

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

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

Second 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 June 30, 2025 and 2024 and the consolidated income statement from April 1 to June 30, and from January 1 to June 30 in 2025 and 2024, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statements notes (including the summary of major accounting policies) from January 1 to June 30 in 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 June 30, 2025 and 2024, and the consolidated financial performance from April 1 to June 30, and from January 1 to June 30 in 2025 and 2024, and consolidated cash flow from January 1 to June 30 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		

July 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.

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2025, December 31, 2024, and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2025		December 31, 2024		June 30, 2024				June 30, 2025		December 31, 2024		June 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and stockholders' equity		Amount	%	Amount	%	Amount	%
Current Assets:								Current Liabilities:							
1100	Cash and cash equivalents (Note 6 (1))	\$ 17,620,241	20	14,988,308	20	13,513,683	21	2100	Short-term borrowings (Note 6 (9))	\$ 7,124,876	8	6,046,780	8	8,213,407	13
1110	Financial assets at fair value through profit or loss - current							2120	Financial liabilities at fair value through profit or loss -						
	(Notes 6 (2) and (11))	-	-	567	-	4,423	-		current (Note 6 (2))	1,200	-	-	-	-	-
1150	Notes receivable, net (Note 6 (3))	43,873	-	32,281	-	37,635	-	2170	Accounts payable	17,013,748	19	15,963,366	21	12,969,562	20
1170	Accounts receivable, net (Notes 6 (3) and 7)	30,520,326	35	25,864,534	34	20,686,834	32	2200	Other payables	12,347,441	14	5,235,758	7	7,864,393	12
1200	Other receivables (Notes 6 (4) and (7))	441,954	1	448,025	1	442,571	1	2230	Current income tax liabilities	984,736	1	790,235	1	626,696	1
1310	Inventories (Note 6 (5))	10,936,015	12	9,437,499	12	7,770,967	12	2280	Current lease liabilities (Note 6 (12))	39,018	-	43,513	-	40,625	-
1479	Other current assets - others (Note 8)	404,003	1	722,552	1	889,825	1	2321	Corporate bonds that mature in one year or one operating						
	Total current assets	59,966,412	69	51,493,766	68	43,345,938	67		cycle or that have put rights executed (Note 6 (11))	-	-	138,070	-	612,196	1
Non-current assets:								2322	Long-term borrowings due within one year or one						
1510	Financial assets at fair value through profit or loss -								business cycle (Note 6 (10))	1,832,170	2	1,596,099	2	2,143,195	3
	non-current (Notes 6 (2) and (11))	17,268	-	18,300	-	-	-	2399	Other current liabilities - others	300,136	-	368,172	-	318,990	-
1600	Property, plant and equipment (Note 6 (7))	24,136,771	28	21,386,978	28	18,398,598	28		Total current liabilities	39,643,325	44	30,181,993	39	32,789,064	50
1755	Right-of-use assets (Note 6 (8))	1,922,374	2	2,135,441	3	2,138,131	3	Non-current liabilities:							
1780	Total intangible assets	516,697	1	584,624	1	794,563	1	2500	Financial liabilities at fair value through profit or loss -						
1840	Deferred income tax assets	744,782	-	126,241	-	159,405	-		non-current (Notes 6 (2) and (11))	-	-	12,600	-	-	-
1900	Other non-current assets (Note 8)	306,348	-	334,486	-	346,966	1	2530	Bonds payable (Note 6 (11))	3,248,727	4	5,831,882	8	-	-
	Total non-current assets	27,644,240	31	24,586,070	32	21,837,663	33	2540	Long-term borrowings (Note 6 (10))	5,865,537	7	2,939,986	4	1,634,190	3
								2570	Deferred income tax liabilities	1,391,652	1	878,938	1	941,149	1
								2580	Lease liabilities - non-current (Note 6 (12))	566,883	1	635,046	1	650,826	1
								2600	Other non-current liabilities (Note 6 (13))	503,356	1	505,541	1	524,259	1
									Total non-current liabilities	11,576,155	14	10,803,993	15	3,750,424	6
									Total liabilities	51,219,480	58	40,985,986	54	36,539,488	56
								Equity attributable to owners of the parent company							
								(Note 6 (16)):							
								3100	Share capital	3,524,741	4	3,466,329	5	3,445,601	5
								3200	Capital surplus	8,349,282	10	5,690,867	7	4,668,396	7
									Retained earnings:						
								3310	Legal reserve	4,966,823	6	4,010,652	5	4,010,652	6
								3320	Special reserve	43,858	-	859,153	1	859,153	1
								3350	Unappropriated retained earnings	22,039,882	25	21,127,674	28	15,953,969	25
								3400	Other equity interest	(2,516,391)	(3)	(43,858)	-	(282,805)	-
									Total equity attributable to owners of the parent						
									company	36,408,195	42	35,110,817	46	28,654,966	44
								36XX	Non-controlling interests	(17,023)	-	(16,967)	-	(10,853)	-
									Total equity	36,391,172	42	35,093,850	46	28,644,113	44
									Total liabilities and equity	\$ 87,610,652	100	76,079,836	100	65,183,601	100
	Total assets	\$ 87,610,652	100	76,079,836	100	65,183,601	100								

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

From April 1 to June 30, 2025 and 2024, and January 1 to June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	April 2025 to June 2025		April 2024 to June 2024		January 2025 to June 2025		January 2024 to June 2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Notes 6 (18) and 7)	\$ 22,507,694	100	15,449,067	100	44,187,758	100	28,351,527	100
5000 Operating costs (Note 6 (5))	<u>(15,678,479)</u>	<u>(70)</u>	<u>(11,214,038)</u>	<u>(73)</u>	<u>(30,768,217)</u>	<u>(70)</u>	<u>(20,378,354)</u>	<u>(72)</u>
Gross profit from operations	<u>6,829,215</u>	<u>30</u>	<u>4,235,029</u>	<u>27</u>	<u>13,419,541</u>	<u>30</u>	<u>7,973,173</u>	<u>28</u>
Operating expenses:								
6100 Total selling expenses	(829,484)	(3)	(386,049)	(2)	(1,572,559)	(4)	(754,390)	(3)
6200 Total administrative expenses (Note 7)	(845,122)	(4)	(526,767)	(3)	(1,672,764)	(4)	(1,015,146)	(3)
6300 Total research and development expenses	(509,274)	(2)	(397,414)	(3)	(987,890)	(1)	(741,443)	(3)
6450 Expected credit losses (Note 6 (3))	<u>(1,750)</u>	<u>-</u>	<u>(1,179)</u>	<u>-</u>	<u>(3,008)</u>	<u>-</u>	<u>(2,821)</u>	<u>-</u>
Total operating expenses	<u>(2,185,630)</u>	<u>(9)</u>	<u>(1,311,409)</u>	<u>(8)</u>	<u>(4,236,221)</u>	<u>(9)</u>	<u>(2,513,800)</u>	<u>(9)</u>
Net operating income	<u>4,643,585</u>	<u>21</u>	<u>2,923,620</u>	<u>19</u>	<u>9,183,320</u>	<u>21</u>	<u>5,459,373</u>	<u>19</u>
Non-operating income and expenses (Note 6 (20)):								
7100 Total interest income	66,010	-	32,359	-	108,831	1	59,105	-
7020 Other gains and losses	(128,230)	(1)	136,905	1	64,261	-	289,199	1
7050 Financial costs	<u>(114,354)</u>	<u>(1)</u>	<u>(117,642)</u>	<u>(1)</u>	<u>(221,914)</u>	<u>(1)</u>	<u>(218,864)</u>	<u>-</u>
Total non-operating income and expenses	<u>(176,574)</u>	<u>(2)</u>	<u>51,622</u>	<u>-</u>	<u>(48,822)</u>	<u>-</u>	<u>129,440</u>	<u>1</u>
7900 Profit from continuing operations before tax	4,467,011	19	2,975,242	19	9,134,498	21	5,588,813	20
7950 Income tax expenses (Note 6 (15))	<u>(989,405)</u>	<u>(4)</u>	<u>(541,705)</u>	<u>(3)</u>	<u>(2,189,738)</u>	<u>(5)</u>	<u>(1,178,231)</u>	<u>(4)</u>
8200 Profit	<u>3,477,606</u>	<u>15</u>	<u>2,433,537</u>	<u>16</u>	<u>6,944,760</u>	<u>16</u>	<u>4,410,582</u>	<u>16</u>
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	(3,802,425)	(17)	225,481	1	(3,088,703)	(7)	692,145	3
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>760,925</u>	<u>4</u>	<u>(45,121)</u>	<u>-</u>	<u>618,133</u>	<u>1</u>	<u>(138,544)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>(3,041,500)</u>	<u>(13)</u>	<u>180,360</u>	<u>1</u>	<u>(2,470,570)</u>	<u>(6)</u>	<u>553,601</u>	<u>2</u>
Current period other comprehensive income (post-tax profit or loss)	<u>(3,041,500)</u>	<u>(13)</u>	<u>180,360</u>	<u>1</u>	<u>(2,470,570)</u>	<u>(6)</u>	<u>575,774</u>	<u>2</u>
8500 Total comprehensive income in current period	<u><u>\$ 436,106</u></u>	<u><u>2</u></u>	<u><u>2,613,897</u></u>	<u><u>17</u></u>	<u><u>4,474,190</u></u>	<u><u>10</u></u>	<u><u>4,986,356</u></u>	<u><u>18</u></u>
Income attributable to:								
8610 Owners of the parent company	\$ 3,477,879	15	2,435,866	16	6,946,779	16	4,414,148	16
8620 Non-controlling interests	<u>(273)</u>	<u>-</u>	<u>(2,329)</u>	<u>-</u>	<u>(2,019)</u>	<u>-</u>	<u>(3,566)</u>	<u>-</u>
	<u><u>\$ 3,477,606</u></u>	<u><u>15</u></u>	<u><u>2,433,537</u></u>	<u><u>16</u></u>	<u><u>6,944,760</u></u>	<u><u>16</u></u>	<u><u>4,410,582</u></u>	<u><u>16</u></u>
Comprehensive income attributable to:								
8710 Owners of the parent company	\$ 434,181	2	2,616,350	17	4,474,246	10	4,990,496	18
8720 Non-controlling interests	<u>1,925</u>	<u>-</u>	<u>(2,453)</u>	<u>-</u>	<u>(56)</u>	<u>-</u>	<u>(4,140)</u>	<u>-</u>
	<u><u>\$ 436,106</u></u>	<u><u>2</u></u>	<u><u>2,613,897</u></u>	<u><u>17</u></u>	<u><u>4,474,190</u></u>	<u><u>10</u></u>	<u><u>4,986,356</u></u>	<u><u>18</u></u>
Earnings per share (NTD) (Note 6 (17))								
9750 Basic earnings per share (NTD)	<u><u>\$ 10.02</u></u>		<u><u>7.08</u></u>		<u><u>20.03</u></u>		<u><u>12.83</u></u>	
9850 Diluted earnings per share (NTD)	<u><u>\$ 9.62</u></u>		<u><u>7.01</u></u>		<u><u>19.33</u></u>		<u><u>12.71</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
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
From January 1 to June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital	Retained earnings				Total other equity interest		Total equity attributable to owners of parent	Non-controlling interests	Total equity
						Exchange differences on translation of foreign financial statements	Equity instrument investment losses measured at fair value through other comprehensive income			
	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	-	-	-	-	4,414,148	-	-	4,414,148	(3,566)	4,410,582
Other comprehensive income in the current period	-	-	-	-	-	554,175	22,173	576,348	(574)	575,774
Total comprehensive income in current period	-	-	-	-	4,414,148	554,175	22,173	4,990,496	(4,140)	4,986,356
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	548,652	-	(548,652)	-	-	-	-	-
Special reserve	-	-	-	309,863	(309,863)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,439,332)	-	-	(3,439,332)	-	(3,439,332)
Convertible corporate bond conversion	13,808	306,650	-	-	-	-	-	320,458	-	320,458
Difference between the price and the book value of acquisition or disposal of subsidiary’s equity	-	-	-	-	(26,147)	-	-	(26,147)	3,395	(22,752)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(10,108)	(10,108)
Balance as of June 30, 2024	\$ 3,445,601	4,668,396	4,010,652	859,153	15,953,969	(267,032)	(15,773)	28,654,966	(10,853)	28,644,113
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	-	-	-	-	6,946,779	-	-	6,946,779	(2,019)	6,944,760
Other comprehensive income in the current period	-	-	-	-	-	(2,472,533)	-	(2,472,533)	1,963	(2,470,570)
Total comprehensive income in current period	-	-	-	-	6,946,779	(2,472,533)	-	4,474,246	(56)	4,474,190
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	956,171	-	(956,171)	-	-	-	-	-
Special reserve	-	-	-	(815,295)	815,295	-	-	-	-	-
Cash dividends	-	-	-	-	(5,893,695)	-	-	(5,893,695)	-	(5,893,695)
Convertible corporate bond conversion	58,412	2,658,415	-	-	-	-	-	2,716,827	-	2,716,827
Balance as of June 30, 2025	\$ 3,524,741	8,349,282	4,966,823	43,858	22,039,882	(2,500,618)	(15,773)	36,408,195	(17,023)	36,391,172

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

Chairman: Ding-Yu Dong

Managerial Officer: Ding-Yu Dong

Accounting Manager: Meng-Yu Lin

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

From January 1 to June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	January 2025 to June 2025	January 2024 to June 2024
Cash flows from operating activities:		
Profit before tax	\$ 9,134,498	5,588,813
Adjustments:		
Adjustments to reconcile:		
Depreciation expense	887,017	824,950
Amortization expense	27,828	26,688
Expected credit impairment loss	3,008	2,821
Net gains on financial assets or liabilities at fair value through profit or loss	(31,984)	(1,028)
Interest expenses	204,129	214,644
Total interest income	(108,831)	(59,105)
Loss on disposal of property, plant and equipment	2,308	1,797
Gain on disposal of investment	-	(19,112)
Bond discounted amortized interest expense	17,785	4,220
Total adjustments to reconcile	<u>1,001,260</u>	<u>995,875</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Note receivable	(12,068)	94,154
Accounts receivable	(7,058,369)	(2,962,272)
Other receivables	(238)	(57,796)
Inventory	(2,285,872)	(1,472,137)
Other current assets	197,750	(361,173)
Other non-current assets	23,080	41,072
Total changes in operating assets	<u>(9,135,717)</u>	<u>(4,718,152)</u>
Changes in operating liabilities:		
Accounts payable	2,371,503	2,132,445
Other payables	1,431,898	549,533
Other current liabilities	43,182	139,645
Other non-current liabilities	27,700	756
Total changes in operating liabilities	<u>3,874,283</u>	<u>2,822,379</u>
Total changes in operating assets and liabilities	<u>(5,261,434)</u>	<u>(1,895,773)</u>
Total adjustments	<u>(4,260,174)</u>	<u>(899,898)</u>
Cash inflow generated from operations	4,874,324	4,688,915
Interest received	113,979	81,223
Interest paid	(202,626)	(206,128)
Income taxes paid	<u>(1,458,319)</u>	<u>(765,470)</u>
Net cash flows from operating activities	<u>3,327,358</u>	<u>3,798,540</u>
Cash flows from (used in) investing activities:		
Net cash flow from acquisition of subsidiaries	-	10,383
Acquisition of property, plant and equipment	(4,997,182)	(2,350,654)
Proceed from disposal of property, plant and equipment	122	1,110
Acquisition of intangible assets	(18,064)	(16,855)
Refundable deposits paid	<u>(9,131)</u>	<u>(45,495)</u>
Net cash flows used in investing activities	<u>(5,024,255)</u>	<u>(2,401,511)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,733,564	1,379,078
Long-term loan	5,422,384	2,017,233
Repay long-term loan	(1,609,119)	(790,069)
Guarantee deposits and margins received	17,413	29,808
Payment of lease liabilities	<u>(20,529)</u>	<u>(15,028)</u>
Net cash flows from financing activities	<u>5,543,713</u>	<u>2,621,022</u>
Effect of exchange rate fluctuations on cash held	(1,214,883)	236,751
Net increase in cash and cash equivalents	2,631,933	4,254,802
Cash and cash equivalents at beginning of period	14,988,308	9,258,881
Cash and cash equivalents at end of period	<u><u>\$ 17,620,241</u></u>	<u><u>13,513,683</u></u>

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

Chairman: Ding-Yu Dong

Managerial Officer: Ding-Yu Dong

Accounting Manager: Meng-Yu Lin

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Second Quarter of 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 July 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
	<ul style="list-style-type: none"> More disaggregated information: The new standard includes guidance on how companies can enhance the disaggregation of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further disaggregated in the notes. 	
Annual Improvements to IFRS Accounting Standards	<p>The amendments are as follows:</p> <ol style="list-style-type: none"> 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”. IFRS 7 “Financial Instruments: Disclosures” The amendments address potential confusion caused by inconsistent terms between IFRS 7 and IFRS 13 “Fair Value Measurement”. 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 	January 1, 2026

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

New or amended standards	Major amendment details	Effective date announced by IASB
	<p>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>	

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.

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

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

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 17 and IFRS 17 - “Insurance Contracts”
- 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:

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			June 30, 2025	December 31, 2024	June 30, 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	Investment	100.00%	100.00%	100.00%	

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

Investment company	Subsidiary	Nature of business	Shareholding percentage			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
	Holding Incorporated					
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)	56.07% (Note)	
EMD Specialty Materials, LLC	Technica USA	General import and export services	16.46%	16.46% (Note)	16.46% (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 56.07% and the equity of EMD Specialty Materials, LLC to 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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash	\$ 1,666	600	684
Demand deposits	12,125,269	8,373,156	10,880,749
Time deposits	3,382,426	3,863,967	1,039,901
Cash equivalents	2,110,880	2,750,585	1,592,349
Cash and cash equivalents shown in the consolidated statement of cash flows	<u>\$ 17,620,241</u>	<u>14,988,308</u>	<u>13,513,683</u>

(2) Financial assets and liabilities at fair value through profit or loss

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets mandatorily at fair value through profit or loss:			
Non-hedging derivatives			
Embedded derivatives - call or put options on unsecured convertible corporate bonds	<u>\$ 17,268</u>	<u>18,867</u>	<u>4,423</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Financial liabilities mandatorily at fair value through profit or loss:			
Non-hedging derivatives			
Embedded derivatives - call or put options on unsecured convertible corporate bonds	\$ -	12,600	-
Forward exchange contracts	1,200	-	-
Total	<u>\$ 1,200</u>	<u>12,600</u>	<u>-</u>

The Consolidated Company engages in derivative financial instrument transactions to hedge against exchange rate risk exposed by its operating, financing, and investing activities. The details of the derivatives, which are classified as financial liabilities mandatorily measured at fair value through profit or loss due to the non-application of hedge accounting, are as follows:

Forward exchange contracts:

	June 30, 2025		
	Contract amount (in thousands of NTD)	Currency	Maturity period
Forward exchange contracts sold	\$ 116,000	USD to NTD	September 25, 2025

There were no such derivative financial instruments as of December 31, 2024, and June 30, 2024.

(3) Note receivable and accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Note receivable	\$ 44,282	32,690	38,044
Accounts receivable	30,550,887	25,894,374	20,697,790
Less: loss allowances	(30,970)	(30,249)	(11,365)
	<u>\$ 30,564,199</u>	<u>25,896,815</u>	<u>20,724,469</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 June 30, 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:

June 30, 2025			
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 29,764,384	0.04%	11,166
Less than 30 days past due	592,215	0.08%	488
31~120 days past due	85,120	0.02%	16
More than 121 days past due	153,450	12.58%	19,300
	<u>\$ 30,595,169</u>		<u>30,970</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>
June 30, 2024			
	Carrying amount of accounts receivable	Weighted average expected credit loss	Allowance for lifetime expected credit losses
Not past due	\$ 20,388,589	0.04%	7,462
Less than 30 days past due	288,387	0.06%	179
31~120 days past due	48,868	0.00%	2
More than 121 days past due	9,990	37.26%	3,722
	<u>\$ 20,735,834</u>		<u>11,365</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 June 2025	January 2024 to June 2024
Opening Balance	\$ 30,249	5,355
Impairment loss recognized	3,008	2,821
Amount written off due to irrecoverability during this year	(220)	(735)
Other	790	-
Acquired through business combination	-	3,522
Foreign currency exchange gains and losses	(2,857)	402
Ending balance	<u><u>\$ 30,970</u></u>	<u><u>11,365</u></u>

(4) Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Claims receivable	\$ 349,959	349,959	349,959
Other receivables	93,163	99,234	93,780
Less: loss allowances	(1,168)	(1,168)	(1,168)
	<u><u>\$ 441,954</u></u>	<u><u>448,025</u></u>	<u><u>442,571</u></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 June 30, 2025. For relevant information, please refer to Note 10 of the 2024 Consolidated Financial Statements.

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

(5) Inventory

	June 30, 2025	December 31, 2024	June 30, 2024
Raw material	\$ 7,139,633	6,075,352	4,868,767
Goods-in-process	771,788	654,702	579,048
Finished goods	2,999,904	2,685,531	2,303,972
Merchandise	24,690	21,914	19,180
	<u>\$ 10,936,015</u>	<u>9,437,499</u>	<u>7,770,967</u>

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Cost of goods sold	\$ 15,836,537	11,314,066	31,044,499	20,555,554
Loss for market price decline and obsolete and slow-moving inventories (Gain from price recovery)	8,049	(6,494)	34,378	(11,322)
Revenue from sale of scraps	(166,107)	(93,534)	(310,660)	(165,878)
Total	<u>\$ 15,678,479</u>	<u>11,214,038</u>	<u>30,768,217</u>	<u>20,378,354</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 June 30, 2025, December 31, 2024, and June 30, 2024, the Consolidated Company's inventory had not been provided as a pledge.

(6) Business combination

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

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

The Consolidated Company recognized a gain of USD 600 thousand (NTD 19,112 thousand) due to the remeasurement of the fair value of the 30% equity in 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 six months ended June 30, 2024. Please refer to Note 6 (20) for details.

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

(7) Property, plant and equipment

The details of the changes in property, plant, and equipment of the Consolidated Company during the six months ended June 30, 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
Enhancements	-	-	-	-	5,129,550	5,129,550
Disposal	-	(561)	(18,924)	(25,284)	-	(44,769)
Reclassification	-	39,913	404,171	263,486	(707,570)	-
Impact from change in exchange rate	-	(526,943)	(926,263)	(294,947)	(497,255)	(2,245,408)
Balance as of June 30, 2025	<u>\$ 2,537,243</u>	<u>6,443,965</u>	<u>12,420,857</u>	<u>3,951,662</u>	<u>9,343,782</u>	<u>34,697,509</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
Enhancements	-	-	-	-	2,164,271	2,164,271
Disposal	-	(350)	(58,886)	(13,090)	-	(72,326)
Reclassification	-	486,217	878,323	208,980	(1,573,520)	-
Impact from change in exchange rate	-	151,342	261,438	81,373	40,774	534,927
Balance as of June 30, 2024	<u>\$ 2,537,243</u>	<u>6,872,365</u>	<u>12,683,195</u>	<u>3,809,961</u>	<u>2,103,678</u>	<u>28,006,442</u>
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	-	175,958	432,442	229,330	-	837,730
Disposal	-	(561)	(17,543)	(24,235)	-	(42,339)
Impact from change in exchange rate	-	(123,144)	(421,897)	(160,770)	-	(705,811)
Balance as of June 30, 2025	<u>\$ -</u>	<u>1,819,630</u>	<u>6,434,064</u>	<u>2,307,044</u>	<u>-</u>	<u>10,560,738</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	-	167,452	401,648	217,788	-	786,888
Disposal	-	(350)	(56,766)	(12,303)	-	(69,419)
Impact from change in exchange rate	-	27,556	105,088	38,364	-	171,008
Balance as of June 30, 2024	<u>\$ -</u>	<u>1,583,191</u>	<u>5,999,085</u>	<u>2,025,568</u>	<u>-</u>	<u>9,607,844</u>
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>
June 30, 2025	<u>\$ 2,537,243</u>	<u>4,624,335</u>	<u>5,986,793</u>	<u>1,644,618</u>	<u>9,343,782</u>	<u>24,136,771</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>
June 30, 2024	<u>\$ 2,537,243</u>	<u>5,289,174</u>	<u>6,684,110</u>	<u>1,784,393</u>	<u>2,103,678</u>	<u>18,398,598</u>

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

On June 30, 2025, December 31, 2024, and June 30, 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 Note 9 (1) for the relevant major engineering contracts.

Please refer to Note 6 (20) for capitalized interest.

(8) 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	-	18,243	18,243
Impact from change in exchange rate	(127,402)	(81,431)	(208,833)
Balance as of June 30, 2025	<u>\$ 1,479,029</u>	<u>699,469</u>	<u>2,178,498</u>
Balance as of January 1, 2024	\$ 1,291,529	348,847	1,640,376
Acquired through business combination	-	7,019	7,019
Enhancements	236,371	371,027	607,398
Impact from change in exchange rate	37,658	27,009	64,667
Balance as of June 30, 2024	<u>\$ 1,565,558</u>	<u>753,902</u>	<u>2,319,460</u>
Depreciation and impairment losses on right-of-use assets:			
Balance as of January 1, 2025	\$ 103,622	128,959	232,581
Depreciation	15,725	33,562	49,287
Impact from change in exchange rate	(9,847)	(15,897)	(25,744)
Balance as of June 30, 2025	<u>\$ 109,500</u>	<u>146,624</u>	<u>256,124</u>
Balance as of January 1, 2024	\$ 70,753	59,802	130,555
Acquired through business combination	-	6,479	6,479
Depreciation	14,109	23,953	38,062
Impact from change in exchange rate	2,046	4,187	6,233
Balance as of June 30, 2024	<u>\$ 86,908</u>	<u>94,421</u>	<u>181,329</u>
Book value:			
January 1, 2025	<u>\$ 1,502,809</u>	<u>632,632</u>	<u>2,135,441</u>
June 30, 2025	<u>\$ 1,369,529</u>	<u>552,845</u>	<u>1,922,374</u>
January 1, 2024	<u>\$ 1,220,776</u>	<u>289,045</u>	<u>1,509,821</u>
June 30, 2024	<u>\$ 1,478,650</u>	<u>659,481</u>	<u>2,138,131</u>

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

On June 30, 2025, December 31, 2024, and June 30, 2024, the Consolidated Company's right-of-use assets were not provided as guarantees for bank loans and the amount of financing.

(9) Short-term borrowings

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

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 7,124,876	6,046,780	8,018,707
Secured bank loans	-	-	194,700
Total	<u>\$ 7,124,876</u>	<u>6,046,780</u>	<u>8,213,407</u>
Unused short-term credit lines	<u>\$ 19,038,735</u>	<u>20,115,041</u>	<u>15,557,735</u>
Interest rate range	<u>0.79% - 7.82%</u>	<u>0.96% - 5.50%</u>	<u>1.75% - 11.00%</u>

Please refer to Note 6 (21) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(10) Long-term borrowings

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

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 7,697,707	4,536,085	3,777,385
Less: amount due within one year	(1,832,170)	(1,596,099)	(2,143,195)
Total	<u>\$ 5,865,537</u>	<u>2,939,986</u>	<u>1,634,190</u>
Unused short-term credit lines	<u>\$ 14,884,824</u>	<u>5,776,504</u>	<u>5,870,290</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>2024-2027</u>

Please refer to Note 6 (21) 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 June 30, 2025, June 30, 2024, and 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.)

(11) Unsecured convertible bonds

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

	June 30, 2025	December 31, 2024	June 30, 2024
Bond issuance amount	\$ 9,465,300	9,465,300	3,465,300
Unamortized balance of discounted corporate bonds payable	(172,373)	(171,748)	(19,604)
Cumulative amount of conversion	<u>(6,044,200)</u>	<u>(3,323,600)</u>	<u>(2,833,500)</u>
Ending balance of corporate bonds payable	3,248,727	5,969,952	612,196
Less: amount due within one year	<u>-</u>	<u>(138,070)</u>	<u>(612,196)</u>
Balance of corporate bonds payable- non-current	<u>\$ 3,248,727</u>	<u>5,831,882</u>	<u>-</u>
Embedded derivative financial instruments - call-back or repurchase rights (presented as financial assets at fair value through profit or loss - current)	<u>\$ -</u>	<u>567</u>	<u>4,423</u>
Embedded derivative financial instruments - call-back or repurchase rights (presented as financial assets at fair value through profit or loss - non-current)	<u>\$ 17,268</u>	<u>18,300</u>	<u>-</u>
Embedded derivative financial instruments - call-back or repurchase rights (presented as financial liabilities at fair value through profit or loss - non-current)	<u>\$ -</u>	<u>12,600</u>	<u>-</u>
Equity component - conversion right (reported in capital surplus - subscription right)	<u>\$ 307,965</u>	<u>577,116</u>	<u>37,853</u>

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

	<u>April 2025</u> <u>to June 2025</u>	<u>April 2024</u> <u>to June 2024</u>	<u>January 2025</u> <u>to June 2025</u>	<u>January 2024</u> <u>to June 2024</u>
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>46,785</u>	<u>(69)</u>	<u>33,184</u>	<u>1,028</u>
Interest expenses	\$ <u>8,882</u>	<u>1,881</u>	<u>17,785</u>	<u>4,220</u>

- 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

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

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	<p>From the day after three full months after the issuance (July 26, 2022) to 40 days before the expiration of the issuance period (maturity date) (March 16, 2027):</p> <ol style="list-style-type: none"> 1. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days; 2. 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; <p>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),</p>	<p>From the day after three full months after the issuance (December 26, 2024) to 40 days before the expiration of the issuance period (maturity date) (August 16, 2029):</p> <ol style="list-style-type: none"> 1. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days; 2. 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; <p>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</p>	<p>From the day after three full months after the issuance (January 10, 2025) to 40 days before the expiration of the issuance period (maturity date) (August 30, 2029):</p> <ol style="list-style-type: none"> 1. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days; 2. 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; <p>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</p>

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
	and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.	is the base date for bond call back), and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.	expiry date of the period is the base date for bond call back), and send a letter to TPEx for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.
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.	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	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

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
In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. As the Company takes September 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.	share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. This bond does not have reset feature.	share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. This bond does not have reset feature.

Please refer to Note 6 (21) for information on exposure to interest rate, foreign currency and liquidity risks of the consolidated company.

(12) Lease liabilities

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

	June 30, 2025	December 31, 2024	June 30, 2024
Current	<u>\$ 39,018</u>	<u>43,513</u>	<u>40,625</u>
Non-current	<u>\$ 566,883</u>	<u>635,046</u>	<u>650,826</u>

For maturity analysis, please refer to Note 6 (21) Financial Instruments.

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

The amounts recognized in profit or loss are as follows:

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Interest expense on lease liability	<u>\$ 9,307</u>	<u>10,062</u>	<u>19,404</u>	<u>12,749</u>
Expense on short-term lease	<u>\$ 21,924</u>	<u>16,090</u>	<u>43,792</u>	<u>29,036</u>

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

	January 2025 to June 2025	January 2024 to June 2024
Total cash outflow from lease	<u>\$ 83,725</u>	<u>56,813</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.

(13) Other non-current liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayments	\$ 443,373	457,058	469,524
Guarantee deposits and margins received	<u>59,983</u>	<u>48,483</u>	<u>54,735</u>
Total	<u>\$ 503,356</u>	<u>505,541</u>	<u>524,259</u>

Due to the relocation of the Kunshan Youbi Factory, the Consolidated Company received an advance payment of NTD 323,189 thousand, NTD 353,762 thousand and NTD 351,155 thousand on June 30, 2025, December 31, 2024, and June 30, 2024 respectively. Please refer to Note 9 (2) for details.

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

(14) 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 six months ended June 30, 2025 and 2024 were NTD 0.

B. Determined appropriation plan

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Operating costs	\$ 64,787	51,670	135,634	99,151
Total selling expenses	3,768	3,363	8,714	6,799
Total administrative expenses	11,703	6,325	20,776	12,002
Total research and development expenses	6,788	4,445	13,688	8,613
Total	<u>\$ 87,046</u>	<u>65,803</u>	<u>178,812</u>	<u>126,565</u>

(15) Income tax

The details of income tax expenses of the Consolidated Company from January 1 to June 30, 2025 and 2024 are as follows:

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Current income tax expense				
Current tax expense recognized				
in the current year	\$ 754,412	515,958	1,701,279	1,007,984
Income tax adjustments on prior years	10,914	(116,108)	15,440	(112,204)
	<u>765,326</u>	<u>399,850</u>	<u>1,716,719</u>	<u>895,780</u>
Deferred income tax expense				
Occurrence and reversal of temporary differences	224,079	141,855	473,019	282,451
Income tax expenses of continuing operations	<u>\$ 989,405</u>	<u>541,705</u>	<u>2,189,738</u>	<u>1,178,231</u>

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

The details of the income tax benefit (expense) recognized in other comprehensive income by the Consolidated Company for the six months ended June 30, 2025 and 2024 are as follows:

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ 760,925</u>	<u>(45,121)</u>	<u>618,133</u>	<u>(138,544)</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.

B. Global Minimum Tax

The Pillar Two legislation became effective in Malaysia in 2025, where the Consolidated Company operates. As of June 30, 2025, there was no impact on the Consolidated Company's current income tax.

(16) Capital and other equity

A. Issuance of common stock

On June 30, 2025, December 31, 2024, and June 30, 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 352,474 thousand shares, 346,632 thousand shares, and 344,560 thousand shares respectively where all share price on the issued shares have been received.

From January 1 to June 30, 2025 and 2024, the Company issued new shares of 5,842 thousand and 1,381 thousand, respectively, at par value, due to the exercise of conversion rights by convertible bondholders for the total amounts of NTD 2,720,600 thousand and NTD 333,900 thousand, respectively. For 141 thousand shares and 1,099 thousand shares of the above shares, respectively, the Company has completed the registration procedures.

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

B. Capital surplus

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

	June 30, 2025	December 31, 2024	June 30, 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	7,945,642	5,018,076	4,534,916
Difference between the price and the book value of acquisition or disposal of subsidiary's equity	48	48	-
Conversion right	<u>307,965</u>	<u>577,116</u>	<u>37,853</u>
	<u>\$ 8,349,282</u>	<u>5,690,867</u>	<u>4,668,396</u>

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.

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

When the Consolidated Company plans to pay out all or part of the dividends and bonuses or legal reserves or capital surplus in cash, it should be approved by the Board of Directors meeting attended by more than 2/3 of the Directors with a simple majority of the Directors in session and reported to the General Meeting of Shareholders.

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

(A) Legal reserve

In the case the Company has surplus profit after settling the annual accounts, when allocating its surplus profits after having paid all taxes and dues, it shall first set aside 10% of said profits as legal reserve.

(B) Earnings distribution

The Company's Board of Directors approved by resolution the 2024 and 2023 earnings distribution proposals, on February 25, 2025 and February 29, 2024, respectively. 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>

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

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	(2,472,533)	-	1,963	(2,470,570)
Loss on non-controlling interests	-	-	(2,019)	(2,019)
Balance as of June 30, 2025	<u><u>\$ (2,500,618)</u></u>	<u><u>(15,773)</u></u>	<u><u>(17,023)</u></u>	<u><u>(2,533,414)</u></u>
January 1, 2024	\$ (821,207)	(37,946)	-	(859,153)
Exchange differences arising on translation of foreign operations	554,175	-	(574)	553,601
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	22,173	-	22,173
Loss on non-controlling interests	-	-	(3,566)	(3,566)
Difference between the price and the book value of acquisition or disposal of subsidiary's equity	-	-	3,395	3,395
Changes in non-controlling interests	-	-	(10,108)	(10,108)
Balance as of June 30, 2024	<u><u>\$ (267,032)</u></u>	<u><u>(15,773)</u></u>	<u><u>(10,853)</u></u>	<u><u>(293,658)</u></u>

(17) Earnings per share

A. Earnings per share - basic

Basic earnings per share for the Consolidated Company for the periods from January 1 to June 30, 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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Net income attributable to common shareholders of the Company	<u><u>\$ 3,477,879</u></u>	<u><u>2,435,866</u></u>	<u><u>6,946,779</u></u>	<u><u>4,414,148</u></u>

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

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Weighted average number of common shares outstanding	<u>347,145</u>	<u>344,289</u>	<u>346,902</u>	<u>343,925</u>

B. Earnings per share - diluted

The diluted earnings per share for the three and six months ended June 30, 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)

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Net income attributable to the Company's ordinary share shareholders (basic)	\$ 3,477,879	2,435,866	6,946,779	4,414,148
Amount of after-tax effect of interest expense and other income or gains and losses on convertible bonds	<u>(30,322)</u>	<u>1,560</u>	<u>(12,319)</u>	<u>2,554</u>
Net income attributable to the Company's ordinary share shareholders (diluted)	<u>\$ 3,447,557</u>	<u>2,437,426</u>	<u>6,934,460</u>	<u>4,416,702</u>

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Weighted average number of common shares outstanding (basic)	347,145	344,289	346,902	343,925
Effect of Convertible Corporate Bond Conversion	11,140	2,884	11,382	3,248
Effect of employee stock dividends	<u>273</u>	<u>317</u>	<u>440</u>	<u>442</u>
Weighted average number of outstanding ordinary shares as of June 30 (diluted)	<u>358,558</u>	<u>347,490</u>	<u>358,724</u>	<u>347,615</u>

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

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:

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Earnings per share - basic	\$ 10.02	7.08	20.03	12.83
Earnings per share - diluted	\$ 9.62	7.01	19.33	12.71

(18) Revenue from customer contracts

A. Breakdown of income

		April 2025 to June 2025		
		Domestic department	Foreign department	Adjustment and write off
				Total
Key market region:				
Taiwan	\$	2,499,294	706,861	(703,695)
China		718,499	20,703,375	(3,575,231)
Other countries		1,264,043	977,368	(82,820)
	\$	4,481,836	22,387,604	(4,361,746)
Key products:				
Prepreg	\$	1,532,051	9,866,487	(1,695,424)
Copper clad laminate		2,134,667	11,938,364	(1,549,165)
Other		815,118	582,753	(1,117,157)
	\$	4,481,836	22,387,604	(4,361,746)
		April 2024 to June 2024		
		Domestic department	Foreign department	Adjustment and write off
				Total
Key market region:				
Taiwan	\$	2,490,078	598,897	(592,004)
China		684,590	13,397,342	(2,425,114)
Other countries		910,645	419,932	(35,299)
	\$	4,085,313	14,416,171	(3,052,417)
Key products:				
Prepreg	\$	1,327,333	6,222,613	(1,030,889)
Copper clad laminate		1,963,920	7,995,884	(1,239,940)
Other		794,060	197,674	(781,588)
	\$	4,085,313	14,416,171	(3,052,417)

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

January 2025 to June 2025				
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	\$ 4,935,042	1,095,995	(1,091,000)	4,940,037
China	1,170,252	40,392,597	(6,203,596)	35,359,253
Other countries	2,402,181	1,612,197	(125,910)	3,888,468
	\$ 8,507,475	43,100,789	(7,420,506)	44,187,758
Key products:				
Prepreg	\$ 2,965,749	18,897,925	(2,915,697)	18,947,977
Copper clad laminate	4,228,935	23,269,673	(2,690,694)	24,807,914
Other	1,312,791	933,191	(1,814,115)	431,867
	\$ 8,507,475	43,100,789	(7,420,506)	44,187,758
January 2024 to June 2024				
	Domestic department	Foreign department	Adjustment and write off	Total
Key market region:				
Taiwan	\$ 4,539,305	903,949	(893,029)	4,550,225
China	1,182,640	24,368,769	(4,197,144)	21,354,265
Other countries	1,690,473	825,714	(69,150)	2,447,037
	\$ 7,412,418	26,098,432	(5,159,323)	28,351,527
Key products:				
Prepreg	\$ 2,449,601	11,165,499	(1,664,127)	11,950,973
Copper clad laminate	3,520,379	14,567,596	(2,162,899)	15,925,076
Other	1,442,438	365,337	(1,332,297)	475,478
	\$ 7,412,418	26,098,432	(5,159,323)	28,351,527

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

(19) Remuneration to the employees and directors

On May 14, 2025, the Company's Articles of Incorporation were amended by a resolution of the shareholders' meeting. According to the amended articles, if there are profits for the year, 3% shall be allocated as employee remuneration (of which the amount for entry-level employees shall be no less than 35%) and no more than 1.2% shall be allocated as remuneration for directors and supervisors. 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 previous version of the Articles of Incorporation stipulated that, when there are profits for the year, 3% would be allocated as employee remuneration and no more than 1.2% as remuneration for directors and supervisors. However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss. In addition, when employee remuneration is distributed in stock or cash, the recipients of the payment include employees of subsidiaries that meet certain conditions.

The estimated figure of the Company's employees' remuneration from April 1 to June 30 and January 1 to June 30, 2025 and 2024 were NTD 117,080 thousand, 80,677 thousand, 240,397 thousand, and 150,757 thousand respectively, and the estimated amount of directors' remuneration NTD 25,368 thousand, 17,480 thousand, 52,086 thousand, and 32,664 thousand respectively which is estimated based on the pre-tax net profit for each period before deducting employee and directors' remuneration multiplied by the distribution of employee and director's remuneration percentage stipulated in the Company's Articles of Association. The employee's remuneration is reported as the operating costs or expenses from January 1 to June 30, 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.)**

(20) Non-operating income and expenses

A. Total interest income

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Bank deposit interest	\$ <u>66,010</u>	<u>32,359</u>	<u>108,831</u>	<u>59,105</u>

B. Other gains and losses

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Gain on disposal of investment	\$ -	276	-	19,112
Foreign currency exchange (loss) gain	(313,976)	83,429	(279,671)	146,907
Gain (loss) on financial assets or liabilities at fair value through profit or loss	45,585	(69)	31,984	1,028
Loss on disposal of property, plant and equipment	(1,414)	(69)	(2,308)	(1,797)
Other gains	<u>141,575</u>	<u>53,338</u>	<u>314,256</u>	<u>123,949</u>
Other gains and losses, net	<u>\$ (128,230)</u>	<u>136,905</u>	<u>64,261</u>	<u>289,199</u>

C. Financial costs

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

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Interest expenses	\$ 114,354	117,959	221,914	227,656
Less: capitalized interest	<u>-</u>	<u>(317)</u>	<u>-</u>	<u>(8,792)</u>
	<u>\$ 114,354</u>	<u>117,642</u>	<u>221,914</u>	<u>218,864</u>

(21) 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
June 30, 2025						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 14,822,583	15,337,924	3,269,021	5,977,868	1,323,820	4,767,215
Accounts payable	17,013,748	17,013,748	17,013,748	-	-	-
Other payables	12,347,441	12,347,441	12,347,441	-	-	-
Bonds payable	3,248,727	3,421,100	-	-	3,100	3,418,000
Lease liabilities	605,901	763,164	38,504	35,617	71,423	617,620
Derivative financial liabilities						
Other forward exchange contracts:						
Outflow	117,200	117,200	117,200	-	-	-
Inflow	(116,000)	(116,000)	(116,000)	-	-	-
	<u>\$ 48,039,600</u>	<u>48,884,577</u>	<u>32,669,914</u>	<u>6,013,485</u>	<u>1,398,343</u>	<u>8,802,835</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>
June 30, 2024						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 11,796,092	12,093,389	4,727,705	5,679,418	1,239,286	446,980
Secured bank loans	194,700	208,270	6,692	201,578	-	-
Accounts payable	12,969,562	12,969,562	12,969,562	-	-	-
Other payables	7,864,393	7,864,393	7,864,393	-	-	-
Bonds payable	612,196	631,800	-	631,800	-	-
Lease liabilities	691,451	951,713	39,790	40,342	79,649	791,932
	<u>\$ 34,128,394</u>	<u>34,719,127</u>	<u>25,608,142</u>	<u>6,553,138</u>	<u>1,318,935</u>	<u>1,238,912</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:

June 30, 2025					
		Foreign currency (thousand)	Exchange rate		NTD
Financial Asset					
Monetary items					
USD	\$	154,602	USD: NTD	29.3000	4,529,850
		145,749	USD: RMB	7.1621	4,270,450
		3,069	USD: MYR	4.2254	89,921
Financial liabilities					
Monetary items					
USD		106,461	USD: NTD	29.3000	3,119,321
		156,689	USD: RMB	7.1621	4,590,994
		14,644	USD: MYR	4.2254	429,069
CHF		21,423	CHF: USD	1.2514	785,474
December 31, 2024					
		Foreign currency (thousand)	Exchange rate		NTD
Financial Asset					
Monetary items					
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
Financial liabilities					
Monetary items					
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.)**

June 30, 2024					
	Foreign currency (thousand)		Exchange rate		NTD
<u>Financial Asset</u>					
<u>Monetary items</u>					
USD	\$	127,136	USD: NTD	32.4500	4,125,562
		112,565	USD: RMB	7.3003	3,652,722
		2,089	USD: MYR	4.8363	67,787
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		100,763	USD: NTD	32.4500	3,269,744
		141,378	USD: RMB	7.3003	4,587,731
		25	USD: MYR	4.8363	815

(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 June 30, 2025 and 2024, when the New Taiwan dollar depreciated or appreciated by 1% relative to the US Dollar and RMB, and all other factors remained unchanged, the net profit after tax from January 1 to June 30, 2025 and 2024, will increase or decrease by NTD 5 thousand and NTD 66 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 and losses (including realized and unrealized) during the three and six months ended June 30, 2025 and 2024, were a loss of NTD 313,976 thousand, a gain of NTD 83,429 thousand, a loss of NTD 279,671 thousand, and a gain of NTD 146,907 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:

		June 30, 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	\$	17,268	-	-	17,268	17,268
Financial assets measured at amortized cost						
Cash and cash equivalents		17,620,241	-	-	-	-
Note receivable and accounts receivable		30,564,199	-	-	-	-
Other receivables		441,954	-	-	-	-
Refundable deposits paid		75,899	-	-	-	-
Subtotal		48,702,293	-	-	-	-
Total	\$	48,719,561	-	-	17,268	17,268
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	1,200	-	1,200	-	1,200
Financial liabilities measured at amortized cost						
Bank loans		14,822,583	-	-	-	-
Accounts payable		17,013,748	-	-	-	-
Other payables		12,347,441	-	-	-	-
Bonds payable		3,248,727	-	-	-	-
Guarantee deposits and margins received		59,983	-	-	-	-
Lease liabilities		605,901	-	-	-	-
Subtotal		48,098,383	-	-	-	-
Total	\$	48,099,583	-	1,200	-	1,200

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

December 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	\$ 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><u>\$ 41,423,855</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>18,867</u></u>	<u><u>18,867</u></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><u>\$ 38,491,583</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>12,600</u></u>	<u><u>12,600</u></u>
June 30, 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	\$ 4,423	-	-	4,423	4,423
Financial assets measured at amortized cost					
Cash and cash equivalents	13,513,683	-	-	-	-
Note receivable and accounts receivable	20,724,469	-	-	-	-
Other receivables	442,571	-	-	-	-
Refundable deposits paid	117,202	-	-	-	-
Subtotal	34,797,925	-	-	-	-
Total	<u><u>\$ 34,802,348</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,423</u></u>	<u><u>4,423</u></u>

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

		June 30, 2024			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	\$ 11,990,792	-	-	-	-
Accounts payable	12,969,562	-	-	-	-
Other payables	7,864,393	-	-	-	-
Bonds payable	612,196	-	-	-	-
Guarantee deposits and margins received	54,735	-	-	-	-
Lease liabilities	691,451	-	-	-	-
Total	<u>\$ 34,183,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(B) The valuation techniques based on fair value

a. Non-derivative financial instruments

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

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

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.

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

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.

Forward Exchange Contracts are evaluated based on the FX Forward Rate.

(C) The transfer between Level 1 and Level 2

There was no transfer from January 1 to June 30, 2025 and 2024.

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

The Consolidated Company's fair value measurements classified as Level 3 mainly include financial assets (liabilities) measured at fair value through profit or loss - embedded derivatives - call/put options.

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	• Volatility (50.60%, 49.44%, and 51.06% on June 30, 2025, December 31, 2024, and June 30, 2024, respectively)	• The higher the volatility, the higher the fair value

(22) 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.

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

(23) 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.

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

The Consolidated Company's non-cash investment and financing activities from January 1 to June 30, 2025 and 2024 are as follows:

- A. For the right-of-use assets obtained by leasing, please refer to Note 6 (8) for details.
- B. For convertible bonds converted into common shares, please refer to Note 6 (11) for details.

Reconciliation of liabilities arising from financing activities:

	<u>Non-cash changes</u>					
	January 1, 2025	Cash flow	Acquisition	Change in exchange rate	Other	June 30, 2025
Short-term borrowings	\$ 6,046,780	1,733,564	-	(655,468)	-	7,124,876
Long-term borrowings	4,536,085	3,813,265	-	(651,643)	-	7,697,707
Lease liabilities	678,559	(20,529)	-	(71,438)	19,309	605,901
Bonds payable	5,969,952	-	-	-	(2,721,225)	3,248,727
Total liabilities from financing activities	<u>\$ 17,231,376</u>	<u>5,526,300</u>	<u>-</u>	<u>(1,378,549)</u>	<u>(2,701,916)</u>	<u>18,677,211</u>

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

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

7. Related party transaction

(1) Name and relationship of related party

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

<u>Related party</u>	<u>Relationship with the Consolidated Company</u>
EMC Automation Leasing LLC	Other related parties
Rancho Irvine LLC	Other related parties

(2) Significant transactions with related parties

A. Revenue

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

	<u>April 2025 to June 2025</u>	<u>April 2024 to June 2024</u>	<u>January 2025 to June 2025</u>	<u>January 2024 to June 2024</u>
Other related parties	\$ <u>36,097</u>	<u>-</u>	<u>36,097</u>	<u>-</u>

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

B. Receivables from related parties

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

<u>Item</u>	<u>Related party categories</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts receivable	Other related parties	\$ 10,418	273	-
Other receivables	Other related parties	-	3,997	-
		<u>\$ 10,418</u>	<u>4,270</u>	<u>-</u>

C. Other related party transactions

<u>Item</u>	<u>Related party categories</u>	<u>April 2025 to June 2025</u>	<u>April 2024 to June 2024</u>	<u>January 2025 to June 2025</u>	<u>January 2024 to June 2024</u>
Total administrative expenses	Other related parties	\$ <u>415</u>	<u>-</u>	<u>859</u>	<u>-</u>

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

(3) Key management personnel transactions

Key management personnel compensation includes:

	April 2025 to June 2025	April 2024 to June 2024	January 2025 to June 2025	January 2024 to June 2024
Short-term employee benefits	\$ 52,309	48,219	102,899	81,673
Post-employment benefits	243	162	486	324
	<u>\$ 52,552</u>	<u>48,381</u>	<u>103,385</u>	<u>81,997</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	June 30, 2025	December 31, 2024	June 30, 2024
Refundable deposits paid	Deposits for mailbox, leases and natural gas, etc.	\$ 75,899	71,840	117,202
Other current assets -others	Secured bank loans	-	-	207,350
		<u>\$ 75,899</u>	<u>71,840</u>	<u>324,552</u>

9. Material contingent liabilities and unrecognized contractual commitments

(1) Material unrecognized contractual commitments:

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

	June 30, 2025	December 31, 2024	June 30, 2024
Unused standby letters of credit USD	\$ 36,313	37,849	31,697

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:

	June 30, 2025	December 31, 2024	June 30, 2024
Total contract price USD	\$ 46,744	41,224	-
RMB	782,468	558,228	93,780
MYR	613,382	520,579	455,037
NTD	5,158,990	-	-

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

	June 30, 2025	December 31, 2024	June 30, 2024
Unpaid contract price			
USD	\$ 25,987	30,924	-
RMB	450,870	501,502	80,874
MYR	143,131	228,150	307,671
NTD	4,748,815	-	-

(2) Commitment:

Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China), a subsidiary of the Consolidated Company, formally signed a relocation compensation agreement with the Kunshan Municipal People's Government. According to the local government's planned land use demand, the Consolidated Company is required to relocate the land use rights, buildings and other ancillary equipment on Youbi Road, Zhoushi Town, Kunshan City and compensation will be allocated to the Consolidated Company in stages according to the progress of the contract, with a total compensation amount of RMB 195,000 thousand. As of June 30, 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 323,189 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.

10. Losses due to major disasters: None.

11. Major subsequent events

On July 30, 2025, the Consolidated Company's Board of Directors approved by resolution to invest in expanding the production capacity of its subsidiaries by investing RMB 1,935,000 thousand and RMB 1,682,000 thousand, respectively, in its subsidiaries, Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China and Elite Electronic Material (Zhongshan) Co., Ltd., as capital expenditures for the construction of new plants.

On July 30, 2025, the Consolidated Company's Board of Directors also approved by resolution to invest in its subsidiary, EMD Specialty Materials, LLC, with an investment amount not exceeding USD 49,000 thousand.

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

12. Other

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

Function Classification	April 2025 to June 2025			April 2024 to June 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	784,143	682,155	1,466,298	665,949	462,334	1,128,283
Labor and national health insurance expenses	36,242	15,508	51,750	34,901	11,281	46,182
Pension expenses	64,787	22,259	87,046	51,670	14,133	65,803
Other employee benefit expenses	58,428	38,170	96,598	49,825	19,269	69,094
Depreciation expense	368,142	64,707	432,849	382,048	53,095	435,143
Amortization expense	1,270	12,458	13,728	1,427	12,116	13,543

Function Classification	January 2025 to June 2025			January 2024 to June 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,599,719	1,343,779	2,943,498	1,248,227	869,329	2,117,556
Labor and national health insurance expenses	74,013	32,021	106,034	68,454	25,089	93,543
Pension expenses	135,634	43,178	178,812	99,151	27,414	126,565
Other employee benefit expenses	116,115	71,142	187,257	93,566	40,037	133,603
Depreciation expense	753,850	133,167	887,017	723,986	100,964	824,950
Amortization expense	2,473	25,355	27,828	2,336	24,352	26,688

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

13. Notes to disclosures

(1) Information on significant transactions

From January 1 to June 30, 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	836,320	2.00%	2	-	Operations	-		-	10,922,459 (Note 3)	10,922,459 (Note 3)
0	"	Technica USA	Other receivables - related parties	Y	100,000	100,000	100,000	2.00%	2	-	Operations	-		-	10,922,459 (Note 3)	10,922,459 (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	855,019	-	2.00%	2	-	Operations	-		-	3,628,498 (Note 4)	3,628,498 (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.

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	18,204,097	2,709,635	2,390,975	1,319,330	-	6.57%	36,408,195	Y		
0	"	Elite Material (Penang) SDN. BHD.	2	18,204,097	2,988,450	2,637,000	135,067	-	7.24%	36,408,195	Y		
1	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	17,742,268	2,106,901	1,022,750	164,658	-	2.88%	35,484,535			Y
1	"	Elite Material (Penang) SDN. BHD.	4	17,742,268	3,984,600	3,516,000	-	-	9.91%	35,484,535			
2	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	4	6,047,496	457,300	409,100	-	-	3.38%	12,094,992			Y

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

- Note 1: The number is filled in as follows:
 1. Parent company is numbered 0.
 2. Investees are numbered sequentially beginning from Arabic numeral 1 by the company category, and the code for the same company should be the same.
- Note 2: There are the following 7 types of relationship between the endorser and the subject of endorsement:
 1. A company with which it does business.
 2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
 3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
 4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
 5. Where a public company fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
 6. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
 7. Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- Note 3: According to the Company's Regulations Governing Making of Endorsements/ Guarantees:
 The total amount of the Company's endorsement shall not exceed 100% of the Company's most recent net value of the financial statements, and the limit of endorsement guarantees for a single business shall not exceed 50% of the Company's most recent net value of the financial statements.
- Note 4: The above-mentioned transactions related to the consolidated entities have been offset when the consolidated statements are prepared.

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. Furthermore, as the investee has ceased operations and the Company does not expect to recover the investment amount, the book value has been impaired to zero.

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	(557,517)	(7)%	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.	413,527	7%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	557,517	4%	"	"	"	(413,527)	(5)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(343,190)	(4)%	"	"	"	157,392	3%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	343,190	4%	"	"	"	(157,392)	(3)%	

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

Company name	Related party	Nature of relationships	Transaction details				Abnormal transaction		Notes/ accounts payable or receivable		Remark
			Purchases/ sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Sales	(268,886)	(3)%	"	"	"	224,010	4%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	"	Purchase	268,886	5%	"	"	"	(224,010)	(6)%	
Elite Material Co., Ltd.	EMD Specialty Materials, LLC	"	Sales	(108,079)	(1)%	"	"	"	88,574	2%	
EMD Specialty Materials, LLC	Elite Material Co., Ltd.	"	Purchase	108,079	21%	"	"	"	(88,574)	(46)%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Sales	(227,292)	(1)%	"	"	"	195,512	1%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Purchase	227,292	2%	"	"	"	(195,512)	(4)%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Sales	(160,021)	(1)%	"	"	"	133,104	1%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Purchase	160,021	3%	"	"	"	(133,104)	(3)%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Sales	(310,142)	(2)%	"	"	"	280,063	3%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Purchase	310,142	2%	"	"	"	(280,063)	(3)%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	Sales	(282,155)	(2)%	"	"	"	243,627	2%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	Purchase	282,155	5%	"	"	"	(243,627)	(6)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	Parent company and subsidiary	Sales	(933,774)	(14)%	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.	735,005	18%	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	933,774	15%	"	"	"	(735,005)	(17)%	

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

Company name	Related party	Nature of relationships	Transaction details				Abnormal transaction		Notes/ accounts payable or receivable		Remark
			Purchases/ sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	Sales	(1,602,312)	(24)%	"	"	"	1,230,262	30%	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	1,602,312	12%	"	"	"	(1,230,262)	(14)%	
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Affiliate	Sales	(2,452,079)	(37)%	"	"	"	1,018,252	25%	
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	Purchase	2,452,079	25%	"	"	"	(1,018,252)	(23)%	

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	413,527	2.66	-		95,067	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	157,392	2.64	-		12,304	-
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	224,010	2.88	-		6,481	-
Elite Material Co., Ltd. (Note 1)	EMD Specialty Materials, LLC	"	845,425	Not applicable	-		-	-
Elite Material Co., Ltd. (Note 1)	Technica USA	"	101,339	Not applicable	-		-	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	195,512	1.41	-		74,971	-
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	133,104	3.24	-		23,008	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	"	280,063	3.51	-		30,084	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Affiliate	243,627	3.46	-		59,815	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	Parent company and subsidiary	735,005	2.74	-		127,586	-

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

Company name	Related party	Nature of relationships	Ending balance	Turnover days (times)	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Affiliate	1,230,262	3.87	-		291,162	-
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)		1,018,252	3.80	-		581,402	-

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.

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 second 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	557,517	Note 3	1.26%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Material Co., Ltd.	2	Sales Revenue	933,774	Note 3	2.11%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	2	Sales Revenue	1,602,312	Note 3	3.63%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Sales Revenue	2,452,079	Note 3	5.55%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	2	Accounts receivable	1,230,262	Note 3	1.40%
1	Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	3	Accounts receivable	1,018,252	Note 3	1.16%

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.)

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

The information on the investees of the Consolidated Company from January 1 to June 30, 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%	35,548,391	7,708,586	7,708,586	Subsidiary company
"	Grand Wuhan Incorporated	Cayman Islands	Investment	602,440	602,440	20,020,000	100.00%	753,267	18,069	18,069	Subsidiary company
"	EMC International Holding Incorporated	"	Investment	781,850	781,850	27,042,000	100.00%	(275,141)	(296,541)	(296,541)	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	1,014,309	1,014,309	34,618,060	100.00%	35,517,069	7,707,768	7,707,768	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	991,828	991,828	18,200,000	100.00%	21,569,955	4,681,814	4,681,814	Fellow subsidiary company
"	Grand Zhongshan Incorporated	British Virgin Islands	Investment	481,604	481,604	16,437,000	100.00%	13,941,444	3,025,827	3,025,827	"
EMC International Holding Incorporated	EMC Special Application Incorporated	Cayman Islands	Investment	769,272	769,272	26,255,000	100.00%	(240,864)	(292,416)	(292,416)	Subsidiary of subsidiary company
"	EMC USA Holding Incorporated	"	Investment	21,448	21,448	732,000	100.00%	(34,793)	(4,126)	(4,126)	"
EMC Special Application Incorporated	EMD Specialty materials, LLC	USA	Production and sales of Copper Clad Laminate and Prepreg	767,576	767,576	-	100.00%	(241,393)	(284,517)	(284,517)	Fellow subsidiary company
EMC USA Holding Incorporated	Technica USA	"	General import and export services	38,735	38,735	2,044,000	56.07%	(34,771)	(7,359)	(4,126)	
EMD Specialty materials, LLC	Technica USA	"	General import and export services	17,580	17,580	600,000	16.46%	(10,207)	(7,359)	(1,211)	
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Elite Material(Penang) SDN. BHD.	Malaysia	Production and sales of Copper Clad Laminate and Prepreg	5,192,606	3,221,944	788,289,001	100.00%	5,394,382	(67,232)	(67,232)	

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.)

(3) 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 June 30, 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 June 30, 2025	Accumulated inward remittance of earnings as of June 30, 2025
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd. (Mainland China)	Production and sales of Copper Clad Laminate and Prepreg	3,635,709	(2)	650,816	-	-	650,816	7,705,851	100.00%	7,705,849	35,485,733	12,585,988
Elite Electronic Material (Zhongshan) Co., Ltd. (Mainland China)	"	3,283,028	(2)	440,613	-	-	440,613	2,668,815	100.00%	2,668,815	12,090,599	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd. (Mainland China)	"	2,625,452	(2)	601,858	-	-	601,858	719,938	100.00%	719,938	4,646,260	-

B. Upper limit on reinvestment in Mainland China:

Company name	Accumulated investment in Mainland China as of June 30, 2025	Investment amounts authorized by investment commission, MOEA	Upper limit on investment
The Company	1,710,734	11,590,220	21,844,917

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 29.3000 (asset and liability) and 31.8129 (profit and loss) on June 30, 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 June 30, 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:

April 2025 to June 2025					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 3,682,273	18,825,421	-	-	22,507,694
Income from each department	799,563	3,562,183	-	(4,361,746)	-
Total income	\$ 4,481,836	22,387,604	-	(4,361,746)	22,507,694
Segment gains and losses which shall be disclosed	\$ 3,698,740	6,101,452	11,391,268	(16,724,449)	4,467,011
April 2024 to June 2024					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 3,365,425	12,083,642	-	-	15,449,067
Income from each department	719,888	2,332,529	-	(3,052,417)	-
Total income	\$ 4,085,313	14,416,171	-	(3,052,417)	15,449,067
Segment gains and losses which shall be disclosed	\$ 2,572,810	3,622,116	6,659,619	(9,879,303)	2,975,242
January 2025 to June 2025					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 7,213,136	36,974,622	-	-	44,187,758
Income from each department	1,294,339	6,126,167	-	(7,420,506)	-
Total income	\$ 8,507,475	43,100,789	-	(7,420,506)	44,187,758
Segment gains and losses which shall be disclosed	\$ 7,645,434	12,226,582	22,548,982	(33,286,500)	9,134,498
January 2024 to June 2024					
	Domestic department	Foreign department	Other departments	Adjustment and write off	Total
Income:					
Income from external customers	\$ 6,160,628	22,190,899	-	-	28,351,527
Income from each department	1,251,790	3,907,533	-	(5,159,323)	-
Total income	\$ 7,412,418	26,098,432	-	(5,159,323)	28,351,527
Segment gains and losses which shall be disclosed	\$ 4,802,106	6,627,283	12,450,766	(18,291,342)	5,588,813