to March 2024 |
|--|---------------------------------------|---------------------------------------|
| Net income attributable to the Company's ordinary share shareholders (basic) | \$ 3,468,900 | 1,978,282 |
| Amount of after-tax effect of interest expense and other income or gains and losses on convertible bonds | <u>18,003</u> | <u>994</u> |
| Net income attributable to the Company's ordinary share shareholders (diluted) | <u>\$ 3,486,903</u> | <u>1,979,276</u> |

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

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|---|---------------------------------------|---------------------------------------|
| Weighted average number of common shares outstanding (basic) | \$ 346,660 | 343,562 |
| Effect of Convertible Corporate Bond Conversion | 11,625 | 3,611 |
| Effect of employee stock dividends | 562 | 424 |
| Weighted average number of outstanding ordinary shares as of March 31 (diluted) | <u>\$ 358,847</u> | <u>347,597</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.

C. Earnings per share are as follows:

| | January 2025 to March 2025 | January 2024 to March 2024 |
|------------------------------|---------------------------------------|---------------------------------------|
| Earnings per share - basic | <u>\$ 10.01</u> | <u>5.76</u> |
| Earnings per share - diluted | <u>\$ 9.72</u> | <u>5.69</u> |

(17) Revenue from customer contracts

A. Breakdown of income

| | | January 2025 to March 2025 | | |
|------------------------|----|-----------------------------------|-------------------------------|-------------------------------------|
| | | Domestic department | Foreign department | Adjustment and write off |
| | | | | Total |
| Key market region: | | | | |
| Taiwan | \$ | 2,435,748 | 389,134 | (387,305) |
| China | | 451,753 | 19,689,222 | (2,628,365) |
| Other countries | | 1,138,138 | 634,829 | (43,090) |
| | \$ | <u>4,025,639</u> | <u>20,713,185</u> | <u>(3,058,760)</u> |
| | | | | <u>21,680,064</u> |
| Key products: | | | | |
| Prepreg | \$ | 1,433,698 | 9,031,438 | (1,220,273) |
| Copper clad laminate | | 2,094,268 | 11,331,309 | (1,141,529) |
| Mass lamination boards | | 53,614 | - | (469) |
| Other | | 444,059 | 350,438 | (696,489) |
| | \$ | <u>4,025,639</u> | <u>20,713,185</u> | <u>(3,058,760)</u> |
| | | | | <u>21,680,064</u> |

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

| January 2024 to March 2024 | | | | |
|-----------------------------------|--------------------------------|-------------------------------|-------------------------------------|--------------------------|
| | Domestic department | Foreign department | Adjustment and write off | Total |
| Key market region: | | | | |
| Taiwan | \$ 2,049,227 | 305,052 | (301,025) | 2,053,254 |
| China | 498,050 | 10,971,427 | (1,772,030) | 9,697,447 |
| Other countries | 779,828 | 405,782 | (33,851) | 1,151,759 |
| | <u>\$ 3,327,105</u> | <u>11,682,261</u> | <u>(2,106,906)</u> | <u>12,902,460</u> |
| Key products: | | | | |
| Prepreg | \$ 1,122,268 | 4,942,886 | (633,238) | 5,431,916 |
| Copper clad laminate | 1,556,459 | 6,571,712 | (922,959) | 7,205,212 |
| Mass lamination boards | 178,950 | - | - | 178,950 |
| Other | 469,428 | 167,663 | (550,709) | 86,382 |
| | <u>\$ 3,327,105</u> | <u>11,682,261</u> | <u>(2,106,906)</u> | <u>12,902,460</u> |

(18) 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 January 1 to March 31, 2025 and 2024 were NTD 123,317 thousand and 70,080 thousand respectively, and the estimated amount of directors' remuneration was NTD 26,718 thousand and 15,184 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 March 31, 2025 and 2024. 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 2024 and 2023 was NTD 322,052 thousand and 190,947 thousand respectively, and the amount of directors' remuneration was NTD 69,778 thousand and 41,372 thousand respectively. There is no difference between the amount of employee remuneration and director's remuneration in 2024 and 2023 and the actual distribution and the relevant information can be inquired at the MOPS.

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

(19) Non-operating income and expenses

A. Total interest income

The details of the Consolidated Company's interest income are as follows:

| | January 2025 to March 2025 | January 2024 to March 2024 |
|-----------------------|---------------------------------------|---------------------------------------|
| Bank deposit interest | <u>\$ 42,821</u> | <u>26,746</u> |

B. Other gains and losses

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|---|---------------------------------------|---------------------------------------|
| Gain on disposal of investment | \$ - | 18,836 |
| Foreign currency exchange gain | 34,305 | 63,478 |
| Gain (loss) on financial assets or liabilities at fair value through profit or loss | (13,601) | 1,097 |
| Loss on disposal of property, plant and equipment | (894) | (1,728) |
| Other gains | <u>172,681</u> | <u>70,611</u> |
| Other gains and losses, net | <u>\$ 192,491</u> | <u>152,294</u> |

C. Financial costs

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

| | January 2025 to March 2025 | January 2024 to March 2024 |
|----------------------------|---------------------------------------|---------------------------------------|
| Interest expenses | \$ 107,560 | 109,697 |
| Less: capitalized interest | <u>-</u> | <u>(8,475)</u> |
| | <u>\$ 107,560</u> | <u>101,222</u> |

(20) Financial instrument

Except as described below, there were no significant changes in the fair value of the Consolidated Company's financial instruments or in its exposure to credit risk and interest rate sensitivity arising from financial instruments. For relevant information, please refer to Note 6 (21) of the 2024 Consolidated Financial Statements.

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

A. Liquidity risk

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

| | Carrying amount | Contractual cash flows | Within 6 months | 6-12 months | 1-2 years | Over 2 years |
|--------------------------------------|-----------------------------|-----------------------------------|----------------------------|-------------------------|-----------------------|--------------------------|
| March 31, 2025 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 14,480,460 | 15,057,551 | 3,235,426 | 6,011,532 | 543,121 | 5,267,472 |
| Accounts payable | 18,053,254 | 18,053,254 | 18,053,254 | - | - | - |
| Other payables | 11,504,123 | 11,504,123 | 11,504,123 | - | - | - |
| Bonds payable | 5,944,565 | 6,106,700 | 110,100 | - | - | 5,996,600 |
| Lease liabilities | 696,934 | 938,870 | 42,315 | 41,272 | 79,124 | 776,159 |
| | <u>\$ 50,679,336</u> | <u>51,660,498</u> | <u>32,945,218</u> | <u>6,052,804</u> | <u>622,245</u> | <u>12,040,231</u> |

December 31, 2024

| | | | | | | |
|--------------------------------------|-----------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 10,582,865 | 10,782,304 | 6,283,011 | 1,459,938 | 1,203,335 | 1,836,020 |
| Accounts payable | 15,963,366 | 15,963,366 | 15,963,366 | - | - | - |
| Other payables | 5,235,758 | 5,235,758 | 5,235,758 | - | - | - |
| Bonds payable | 5,969,952 | 6,141,700 | 141,700 | - | - | 6,000,000 |
| Lease liabilities | 678,559 | 921,273 | 40,742 | 41,526 | 77,998 | 761,007 |
| | <u>\$ 38,430,500</u> | <u>39,044,401</u> | <u>27,664,577</u> | <u>1,501,464</u> | <u>1,281,333</u> | <u>8,597,027</u> |

March 31, 2024

| | | | | | | |
|--------------------------------------|-----------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 12,063,237 | 12,374,231 | 5,172,406 | 5,962,606 | 1,239,219 | - |
| Accounts payable | 10,647,933 | 10,647,933 | 10,647,933 | - | - | - |
| Other payables | 7,499,205 | 7,499,205 | 7,499,205 | - | - | - |
| Bonds payable | 676,391 | 700,000 | - | - | - | 700,000 |
| Lease liabilities | 341,415 | 426,803 | 16,986 | 17,175 | 33,760 | 358,882 |
| | <u>\$ 31,228,181</u> | <u>31,648,172</u> | <u>23,336,530</u> | <u>5,979,781</u> | <u>1,272,979</u> | <u>1,058,882</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.)**

B. Market risk

(A) Currency risk

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

| March 31, 2025 | | | | | |
|------------------------------|--|---------|----------------------|---------|------------|
| | Foreign currency (thousand) | | Exchange rate | | NTD |
| <u>Financial Asset</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD | \$ | 134,284 | USD: NTD | 33.2050 | 4,458,897 |
| | | 137,355 | USD: RMB | 7.2611 | 4,560,888 |
| | | 1,182 | USD: MYR | 4.4772 | 39,237 |
| <u>Financial liabilities</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD | | 98,927 | USD: NTD | 33.2050 | 3,284,873 |
| | | 155,496 | USD: RMB | 7.2611 | 5,163,245 |
| | | 16,675 | USD: MYR | 4.4772 | 553,693 |
| CHF | | 21,381 | CHF: USD | 1.1349 | 805,744 |
| December 31, 2024 | | | | | |
| | Foreign currency (thousand) | | Exchange rate | | NTD |
| <u>Financial Asset</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD | \$ | 139,692 | USD: NTD | 32.7850 | 4,579,793 |
| | | 101,750 | USD: RMB | 7.3214 | 3,335,888 |
| | | 5,649 | USD: MYR | 4.5196 | 185,212 |
| <u>Financial liabilities</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD | | 105,249 | USD: NTD | 32.7850 | 3,450,572 |
| | | 153,843 | USD: RMB | 7.3214 | 5,043,730 |
| | | 8,887 | USD: MYR | 4.5196 | 291,374 |
| CHF | | 21,342 | CHF: USD | 1.1061 | 773,954 |

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

| March 31, 2024 | | | | | |
|------------------------------|-----------------------------------|---------|---------------|---------|-----------|
| | Foreign currency (thousand) | | Exchange rate | | NTD |
| <u>Financial Asset</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD | \$ | 110,754 | USD: NTD | 32.0000 | 3,544,113 |
| | | 87,836 | USD: RMB | 7.2595 | 2,810,752 |
| | | 8,591 | USD: MYR | 4.8436 | 274,902 |
| <u>Financial liabilities</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD | | 80,376 | USD: NTD | 32.0000 | 2,572,037 |
| | | 118,466 | USD: RMB | 7.2595 | 3,790,906 |
| | | 21 | USD: MYR | 4.8436 | 670 |

(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 March 31, 2025 and 2024, 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 March 31, 2025 and 2024 will increase or decrease by NTD 7,976 thousand and NTD 2,266 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) from January 1 to March 31, 2025 and 2024 were NTD 34,305 thousand and NTD 63,478 thousand respectively.

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

C. 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. 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:

| | | March 31, 2025 | | | | |
|---|----|--------------------|------------|---------|---------|--------|
| | | Carrying amount | Fair value | | | |
| | | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | | |
| Call or put rights of corporate bonds | \$ | 12,339 | - | - | 12,339 | 12,339 |
| Financial assets measured at amortized cost | | | | | | |
| Cash and cash equivalents | | 18,426,736 | - | - | - | - |
| Note receivable and accounts receivable | | 30,238,774 | - | - | - | - |
| Other receivables | | 443,659 | - | - | - | - |
| Refundable deposits paid | | 82,139 | - | - | - | - |
| Subtotal | | 49,191,308 | - | - | - | - |
| Total | \$ | 49,203,647 | - | - | 12,339 | 12,339 |
| Financial liabilities at fair value through profit or loss | | | | | | |
| Call or put rights of corporate bonds | \$ | 19,800 | - | - | 19,800 | 19,800 |
| Financial liabilities measured at amortized cost | | | | | | |
| Bank loans | | 14,480,460 | - | - | - | - |
| Accounts payable | | 18,053,254 | - | - | - | - |
| Other payables | | 11,504,123 | - | - | - | - |
| Bonds payable | | 5,944,565 | - | - | - | - |
| Guarantee deposits and margins received | | 82,519 | - | - | - | - |
| Lease liabilities | | 696,934 | - | - | - | - |
| Subtotal | | 50,761,855 | - | - | - | - |
| Total | \$ | 50,781,655 | - | - | 19,800 | 19,800 |

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

| | | December 31, 2024 | | | |
|---|----------------------|-------------------|----------|---------------|---------------|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Call or put rights of corporate bonds | \$ 18,867 | - | - | 18,867 | 18,867 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 14,988,308 | - | - | - | - |
| Note receivable and accounts receivable | 25,896,815 | - | - | - | - |
| Other receivables | 448,025 | - | - | - | - |
| Refundable deposits paid | 71,840 | - | - | - | - |
| Subtotal | 41,404,988 | - | - | - | - |
| Total | <u>\$ 41,423,855</u> | <u>-</u> | <u>-</u> | <u>18,867</u> | <u>18,867</u> |
| Financial liabilities at fair value through profit or loss | | | | | |
| Call or put rights of corporate bonds | \$ 12,600 | - | - | 12,600 | 12,600 |
| Financial liabilities measured at amortized cost | | | | | |
| Bank loans | 10,582,865 | - | - | - | - |
| Accounts payable | 15,963,366 | - | - | - | - |
| Other payables | 5,235,758 | - | - | - | - |
| Bonds payable | 5,969,952 | - | - | - | - |
| Guarantee deposits and margins received | 48,483 | - | - | - | - |
| Lease liabilities | 678,559 | - | - | - | - |
| Subtotal | 38,478,983 | - | - | - | - |
| Total | <u>\$ 38,491,583</u> | <u>-</u> | <u>-</u> | <u>12,600</u> | <u>12,600</u> |

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

| | | March 31, 2024 | | | | |
|---------------------------------------|----|--------------------|------------|---------|---------|-------|
| | | Carrying amount | Fair value | | | |
| | | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value | | | | | | |
| through profit or loss | | | | | | |
| Call or put rights of corporate bonds | \$ | 4,970 | - | - | 4,970 | 4,970 |
| Financial assets measured at | | | | | | |
| amortized cost | | | | | | |
| Cash and cash equivalents | | 12,625,447 | - | - | - | - |
| Note receivable and accounts | | | - | - | - | - |
| receivable | | 17,962,898 | | | | |
| Other receivables | | 415,433 | - | - | - | - |
| Refundable deposits paid | | 70,932 | - | - | - | - |
| Subtotal | | 31,074,710 | - | - | - | - |
| Total | | \$ 31,079,680 | - | - | 4,970 | 4,970 |
| Financial liabilities measured at | | | | | | |
| amortized cost | | | | | | |
| Bank loans | \$ | 12,063,237 | - | - | - | - |
| Accounts payable | | 10,647,933 | - | - | - | - |
| Other payables | | 7,499,205 | - | - | - | - |
| Bonds payable | | 676,391 | - | - | - | - |
| Guarantee deposits and margins | | | - | - | - | - |
| received | | 27,343 | | | | |
| Lease liabilities | | 341,415 | - | - | - | - |
| Total | | \$ 31,255,524 | - | - | - | - |

(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.

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

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.

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.

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

(C) The transfer between Level 1 and Level 2

There was no transfer from January 1 to March 31, 2025 and 2024.

(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.

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|--|--|--|
| Financial assets (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 (45.90%, 49.44%, and 49.55% on March 31, 2025, December 31, 2024, and March 31, 2024, respectively) | <ul style="list-style-type: none"> The higher the volatility, the higher the fair value |

(21) Financial risk management

There is no significant change in the financial risk management objectives and policies of the Consolidated Company and those disclosed in Note 6 (22) of the 2024 Consolidated Financial Statement.

(22) Capital management

The capital management objectives, policies and procedures of the Consolidated Company are consistent with those disclosed in the 2024 Consolidated Financial Statement; there is no significant change in the aggregated quantitative information of the capital management items and those disclosed in the 2024 Consolidated Financial Statement. For relevant information, please refer to Note 6 (23) of the 2024 Consolidated Financial Statement.

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

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

The Consolidated Company's non-cash investment and financing activities from January 1 to March 31, 2025 and 2024 are as follows:

- A. For the right-of-use assets obtained by leasing, please refer to Note 6 (7) for details.
- B. For convertible bonds converted into common shares, please refer to Note 6 (10) for details.

Reconciliation of liabilities arising from financing activities:

| | Non-cash changes | | | | | March 31, 2025 |
|--|----------------------|------------------|-------------|-------------------------------|----------------|-------------------|
| | January 1, 2025 | Cash flow | Acquisition | Change in exchange rate | Other | |
| Short-term borrowings | \$ 6,046,780 | 1,132,177 | - | 135,482 | - | 7,314,439 |
| Long-term borrowings | 4,536,085 | 2,502,777 | - | 127,159 | - | 7,166,021 |
| Lease liabilities | 678,559 | (10,253) | - | 8,710 | 19,918 | 696,934 |
| Bonds payable | 5,969,952 | - | - | - | (25,387) | 5,944,565 |
| Total liabilities from financing activities | <u>\$ 17,231,376</u> | <u>3,624,701</u> | <u>-</u> | <u>271,351</u> | <u>(5,469)</u> | <u>21,121,959</u> |

| | Non-cash changes | | | | | March 31, 2024 |
|--|----------------------|------------------|---------------|-------------------------------|------------------|-------------------|
| | January 1, 2024 | Cash flow | Acquisition | Change in exchange rate | Other | |
| Short-term borrowings | \$ 6,556,651 | 1,957,128 | 87,730 | 142,056 | - | 8,743,565 |
| Long-term borrowings | 2,487,892 | 788,101 | - | 43,679 | - | 3,319,672 |
| Lease liabilities | 310,682 | (5,584) | 553 | 13,291 | 22,473 | 341,415 |
| Bonds payable | 930,543 | - | - | - | (254,152) | 676,391 |
| Total liabilities from financing activities | <u>\$ 10,285,768</u> | <u>2,739,645</u> | <u>88,283</u> | <u>199,026</u> | <u>(231,679)</u> | <u>13,081,043</u> |

7. Related party transaction

A. 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:

| Related party | Relationship with the Consolidated Company |
|----------------------------|--|
| EMC Automation Leasing LLC | Other related parties |
| Rancho Irvine LLC | Other related parties |

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

B. Significant transactions with related parties

(A) Receivables from related parties

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

| Item | Related party categories | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---------------------|---------------------------------|-----------------------|--------------------------|-----------------------|
| Accounts receivable | Other related parties | \$ - | 273 | - |
| Other receivables | Other related parties | - | 3,997 | - |
| | | <u>\$ -</u> | <u>4,270</u> | <u>-</u> |

(B) Other related party transactions

| Item | Related party categories | January 2025 to March 2025 | January 2024 to March 2024 |
|-------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Total administrative expenses | Other related parties | \$ <u>444</u> | <u>-</u> |

(C) Key management personnel transactions

Key management personnel compensation includes:

| | January 2025 to March 2025 | January 2024 to March 2024 |
|------------------------------|-----------------------------------|-----------------------------------|
| Short-term employee benefits | \$ 50,590 | 33,454 |
| Post-employment benefits | 243 | 162 |
| | <u>\$ 50,833</u> | <u>33,616</u> |

8. Pledged assets

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

| Asset | Purpose of pledge | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--------------------------|--|-----------------------|--------------------------|-----------------------|
| Refundable deposits paid | Deposits for mailbox, leases and natural gas, etc. | <u>\$ 82,139</u> | <u>71,840</u> | <u>70,932</u> |

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

9. Material contingent liabilities and unrecognized contractual commitments

A. Material unrecognized contractual commitments:

(A) The unused standby letters of credit that have been issued by the Consolidated Company is as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|----------------------------------|---------------------------|------------------------------|---------------------------|
| Unused standby letters of credit | | | |
| USD | \$ 33,397 | 37,849 | 26,711 |

(B) 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:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|-----------------------|---------------------------|------------------------------|---------------------------|
| Total contract price | | | |
| USD | \$ 46,744 | 41,224 | - |
| RMB | 779,478 | 558,228 | 93,780 |
| MYR | 483,549 | 520,579 | 455,038 |
| Unpaid contract price | | | |
| USD | \$ 28,193 | 30,924 | - |
| RMB | 503,661 | 501,502 | 80,699 |
| MYR | 119,271 | 228,150 | 314,585 |

B. 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 March 31, 2025, the land use rights, buildings and ancillary equipment of Zhoushi Town Youbi Road have not been disposed of. According to the contract, the advance payment amounted to RMB 79,000 thousand (NTD 361,267 thousand), and the remaining compensation will be collected when the land is handed over. The Consolidated Company plans to relocate in the year 2026 and expects to complete the relocation by December 31, 2026.

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

The Consolidated Company's subsidiary, ELITE MATERIAL (PENANG) SDN. BHD., entered into a construction and equipment contract for a new plant in Penang, Malaysia with a non-related party. The provisional contract amounts are MYR 483,549 thousand (NTD 3,587,157 thousand) and USD 22,024 thousand (NTD 731,297 thousand). As of now, payments made for the project total MYR 364,278 thousand (NTD 2,702,356 thousand) and USD 12,245 thousand (NTD 406,586 thousand). In April 2025, supplementary agreements were signed with non-related parties, and as of the date of this report, the total contract amount increased by MYR 127,010 thousand (NTD 942,241 thousand), with total payments made amounting to MYR 22,463 thousand (NTD 166,640 thousand).

The Consolidated Company's subsidiary, Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China), entered a Phase II R&D construction contract with a non-related party. As of March 31, 2025, the contract amount totaled RMB 96,480 thousand (NTD 441,203 thousand), with RMB 45,204 thousand (NTD 206,718 thousand) paid.

The Consolidated Company's subsidiary, Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China), entered a Phase II new plant and equipment construction contract with a non-related party. As of March 31, 2025, the contract amounts were RMB 682,998 thousand (NTD 3,123,350 thousand) and USD 24,720 thousand (NTD 820,828 thousand), respectively. Payments made for construction and equipment totaled RMB 230,613 thousand (NTD 1,054,593 thousand) and USD 6,306 thousand (NTD 209,391 thousand).

10. Losses due to major disasters: None.

11. Major subsequent events

To expand the new Dayuan plant, the Consolidated Company entered a construction and equipment contract with a non-related party in April 2025. As of the date of this report, the total contracted amount is NTD 5,417,000 thousand, with payments made totaling NTD 315,519 thousand for construction and equipment.

On April 30, 2025, the Board of Directors resolved that, in response to business growth, the subsidiary Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) intends to acquire land use rights with a total amount not exceeding RMB 58,000 thousand.

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

12. Other

A. Employee benefits, depreciation, depletion, and amortization expense are summarized by function as follows:

| Function Classification | January 2025 to March 2025 | | | January 2024 to March 2024 | | |
|--|----------------------------|--------------------|-----------|----------------------------|--------------------|---------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expenses | | | | | | |
| Salary expenses | 815,576 | 661,624 | 1,477,200 | 582,278 | 406,995 | 989,273 |
| Labor and national health insurance expenses | 37,771 | 16,513 | 54,284 | 33,553 | 13,808 | 47,361 |
| Pension expenses | 70,847 | 20,919 | 91,766 | 47,481 | 13,281 | 60,762 |
| Other employee benefit expenses | 57,687 | 32,972 | 90,659 | 43,741 | 20,768 | 64,509 |
| Depreciation expense | 385,708 | 68,460 | 454,168 | 341,938 | 47,869 | 389,807 |
| Amortization expense | 1,203 | 12,897 | 14,100 | 909 | 12,236 | 13,145 |

13. Notes to disclosures

A. Information on significant transactions

From January 1 to March 31, 2025, 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:

(A) 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 | 804,254 | 2.00% | 2 | - | Operations | - | | - | 9,987,405 (Note 3) | 9,987,405 (Note 3) |
| 0 | " | Technica USA | Other receivables - related parties | Y | 100,000 | 100,000 | 100,000 | 2.00% | 2 | - | Operations | - | | - | 9,987,405 (Note 3) | 9,987,405 (Note 3) |
| 1 | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Other receivables - related parties | Y | 955,757 | 955,757 | 635,647 | 2.00% | 2 | - | Operations | - | | - | 3,656,737 (Note 4) | 3,656,737 (Note 4) |

Note 1: The number is filled in as follows:

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

Note 2: 1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
2. Where a short-term financing facility is necessary.

Note 3: According to the Company's Regulations Governing Loaning of Funds, the amount of any individual loan and the aggregate amount of loans shall not exceed 30% of the Company's net worth.

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

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

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

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

(B) 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 the guarantee and the assets provided as security | 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 | 16,645,675 | 2,709,635 | 2,709,635 | 1,311,135 | - | 8.14% | 33,291,350 | Y | | |
| 0 | " | Elite Material (Penang) SDN. BHD. | 2 | 16,645,675 | 2,988,450 | 2,988,450 | 531,280 | - | 8.98% | 33,291,350 | Y | | |
| 1 | Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | 4 | 17,641,520 | 2,106,901 | 2,106,901 | 138,055 | - | 5.97% | 35,283,040 | | | Y |
| 1 | " | Elite Material (Penang) SDN. BHD. | 4 | 17,641,520 | 3,984,600 | 3,984,600 | - | - | 11.29% | 35,283,040 | | | |
| 2 | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | 4 | 6,094,562 | 457,300 | 457,300 | 117,182 | - | 3.75% | 12,189,124 | | | 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.

(C) Significant 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% | - | |

Note: A cumulative unrealized valuation loss of NTD 15,773 thousand has been recognized for financial assets measured at fair value through other comprehensive income, resulting in a carrying amount of zero.

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

(D) 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 | (224,196) | (6)% | Payment terms of 90 to 120 days | The selling prices are not significantly different from those offered to regular customers. | The selling prices are not significantly different from those offered to regular customers. | 318,145 | 6% | |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Elite Material Co., Ltd. | " | Purchase | 224,196 | 4% | " | " | " | (318,145) | (4)% | |
| Elite Material Co., Ltd. | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | " | Sales | (188,248) | (5)% | " | " | " | 287,603 | 6% | |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Material Co., Ltd. | " | Purchase | 188,248 | 3% | " | " | " | (287,603) | (5)% | |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | " | Sales | (120,222) | (1)% | " | " | " | 276,709 | 2% | |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | " | Purchase | 120,222 | 2% | " | " | " | (276,709) | (4)% | |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Affiliate | Sales | (111,538) | (2)% | " | " | " | 147,053 | 1% | |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | " | Purchase | 111,538 | 5% | " | " | " | (147,053) | (5)% | |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Material Co., Ltd. | Parent company and subsidiary | Sales | (346,038) | (12)% | " | " | " | 523,606 | 14% | |
| Elite Material Co., Ltd. | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | " | Purchase | 346,038 | 12% | " | " | " | (523,606) | (13)% | |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | " | Sales | (446,628) | (15)% | " | " | " | 510,927 | 14% | |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | " | Purchase | 446,628 | 7% | " | " | " | (510,927) | (6)% | |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Affiliate | Sales | (1,365,013) | (46)% | " | " | " | 1,591,834 | 43% | |

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

| Company name | Related party | Nature of relationships | Transaction details | | | | Abnormal transaction | | Notes/ accounts payable or receivable | | Remark |
|--|---|-------------------------|---------------------|-----------|------------|---------------|----------------------|---------------|---------------------------------------|------------|--------|
| | | | Purchases/ sales | Amount | % to total | Payment terms | Unit price | Payment terms | Ending balance | % to total | |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | " | Purchase | 1,365,013 | 25% | " | " | " | (1,591,834) | (25)% | |

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

(E) 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 | 318,145 | 2.42 | - | - | 91,156 | - |
| Elite Material Co., Ltd. | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | " | 287,603 | 2.32 | - | - | 94,376 | - |
| Elite Material Co., Ltd. | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | " | 131,914 | 1.12 | - | - | 92,026 | - |
| Elite Material Co., Ltd. (Note 1) | EMD Specialty Materials, LLC | " | 809,650 | Not applicable | - | - | - | - |
| Elite Material Co., Ltd. (Note 1) | Technica USA | " | 100,839 | Not applicable | - | - | - | - |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) (Note 1) | Elite Material Co., Ltd. | " | 178,193 | Not applicable | - | - | 81,481 | - |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | " | 276,709 | 1.33 | - | - | 138,685 | - |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Affiliate | 147,053 | 3.89 | - | - | 18,563 | - |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) (Note 1) | " | " | 646,947 | Not applicable | - | - | - | - |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Material Co., Ltd. | Parent company and subsidiary | 523,606 | 2.40 | - | - | 105,516 | - |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | " | 510,927 | 3.82 | - | - | 186,208 | - |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | Affiliate | 1,591,834 | 3.46 | - | - | 522,284 | - |

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.

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

(F) The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

| No. (Note 1) | Related party | Transaction counterparty | Relationship to the counterparty (Note 2) | Business transactions of the first quarter of 2025 | | | |
|-----------------|---|--|---|--|-----------|----------------------|------------|
| | | | | Classification | Amount | Transaction terms | % of total |
| 0 | Elite Material Co., Ltd. | Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | 1 | Sales Revenue | 224,196 | Note 3 | 1.03% |
| 1 | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Material Co., Ltd. | 2 | Sales Revenue | 346,038 | Note 3 | 1.60% |
| 1 | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | 2 | Sales Revenue | 446,628 | Note 3 | 2.06% |
| 1 | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | 3 | Sales Revenue | 1,365,013 | Note 3 | 6.30% |
| 1 | Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | 3 | Accounts receivable | 1,591,834 | Note 3 | 1.82% |

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 selling prices are not significantly different from those offered to regular customers, with payment terms of 90 to 120 days.

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.)

B. Information on investees (excluding investee companies in China):

The information on the investees of the Consolidated Company from January 1 to March 31, 2025 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 | Remark |
|--|--|------------------------|--|----------------------------|------------------|--|------------|-----------------|---|---|----------------------------------|
| | | | | End of the current period | End of last year | Quantity (share) | Proportion | Carrying amount | | | |
| Elite Material Co., Ltd. | EMC Overseas Holding Incorporated | British Virgin Islands | Investment | 1,179,111 | 1,179,111 | 36,256,950 | 100.00% | 35,344,849 | 3,778,042 | 3,778,042 | Subsidiary company |
| " | Grand Wuhan Incorporated | Cayman Islands | Investment | 602,440 | 602,440 | 20,020,000 | 100.00% | 844,262 | 9,368 | 9,368 | Subsidiary company |
| " | EMC International Holding Incorporated | " | Investment | 781,850 | 781,850 | 27,042,000 | 100.00% | (95,958) | (92,447) | (92,447) | Subsidiary company |
| " | Li Ceng Technology Co., Ltd. | Taiwan | Electrical appliances, telecommunications equipment, wholesale, retail, battery, power generation, and manufacturing of power distribution machinery | 173,694 | 173,694 | 16,412,918 | 33.50% | - | - | - | Note 4 |
| EMC Overseas Holding Incorporated | Grand Zhuhai Incorporated | Cayman Islands | Investment | 1,149,493 | 1,149,493 | 34,618,060 | 100.00% | 35,311,491 | 3,777,632 | 3,777,632 | Subsidiary of subsidiary company |
| " | Li Ceng Technology Co., Ltd. | Taiwan | Electrical appliances, telecommunications equipment, wholesale, retail, battery, power generation, and manufacturing of power distribution machinery | 7,311 | 7,311 | 250,000 | 1.53% | - | - | - | Note 4 |
| Grand Zhuhai Incorporated | Grand Shanghai Incorporated | British Virgin Islands | Investment | 1,124,016 | 1,124,016 | 18,200,000 | 100.00% | 21,444,575 | 2,294,574 | 2,294,574 | Fellow subsidiary company |
| " | Grand Zhongshan Incorporated | " | Investment | 545,791 | 545,791 | 16,437,000 | 100.00% | 13,860,555 | 1,482,992 | 1,482,992 | " |
| EMC International Holding Incorporated | EMC Special Application Incorporated | Cayman Islands | Investment | 871,797 | 871,797 | 26,255,000 | 100.00% | (57,530) | (88,881) | (88,881) | Subsidiary of subsidiary company |
| " | EMC USA Holding Incorporated | " | Investment | 24,306 | 24,306 | 732,000 | 100.00% | (38,726) | (3,567) | (3,567) | " |
| EMC Special Application Incorporated | EMD Specialty Materials, LLC | USA | Production and sales of Copper Clad Laminate and Prepreg | 869,875 | 869,875 | - | 100.00% | (58,127) | (84,798) | (84,798) | Fellow subsidiary company |
| EMC USA Holding Incorporated | Technica USA | " | General import and export services | 43,897 | 43,897 | 2,044,000 | 56.07% | (38,701) | (6,361) | (3,567) | " |
| EMD Specialty Materials, LLC | Technica USA | USA | General import and export services | 19,923 | 19,923 | 600,000 | 16.46% | (11,360) | (6,361) | (1,047) | " |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Elite Material (Penang) SDN. BHD | Malaysia | Production and sales of Copper Clad Laminate and Prepreg | 4,242,035 | 3,601,552 | 583,445,501 | 100.00% | 4,286,337 | (32,397) | (32,397) | " |

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

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

C. Information of investment in Mainland China:

(A) 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, 2025 | Investment Flows | | Accumulated outflow of investment from Taiwan as of March 31, 2025 | 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 March 31, 2025 | Accumulated inward remittance of earnings as of March 31, 2025 |
|--|--|------------------------|----------------------------|---|------------------|--------|--|---|---|--|--------------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | |
| Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) | Production and sales of Copper Clad Laminate and Prepreg | 4,064,067 | (2) | 650,816 | - | - | 650,816 | 3,783,987 | 100.00% | 3,783,986 | 35,276,085 | 12,585,988 |
| Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China) | " | 3,669,833 | (2) | 440,613 | - | - | 440,613 | 1,431,561 | 100.00% | 1,431,561 | 12,185,783 | 5,410,555 |
| Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China) | " | 2,934,782 | (2) | 601,858 | - | - | 601,858 | 310,599 | 100.00% | 310,599 | 4,798,924 | - |

(B) Upper limit on reinvestment in Mainland China:

| Company name | Accumulated investment in Mainland China as of March 31, 2025 | Investment amounts authorized by investment commission, MOEA | Upper limit on investment |
|--------------|---|--|---------------------------|
| The Company | 1,710,734 | 11,590,220 | 19,974,810 |

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 CPA of the parent company in Taiwan.

Note 3: The difference between the paid-in capital of Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China) and the remittance from Taiwan is the direct investment of USD 6,012 thousand, USD 24,846 thousand, and USD 16,000 thousand by the overseas subsidiary, 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 33.2050 (asset and liability) and 32.8738 (profit and loss) on March 31, 2025.

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

(C) Significant transactions:

For the direct or indirect significant transactions between the Consolidated Company and the Chinese invested company from January 1 to March 31, 2025 (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.)

14. Department information

The information and adjustments of the operating departments of the Consolidated Company are as follows:

| January 2025 to March 2025 | | | | | |
|-----------------------------------|----------------------------|--------------------------|--------------------------|----------------------------|--------------------------|
| | Domestic | Foreign | Other | Adjustment | |
| | department | department | departments | and write | Total |
| | | | | off | |
| Income: | | | | | |
| Income from external customers | \$ 3,530,863 | 18,149,201 | - | - | 21,680,064 |
| Income from each department | <u>494,776</u> | <u>2,563,984</u> | <u>-</u> | <u>(3,058,760)</u> | <u>-</u> |
| Total income | <u>\$ 4,025,639</u> | <u>20,713,185</u> | <u>-</u> | <u>(3,058,760)</u> | <u>21,680,064</u> |
| Segment gains and losses | | | | | |
| which shall be disclosed | <u>\$ 3,946,694</u> | <u>6,125,130</u> | <u>11,157,714</u> | <u>(16,562,051)</u> | <u>4,667,487</u> |
| January 2024 to March 2024 | | | | | |
| | Domestic | Foreign | Other | Adjustment | |
| | department | department | departments | and write | Total |
| | | | | off | |
| Income: | | | | | |
| Income from external customers | \$ 2,795,203 | 10,107,257 | - | - | 12,902,460 |
| Income from each department | <u>531,902</u> | <u>1,575,004</u> | <u>-</u> | <u>(2,106,906)</u> | <u>-</u> |
| Total income | <u>\$ 3,327,105</u> | <u>11,682,261</u> | <u>-</u> | <u>(2,106,906)</u> | <u>12,902,460</u> |
| Segment gains and losses | | | | | |
| which shall be disclosed | <u>\$ 2,229,296</u> | <u>3,005,167</u> | <u>5,791,147</u> | <u>(8,412,039)</u> | <u>2,613,571</u> |