

**TAIMIDE TECH. INC.  
and Subsidiaries**

**Consolidated Financial Statements  
for the Six Months Ended June 30, 2024 and 2023 and  
Independent Auditors' Review Report**

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**Notice to Readers**

The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are reviewed by independent auditors. 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 version shall prevail.

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## **Independent Auditors' Review Report**

To the Board of Directors and Shareholders of TAIMIDE TECH. INC.:

### **Preface**

We have reviewed the accompanying consolidated balance sheets of TAIMIDE TECH, Inc. and subsidiaries as of June 30, 2024 and 2023 and the related consolidated statements of comprehensive income from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, consolidated statements of changes in equity and consolidated statements of cash flows from January 1 to June 30, 2024 and 2023, and the related notes to the consolidated financial statements, which include a summary of significant accounting policies. It is the responsibility of management to prepare the consolidated financial statements as approved and expressed in accordance with the Financial Reporting Standards for securities issuers and International Accounting Standards No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. It is our responsibility to draw conclusions on the consolidated financial statements based on the results of the review.

### **Scope**

Except as stated in the basic paragraph of the retained conclusions, we perform the audit in accordance with the audit Standard No. 2410, "Review of Financial Statements". The procedures performed in the review of the consolidated financial statements include inquiries (primarily from financial and accounting personnel), analytical procedures and other review procedures. The scope of the review is significantly smaller than the scope of the audit, so we may not be aware of all material matters that can be identified by the audit and is therefore unable to express an audit opinion.

### **Retain the basis of the conclusion**

As stated in Note 12 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the above consolidated financial statements for the same period have not been reviewed by CPAs. The total assets of the subsidiaries as of June 30, 2024 and 2023 NT\$313,268 thousand and NT\$434,937 thousand, representing 6.35% and 8.83% of the consolidated total assets, respectively; total liabilities amounted to NT\$8,080 thousand and NT\$215,860 thousand, representing 0.40% and 10.28% of the consolidated total liabilities, respectively; the total consolidated profit and loss for the period from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023 NT\$1,666 thousand, NT\$(25,062) thousand, NT\$5,588 thousand and NT\$(43,686) thousand, representing 1.42%, 99.16%, 3.91% and 33.39%, respectively, of the consolidated profit or loss.

### **Reserve the conclusion**

Based on the results of our reviews, except for the impact of possible adjustments to the consolidated financial statements if the financial statements of the non-significant subsidiaries described in the basic paragraph of the retained conclusion are reviewed by us, it has not been found that the above consolidated

financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reporting by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. It is impossible to adequately express the consolidated financial position of TAIMIDE TECH. INC. and its subsidiaries as of June 30, 2024 and 2023, and the consolidated financial performance from April 1 to June 30, 2024 and 2023, and consolidated financial performance and cash flows from January 1 to June 30, 2024 and 2023.

Deloitte Taiwan  
CPA Chang Ya-Yun

CPA Fang Su-Li

Approval document No. of the Financial  
Supervisory Commission  
Financial Management Certificate Audit Zi  
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Commission  
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August 8, 2024

TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2024, December 31, 2023 and June 30, 2023

Unit: Thousands of NTD

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023		Code	Liabilities and equity	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	Current assets								Current liabilities						
1100	Cash and cash equivalents (Notes 6 and 31)	\$ 330,187	7	\$ 366,633	8	\$ 357,805	7	2100	Short-term loans (Notes 17 and 31)	\$ 95,000	2	\$ 105,000	2	\$ 60,000	1
1136	Financial assets at amortized cost - current (Notes 9 and 31)	11,980	-	15,626	-	-	-	2120	Financial liabilities at fair value through profit or loss-current (Notes 7, 18 and 31)	-	-	1,014	-	3,534	-
1150	Notes receivable (Notes 10 and 31)	190,087	4	75,129	1	50,569	1	2130	Contract liabilities - current (Notes 24)	1,657	-	3,400	-	303	-
1170	Accounts receivable (Notes 10, 24, 31 and 32)	506,442	10	322,786	7	327,783	7	2170	Notes and accounts payable (Notes 31 and 32)	70,198	1	50,791	1	36,566	1
130X	Inventories(Notes 11)	421,500	8	480,481	10	504,543	10	2206	Remuneration payable to employees and directors (Note 25)	21,461	-	-	-	21,520	-
1470	Other current assets (Notes 16, 31 and 32)	<u>76,922</u>	<u>2</u>	<u>64,943</u>	<u>1</u>	<u>62,641</u>	<u>1</u>	2213	Payables for equipment (Note 31)	19,984	-	30,420	1	27,455	1
11XX	Total current assets	<u>1,537,118</u>	<u>31</u>	<u>1,325,598</u>	<u>27</u>	<u>1,303,341</u>	<u>26</u>	2216	Cash dividends payable (Note 22)	39,662	1	-	-	79,079	2
	Non-current assets							2219	Other payables (Notes 19 and 31)	154,611	3	144,391	3	139,952	3
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	468	-	467	-	473	-	2230	Current tax liabilities (Notes 4 and 26)	1,354	-	10,287	-	11	-
1535	Financial assets at amortized cost - non-current (Notes 9, 31 and 33)	16,923	1	16,923	1	16,923	1	2280	Lease liabilities - current (Notes 14 and 31)	22,413	1	22,113	1	21,669	-
1600	Property, plant and equipment (Notes 13 and 33)	3,192,013	65	3,303,570	68	3,400,400	69	2321	Corporate bonds due or with put option exercisable within one year (Notes 18 and 31)	245,705	5	583,415	12	577,898	12
1755	Right-of-use assets (Note 14)	156,915	3	167,347	4	177,295	4	2322	Long-term loans due within one year or one business cycle (Notes 17, 31 and 33)	317,577	7	262,700	5	287,013	6
1780	Intangible assets (Note 15)	8,920	-	7,249	-	8,407	-	2399	Other current liabilities (Notes 20, 31 and 32)	<u>11,466</u>	<u>-</u>	<u>35,795</u>	<u>1</u>	<u>5,958</u>	<u>-</u>
1915	Prepayments for equipment	11,010	-	12,069	-	13,174	-	21XX	Total current liabilities	<u>1,001,088</u>	<u>20</u>	<u>1,249,326</u>	<u>26</u>	<u>1,260,958</u>	<u>26</u>
1920	Refundable deposits	5,060	-	5,044	-	5,026	-	2540	Long-term loans (Notes 17 ,31 and 33)	864,971	18	619,710	13	675,100	14
1975	Net defined benefit assets (Notes 4 and 21)	<u>2,446</u>	<u>-</u>	<u>353</u>	<u>-</u>	<u>1,114</u>	<u>-</u>	2580	Lease liabilities - non-current (Notes 14 and 31)	142,545	3	152,992	3	163,006	3
15XX	Total non-current assets	<u>3,393,755</u>	<u>69</u>	<u>3,513,022</u>	<u>73</u>	<u>3,622,812</u>	<u>74</u>	2645	Deposits received	<u>19</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>	<u>-</u>
								25XX	Total non-current liabilities	<u>1,007,535</u>	<u>21</u>	<u>772,721</u>	<u>16</u>	<u>838,125</u>	<u>17</u>
								2XXX	Total liabilities	<u>2,008,623</u>	<u>41</u>	<u>2,022,047</u>	<u>42</u>	<u>2,099,083</u>	<u>43</u>
									Equity attributable to owners of the Company (Notes 18, 22 and 23)						
								3110	Common stock capital	<u>1,322,053</u>	<u>27</u>	<u>1,322,053</u>	<u>27</u>	<u>1,318,170</u>	<u>27</u>
								3200	Capital surplus	<u>591,329</u>	<u>12</u>	<u>593,455</u>	<u>12</u>	<u>582,932</u>	<u>12</u>
									Retained earnings						
								3310	Legal reserve	279,983	6	279,983	6	279,983	5
								3320	Special reserve	2,635	-	1,586	-	1,586	-
								3350	Undistributed earnings	<u>719,411</u>	<u>14</u>	<u>611,310</u>	<u>13</u>	<u>628,746</u>	<u>13</u>
								3300	Total retained earnings	<u>1,002,029</u>	<u>20</u>	<u>892,879</u>	<u>19</u>	<u>910,315</u>	<u>18</u>
								3400	Other equity	( <u>1,025</u> )	<u>-</u>	( <u>2,635</u> )	<u>-</u>	( <u>3,166</u> )	<u>-</u>
								31XX	Total owners' equity of the Company	2,914,386	59	2,805,752	58	2,808,251	57
								36XX	Non-controlling interests (Notes 22 and 28)	<u>7,864</u>	<u>-</u>	<u>10,821</u>	<u>-</u>	<u>18,819</u>	<u>-</u>
								3XXX	Total equity	<u>2,922,250</u>	<u>59</u>	<u>2,816,573</u>	<u>58</u>	<u>2,827,070</u>	<u>57</u>
1XXX	Total assets	<u>\$ 4,930,873</u>	<u>100</u>	<u>\$ 4,838,620</u>	<u>100</u>	<u>\$ 4,926,153</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,930,873</u>	<u>100</u>	<u>\$ 4,838,620</u>	<u>100</u>	<u>\$ 4,926,153</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 8, 2024)

Chairperson: Sheng-Chang Wu

Managerial Officer: Chen-Ying Huang

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023

Unit: In thousands of NTD; except earnings (loss) per share in NTD

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Total operating revenue	\$ 591,114	100	\$ 453,858	102	\$ 1,058,448	100	\$ 741,957	101
4170	Returns and discounts on sales	1,331	-	7,155	2	3,714	-	8,612	1
4100	Net operating revenue (Notes 24 and 32)	589,783	100	446,703	100	1,054,734	100	733,345	100
5000	Operating cost (Notes 11, 25 and 32)	406,855	69	361,149	81	770,410	73	657,988	90
5900	Operating gross profit	182,928	31	85,554	19	284,324	27	75,357	10
	Operating expense (Note 25)								
6100	Selling expense	11,766	2	13,695	3	21,896	2	27,989	4
6200	Administrative expense	31,915	5	24,393	5	58,266	6	48,776	7
6300	Research and development expense	46,004	8	62,298	14	86,467	8	113,676	15
6450	Expected credit (recovery benefits) impairment losses	( 410 )	-	146	-	( 224 )	-	63	-
6000	Total operating expense	89,275	15	100,532	22	166,405	16	190,504	26
6900	Net operating profit (loss)	93,653	16	( 14,978 )	( 3 )	117,919	11	( 115,147 )	( 16 )
	Non-operating income and expenses								
7100	Interest income (Note 25)	1,181	-	1,191	-	1,757	-	1,703	-
7010	Other income (Notes 25 and 32)	29,471	5	616	-	30,114	3	1,340	-
7020	Other gain and loss (Note 25)	( 701 )	-	( 470 )	-	9,768	1	943	-
7050	Financial costs (Note 25)	( 8,485 )	( 1 )	( 8,507 )	( 2 )	( 16,640 )	( 2 )	( 16,898 )	( 2 )
7000	Total non-operating income and expense	21,466	4	( 7,170 )	( 2 )	24,999	2	( 12,912 )	( 2 )
7900	Net profit (loss) before tax	115,119	20	( 22,148 )	( 5 )	142,918	13	( 128,059 )	( 18 )
7950	Income tax (benefit) expense (Notes 4 and 26)	( 1,464 )	-	1,215	-	1,603	-	1,215	-
8200	Net profit (loss) for the period	116,583	20	( 23,363 )	( 5 )	141,315	13	( 129,274 )	( 18 )
	Other comprehensive income								
8310	Items not reclassified subsequently to profit or loss:								
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 22)	( 6 )	-	( 2 )	-	1	-	34	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of the financial statements of foreign operations (Note 22)	498	-	( 1,909 )	( 1 )	1,609	-	( 1,614 )	-
8300	Other comprehensive income for the period	492	-	( 1,911 )	( 1 )	1,610	-	( 1,580 )	-
8500	Total comprehensive income for the period	\$ 117,075	20	( \$ 25,274 )	( 6 )	\$ 142,925	13	( \$ 130,854 )	( 18 )

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Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Net profit (loss) attributable to:								
8610	Owners of the Company	\$ 119,749	20	( \$ 19,828 )	( 4 )	\$ 148,812	14	( \$ 123,055 )	( 17 )
8620	Non-controlling interests	( 3,166 )	-	( 3,535 )	( 1 )	( 7,497 )	( 1 )	( 6,219 )	( 1 )
8600		<u>\$ 116,583</u>	<u>20</u>	<u>( \$ 23,363 )</u>	<u>( 5 )</u>	<u>\$ 141,315</u>	<u>13</u>	<u>( \$ 129,274 )</u>	<u>( 18 )</u>
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 120,241	20	( \$ 21,739 )	( 5 )	\$ 150,422	14	( \$ 124,635 )	( 17 )
8720	Non-controlling interests	( 3,166 )	-	( 3,535 )	( 1 )	( 7,497 )	( 1 )	( 6,219 )	( 1 )
8700		<u>\$ 117,075</u>	<u>20</u>	<u>( \$ 25,274 )</u>	<u>( 6 )</u>	<u>\$ 142,925</u>	<u>13</u>	<u>( \$ 130,854 )</u>	<u>( 18 )</u>
	Earnings (Loss) per share (Note 27)								
9750	Basic	<u>\$ 0.91</u>		<u>( \$ 0.15 )</u>		<u>\$ 1.13</u>		<u>( \$ 0.93 )</u>	
9850	Diluted	<u>\$ 0.90</u>		<u>( \$ 0.15 )</u>		<u>\$ 1.10</u>		<u>( \$ 0.93 )</u>	

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 8, 2024)

Chairperson: Sheng-Chang Wu

Managerial Officer: Chen-Ying Huang

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH, INC. and Subsidiaries  
Consolidated Statements of Changes in Equity  
From January 1 to June 30, 2024 and 2023

Unit: Thousands of NTD

		Equity attributable to owners of the Company										
							Other equity					
Code		Stock capital		Capital surplus	Retained earnings			Exchange differences on translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
		Number of shares (in thousands)	Amount		Legal reserve	Special reserve	Undistributed earnings					
A1	Balance as of January 1, 2023	131,799	\$ 1,317,990	\$ 582,422	\$ 264,789	\$ 2,538	\$ 845,122	( \$ 1,555 )	( \$ 31 )	\$ 3,011,275	\$ 25,038	\$ 3,036,313
	Distribution of earnings for 2022											
B1	Legal reserve	-	-	-	15,194	-	( 15,194 )	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	-	( 952 )	952	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 79,079 )	-	-	( 79,079 )	-	( 79,079 )
	Changes in other capital surplus:											
C17	Unclaimed dividends to shareholders after the statute of limitations	-	-	23	-	-	-	-	-	23	-	23
D1	Net loss from January 1 to June 30, 2023	-	-	-	-	-	( 123,055 )	-	-	( 123,055 )	( 6,219 )	( 129,274 )
D3	Other comprehensive income from January 1 to June 30, 2023	-	-	-	-	-	-	( 1,614 )	34	( 1,580 )	-	( 1,580 )
D5	Total comprehensive income from January 1 to June 30, 2023	-	-	-	-	-	( 123,055 )	( 1,614 )	34	( 124,635 )	( 6,219 )	( 130,854 )
N1	Share-based payment transaction	18	180	487	-	-	-	-	-	667	-	667
Z1	Balance at June 30, 2023	131,817	\$ 1,318,170	\$ 582,932	\$ 279,983	\$ 1,586	\$ 628,746	( \$ 3,169 )	\$ 3	\$ 2,808,251	\$ 18,819	\$ 2,827,070
A1	Balance at January 1, 2024	132,205	1,322,053	593,455	279,983	1,586	611,310	( 2,632 )	( 3 )	2,805,752	10,821	2,816,573
	Distribution of earnings for 2023											
B1	Legal reserve	-	-	-	-	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	1,049	( 1,049 )	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 39,662 )	-	-	( 39,662 )	-	( 39,662 )
	Changes in other capital surplus:											
C17	Unclaimed dividends to shareholders after the statute of limitations	-	-	30	-	-	-	-	-	30	-	30
D1	Net profit from January 1 to June 30, 2024	-	-	-	-	-	148,812	-	-	148,812	( 7,497 )	141,315
D3	Other comprehensive income from January 1 to June 30, 2024	-	-	-	-	-	-	1,609	1	1,610	-	1,610
D5	Total comprehensive income from January 1 to June 30, 2024	-	-	-	-	-	148,812	1,609	1	150,422	( 7,497 )	142,925
M7	Changes in ownership interests in subsidiaries	-	-	( 2,292 )	-	-	-	-	-	( 2,292 )	2,292	-
N1	Share-based payment transaction	-	-	136	-	-	-	-	-	136	184	320
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	2,064	2,064
Z1	Balance at June 30, 2024	132,205	\$ 1,322,053	\$ 591,329	\$ 279,983	\$ 2,635	\$ 719,411	( \$ 1,023 )	( \$ 2 )	\$ 2,914,386	\$ 7,864	\$ 2,922,250

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 8, 2024)

Chairperson: Sheng-Chang Wu

Managerial Officer: Chen-Ying Huang

Accounting Officer: Tai-Tsun Chen



TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Statement of Cash Flows  
From January 1 to June 30, 2024 and 2023

Unit: Thousands of NTD

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the period	\$ 142,918	( \$ 128,059 )
A20010	Income and expense items		
A20100	Depreciation expense	189,612	186,324
A20200	Amortization expense	1,882	1,746
A20300	Expected credit (recovery benefits) impairment losses	( 224 )	63
A20400	Net profit on financial liabilities at fair value through profit	( 1,014 )	( 360 )
A20900	Financial cost	16,640	16,898
A21200	Interest income	( 1,757 )	( 1,703 )
A21900	Share-based payment remuneration cost	320	-
A22500	Loss on disposal of property, plan and equipment	8	-
A23700	Loss on decline in value of inventories(recovery benefits)	( 17,810 )	56,288
A24100	Net gain on foreign exchange	( 15,345 )	( 583 )
A24200	Loss on buyback or redemption of corporate bonds	6,583	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 114,958 )	( 22,602 )
A31150	Accounts receivable	( 171,527 )	( 71,416 )
A31200	Inventories	76,764	82,986
A31240	Other current assets	( 10,808 )	15,315
A31990	Net defined benefit assets	( 2,093 )	7
A32125	Contract liabilities	( 1,743 )	142
A32150	Notes and accounts payable	19,723	18,270
A32180	Other payables	10,068	( 12,053 )
A32230	Other current liabilities	( 24,329 )	( 286 )
A32990	Remuneration payable to employees and directors	21,461	-
A33000	Net cash inflows from operations	124,371	140,977
A33100	Interest received	1,775	1,730
A33300	Interest paid	( 11,084 )	( 11,466 )
A33500	Income tax paid	( 11,725 )	( 15,001 )
AAAA	Net cash in-flows from operating activities	103,337	116,240

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Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flows from investing activities		
B00050	Disposal of financial assets at amortized cost	\$ 3,646	\$ -
B02700	Purchase of property, plant and equipment	( 77,202 )	( 98,744 )
B03700	Increase in refundable deposits	( 16 )	-
B03800	Decrease in refundable deposits	-	3
B04500	Purchase of intangible asset	( 3,553 )	( 138 )
B07100	Increase in prepayments for equipment	-	( 7,266 )
B07200	Decrease in prepayments for equipment	<u>1,059</u>	<u>-</u>
BBBB	Net cash outflows from investing activities	( <u>76,066</u> )	( <u>106,145</u> )
	Cash flows from financing activities		
C00100	Increase in short-term loans	235,000	270,000
C00200	Decrease in short-term loans	( 245,000 )	( 340,000 )
C01300	Repayment of corporate bonds	( 349,700 )	-
C01600	Borrowing of long-term loans	420,000	150,000
C01700	Repayment of long-term loans	( 119,862 )	( 176,391 )
C04020	Repayment of principal for lease liabilities	( 11,091 )	( 10,817 )
C04800	Employee exercise of stock options	-	667
C05800	Changes in non-controlling interests	2,064	-
C09900	Unclaimed dividends to shareholders after the statute of limitations	<u>30</u>	<u>23</u>
CCCC	Net cash outflows from financing activities	( <u>68,559</u> )	( <u>106,518</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>4,842</u>	( <u>90</u> )
EEEE	Net decrease in cash and cash equivalents	( 36,446 )	( 96,513 )
E00100	Balance of cash and cash equivalents at the beginning of the period	<u>366,633</u>	<u>454,318</u>
E00200	Balance of cash and cash equivalents at the end of the period	<u>\$ 330,187</u>	<u>\$ 357,805</u>

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 8, 2024)

Chairperson: Sheng-Chang Wu

Managerial Officer: Chen-Ying Huang

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC. and Subsidiaries  
Notes to consolidated financial statements  
From January 1 to June 30, 2024 and 2023  
(Amounts in thousands of NTD unless otherwise specified)

I. Company History

TAIMIDE TECH. INC. (hereinafter referred to as the Company) was established on June 22, 2000 with the approval of the Ministry of Economic Affairs and was listed for trading on the Taiwan Stock Exchange on October 5, 2011.

The Company's business scope mainly covers international trade and wholesale, manufacturing and sales of electronic components and materials.

The consolidated financial statements were expressed in New Taiwan Dollars, which is the Company's functional currency.

II. Date and Procedure for Approval of Financial Statements

These consolidated financial statements were approved by the Board of Directors on August 8, 2024.

III. Application of New and Revised Standards and Interpretations

- (I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of aforementioned amendments will not have a significant effect on the Company and controlled entities (referred to as the "Consolidated Company")'s accounting policies.

- (II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: Applicable to the reporting periods beginning after January 1, 2025. Upon initial application of this amendment, the impact amount is recognized in retained earnings at the date of initial application. When the Consolidated Company uses a non-functional currency as the presentation currency, the effect will be adjusted to the exchange differences of foreign operations under equity at the date of initial application as well as affected assets or liabilities.

- (III) IFRSs have been issued by the IASB but have not been approved and issued in force by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture"	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9—comparison information"	January 1, 2023

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note)
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note : Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

1. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date of publication of the consolidated financial statements, the Consolidated Company will continue to evaluate the impact of the above-mentioned amendments to standards and interpretations on its financial position and financial performance, which will be disclosed when the evaluation is completed.

#### IV. Summary of Significant Accounting Policies

##### (I) Compliance Statement

The preparation of the consolidated financial statements is in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" accepted and effectively published by FSC. This consolidated financial report does not contain all IFRSs disclosures required in the entire annual financial report.

##### (II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and the present value of the defined benefit obligation deducting the net defined benefit assets/liabilities of the fair value of any plan assets which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement input values are observable and the significance of the input values to the fair value measurement in its entirety, which are described as follows:

1. Level 1 input values: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 input values are input values other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 input values are unobservable input values for the asset or liability.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Consolidated Company. During the preparation of the consolidated financial statements, the transaction, account balance, revenue and expense among entities have been eliminated completely. The total comprehensive income/loss of the subsidiaries are attributed to the owner's and non-controlling interests of the Company, and the same is true when the non-controlling interests consequently become loss balance.

Changes in the Consolidated Company's ownership interests in subsidiaries that do not result in the Consolidated Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Consolidated Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity and attributed to shareholders of the Company.

Please see Note 12 and Table 5 for details of subsidiaries, percentage of ownership and business.

(IV) Other significant accounting policies

In addition to the following, please refer to the summary description of significant accounting policies in the consolidated financial report for the year 2023.

1. Standard for distinguishing current and non-current assets and liabilities

Current assets include:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets that are expected to be realized within twelve months from the balance sheet date; and
- (3) Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities that will be due for settlement within 12 months from the balance sheet date, and
- (3) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current. If the terms of the liabilities may be settled by the transfer of the equity instruments of the merging company at the option of the counterparty, such terms do not affect the classification of the liabilities as current or non-current if the merging company classifies the options as equity instruments.

2. Define benefits Post-retirement benefits

The pension cost for the interim period is calculated on a year-to-period basis using the actuarially determined pension cost rate at the end of the previous year, adjusted for significant

market fluctuations in the current period, major plan amendments, liquidations or other significant one-time events.

3. Income tax

Income tax expense is the sum of current income tax and deferred tax. The income tax for the interim period is assessed on an annual basis and the interim pre-tax benefit is calculated at the tax rate applicable to the expected annual total surplus.

4. Levies

A liability to pay a levy to a government should only be recognized when an obligating transaction or event has occurred. A payment obligation should be recognized as other liability in the period of the payment obligation occurred. If an obligation is triggered on reaching a particular threshold, the liability is recognized when that particular threshold is reached.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In the application of the Consolidated Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

When developing significant accounting estimates, the combined company will take into account the possible impact on economic environment inflation and market interest rate fluctuations in cash flow estimates, growth rates, discount rates, profitability and other relevant significant estimates. Management will continue to review estimates and basic assumptions. Please refer to the consolidated financial Report 2023 for a description of the major sources of uncertainty in the material accounting judgments, estimates and assumptions used in this consolidated financial report.

VI. Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and revolving funds	\$ 395	\$ 809	\$ 768
Bank demand deposits	208,495	213,102	255,701
Cash equivalents (investments with original maturity of less than 3 months)			
Bank time deposits	39,582	35,152	56,998
Bonds with repurchase agreements	81,715	117,570	44,338
	<u>\$ 330,187</u>	<u>\$ 366,633</u>	<u>\$ 357,805</u>

The market interest rate range of bank deposits and bonds with repurchase agreements at the balance sheet date is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Bank deposits	0.001%~5.37%	0.001%~5.47%	0%~5.20%
Bonds with repurchase agreements	1.20%~5.40%	1.10%~5.45%	1%~4.75%

VII. Financial instruments at fair value through profit or loss

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities - current</u>			
Held for trading			

	June 30, 2024	December 31, 2023	June 30, 2023
Derivative instruments (not designated as hedges)			
-Value of convertible bond redemption rights (Note 18)	\$ -	\$ 1,014	\$ 3,534
VIII. Financial assets at fair value through other comprehensive income			
	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Domestic investments			
Unlisted stocks			
Common stock of POMIRAN TECHNOLOGY, LIMITED	\$ 468	\$ 467	\$ 473
<p>The Consolidated Company invests in the aforementioned common stocks in accordance with the medium and long term strategic objectives and expects to profit from the long-term investments. The management of the Consolidated Company considers that if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.</p>			
IX. <u>Financial assets at amortized cost</u>			
	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Time deposits with original maturity over 3 months	\$ 11,980	\$ 15,626	\$ -
<u>Non-current</u>			
Pledged time deposits	\$ 16,923	\$ 16,923	\$ 16,923
(I) For information on credit risk management and impairment assessment related to financial assets at amortized cost, please refer to Note 31.			
(II) For information on pledges of financial assets at amortized cost, refer to Note 32.			
X. <u>Notes and accounts receivable</u>			
	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
Incurred as a result of operations	\$ 190,087	\$ 75,129	\$ 50,569

The Consolidated Company considered any change in the credit quality of the notes receivable at the balance sheet date and assessed that there was no material change in the credit quality and the related amounts were still recoverable, therefore, no impairment was suspected.

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Accounts receivable</u>			
Accounts receivable - non-related parties			
Measure at amortized cost			
Total carrying amount	\$ 506,468	\$ 323,031	\$ 327,971
Less: Allowance for loss	( <u>26</u> )	( <u>245</u> )	( <u>222</u> )
	506,442	322,786	327,749
Accounts receivable - related parties			
Measure at amortized cost			
Total carrying amount	-	-	34
	<u>\$ 506,442</u>	<u>\$ 322,786</u>	<u>\$ 327,783</u>

The average collection period for selling products of the Consolidated Company is 10 to 100 days, excluding accounts receivable are not interest-bearing. To mitigate credit risk, the management of the Consolidate Company has designated functional working Consolidated Company responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue receivables. In addition, the collectible amount of accounts receivable of the Consolidated Company shall be reviewed individually at the date of balance sheet to ensure the uncollectible receivables has been listed to appropriate impairment loss. Accordingly, the management of the Company considers the Company's credit risk has significantly decreased.

The allowance for loss on accounts receivable of the Consolidated Company is measured at an amount equal to useful lives expected credit losses. The expected credit losses over the duration are calculated using an allowance matrix, which takes into account the customer's past default history, current financial condition, and the economic conditions of the industry. Since the Consolidated Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days overdue on accounts receivable to determine the expected credit loss rate.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, for example, if the counterparty is in liquidation, the Consolidated Company will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The Consolidated Company measures the allowance for loss on accounts receivable based on the allowance matrix as follows:

June 30, 2024

	Not past due	1 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	Over 180 days overdue	Total
Total carrying amount	\$ 503,875	\$ 2,593	\$ -	\$ -	\$ -	\$ 506,468
Allowance for loss (expected credit losses during the duration)	-	( <u>26</u> )	-	-	-	( <u>26</u> )
Amortized cost	<u>\$ 503,875</u>	<u>\$ 2,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,442</u>

December 31, 2023

	Not past due	1 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	Over 180 days overdue	Total
Total carrying amount	\$ 298,517	\$ 24,514	\$ -	\$ -	\$ -	\$ 323,031



Allowance for loss (expected credit losses during the duration)	-	( 245 )	-	-	-	( 245 )
Amortized cost	<u>\$ 298,517</u>	<u>\$ 24,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,786</u>

### June 30, 2023

	Not past due	1 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	Over 180 days overdue	Total
Total carrying amount	\$ 318,969	\$ 7,555	\$ 1,481	\$ -	\$ -	\$ 328,005
Allowance for loss (expected credit losses during the duration)	-	( 148 )	( 74 )	-	-	( 222 )
Amortized cost	<u>\$ 318,969</u>	<u>\$ 7,407</u>	<u>\$ 1,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,783</u>

Changes on allowance for accounts receivable loss are as below:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the year	\$ 245	\$ 161
Add: Impairment loss charged to current period	( 224 )	63
Exchange differences on translation	<u>5</u>	( <u>2</u> )
Balance at end of the period	<u>\$ 26</u>	<u>\$ 222</u>

## XI. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 201,198	\$ 226,536	\$ 268,064
Work in process	156,867	188,323	181,963
Raw materials	<u>63,435</u>	<u>65,622</u>	<u>54,516</u>
	<u>\$ 421,500</u>	<u>\$ 480,481</u>	<u>\$ 504,543</u>

The cost of goods sold related to inventories from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023 was \$406,855 thousand, \$361,149 thousand, \$770,410 thousand and \$657,988 thousand, respectively. The cost of goods sold from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023 included loss on inventory depreciation (gain on reversal of inventory write-down) of \$(8,055) thousand, \$25,576 thousand, \$(17,810) thousand and \$56,288 thousand respectively. Inventory write-downs were reversed as a result of the selling price in specific markets that had been increased.

## XII. Subsidiary

### Subsidiaries incorporated in the consolidated financial statements

The basis for the consolidated financial statements is as follows:

Investor name	Subsidiary name	Business nature	Percentage of shareholding			Summary
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Manufacturing of electronic components, wholesale and surface treatment of electronic materials	93%	85%	85%	1
	TAIMIDE INTERNATIONAL INC. (TAIMIDE INTERNATIONAL)	Investee business	100%	100%	100%	2

Investor name	Subsidiary name	Business nature	Percentage of shareholding			Summary
			June 30, 2024	December 31, 2023	June 30, 2023	
TAIMIDE INTERNATIONAL	KUNSHAN TAIMIDE TECH. INC.	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	100%	100%	100%	2

1. The subsidiary included in the consolidated financial report before December 31, 2023 is not a material subsidiary and its financial report has not been reviewed by accountant.
2. The subsidiaries are not material subsidiaries and their financial reports have not been reviewed by accountants.

### XIII. Property, plant and equipment

#### For the use of the Consolidated Company

	Land owned by the Company	Houses and buildings	Machinery and equipment	Facility equipment	Transportatio n equipment	Office equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending inspection	Total
<u>Cost</u>										
Balance as of January 1, 2023	\$ 291,073	\$1,769,272	\$2,126,449	\$ 887,324	\$ 5,866	\$ 16,568	\$ 1,616	\$ 38,545	\$ 74,310	\$5,211,023
Increase in the current period	-	-	23,891	8,561	95	1,895	23	861	18,718	54,044
Decrease in the current period	-	-	( 4,011)	( 4,941)	-	-	-	-	-	( 8,952)
This issue is reclassified	-	-	13,741	893	-	320	136	-	( 15,090)	-
Effect of exchange rate	-	-	-	-	( 48)	( 3)	-	-	-	( 51)
Balance at June 30, 2023	<u>\$ 291,073</u>	<u>\$1,769,272</u>	<u>\$2,160,070</u>	<u>\$ 891,837</u>	<u>\$ 5,913</u>	<u>\$ 18,780</u>	<u>\$ 1,775</u>	<u>\$ 39,406</u>	<u>\$ 77,938</u>	<u>\$5,256,064</u>
<u>Accumulated depreciation</u>										
Balance as of January 1, 2023	\$ -	\$ 379,576	\$ 979,713	\$ 319,955	\$ 1,553	\$ 7,218	\$ 110	\$ 1,495	\$ -	\$1,689,620
Increase in the current period	-	16,438	106,258	46,918	427	1,589	145	3,248	-	175,023
Decrease in the current period	-	-	( 4,011)	( 4,941)	-	-	-	-	-	( 8,952)
Effect of exchange rate	-	-	-	-	( 24)	( 3)	-	-	-	( 27)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 396,014</u>	<u>\$1,081,960</u>	<u>\$ 361,932</u>	<u>\$ 1,956</u>	<u>\$ 8,804</u>	<u>\$ 255</u>	<u>\$ 4,743</u>	<u>\$ -</u>	<u>\$1,855,664</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 291,073</u>	<u>\$1,389,696</u>	<u>\$1,146,736</u>	<u>\$ 567,369</u>	<u>\$ 4,313</u>	<u>\$ 9,350</u>	<u>\$ 1,506</u>	<u>\$ 37,050</u>	<u>\$ 74,310</u>	<u>\$3,521,403</u>
Net at June 30, 2023	<u>\$ 291,073</u>	<u>\$1,373,258</u>	<u>\$1,078,110</u>	<u>\$ 529,905</u>	<u>\$ 3,957</u>	<u>\$ 9,976</u>	<u>\$ 1,520</u>	<u>\$ 34,663</u>	<u>\$ 77,938</u>	<u>\$3,400,400</u>
<u>Cost</u>										
Balance at January 1, 2024	\$ 291,073	\$1,769,272	\$2,184,641	\$ 884,751	\$ 5,930	\$ 17,854	\$ 2,225	\$ 39,406	\$ 37,346	\$5,232,498
Increase in the current period	-	-	18,361	4,321	165	1,190	-	1,100	41,532	66,669
Decrease in the current period	-	-	( 63,870)	( 11,041)	-	( 654)	-	-	-	( 75,565)
This issue is reclassified	-	-	29,219	24,036	-	93	-	-	( 53,348)	-
Effect of exchange rate	-	-	-	-	45	3	-	-	-	48
Balance at June 30, 2024	<u>\$ 291,073</u>	<u>\$1,769,272</u>	<u>\$2,168,351</u>	<u>\$ 902,067</u>	<u>\$ 6,140</u>	<u>\$ 18,486</u>	<u>\$ 2,225</u>	<u>\$ 40,506</u>	<u>\$ 25,530</u>	<u>\$5,223,650</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2023	\$ -	\$ 412,069	\$1,105,829	\$ 319,178	\$ 2,395	\$ 9,025	\$ 410	\$ 8,022	\$ -	\$1,928,928
Increase in the current period	-	16,055	109,428	47,039	436	1,758	181	3,340	-	178,237
Decrease in the current period	-	-	( 63,862)	( 11,041)	-	( 654)	-	-	-	( 75,557)
Effect of exchange rate	-	-	-	-	26	3	-	-	-	29
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 428,124</u>	<u>\$ 1,511,395</u>	<u>\$ 427,176</u>	<u>\$ 2,857</u>	<u>\$ 10,132</u>	<u>\$ 591</u>	<u>\$ 11,362</u>	<u>\$ -</u>	<u>\$2,031,637</u>
Net at December 31, 2023 and January 1, 2024	<u>\$ 291,073</u>	<u>\$1,357,203</u>	<u>\$1,078,812</u>	<u>\$ 493,573</u>	<u>\$ 3,535</u>	<u>\$ 8,829</u>	<u>\$ 1,815</u>	<u>\$ 31,384</u>	<u>\$ 37,346</u>	<u>\$3,303,570</u>
Net at June 30, 2024	<u>\$ 291,073</u>	<u>\$1,341,148</u>	<u>\$1,016,956</u>	<u>\$ 474,891</u>	<u>\$ 3,283</u>	<u>\$ 8,354</u>	<u>\$ 1,634</u>	<u>\$ 29,144</u>	<u>\$ 25,530</u>	<u>\$3,192,013</u>

Depreciation is computed on a straight-line basis over the following estimated useful life:

Houses and buildings	10 to 50 years
Machinery and equipment	1 to 20 years
Facility equipment	2 to 15 years
Transportation equipment	5 to 10 years
Office equipment	3 to 10 years
Other equipment	5 to 8 years
Leasehold improvements	6 to 7 years

For the amount of property, plant and equipment pledged as collateral for loans by the Consolidated Company, please refer to Note 33.

XIV. Lease agreements

(I) Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 96,978	\$ 103,493	\$ 110,802
Buildings	58,932	62,633	66,380
Transportation equipment	<u>1,005</u>	<u>1,221</u>	<u>113</u>
	<u>\$ 156,915</u>	<u>\$ 167,347</u>	<u>\$ 177,295</u>
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024
Addition to right-of-use assets			<u>\$ 938</u>
Depreciation expense of right-of-use assets			<u>\$ -</u>
Land	\$ 3,760	\$ 3,688	\$ 7,453
Buildings	1,829	1,877	3,706
Transportation equipment	<u>108</u>	<u>85</u>	<u>216</u>
	<u>\$ 5,697</u>	<u>\$ 5,650</u>	<u>\$ 11,375</u>
Sublease income of right-of-use assets (included in other income)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other than the additions and the depreciation expense recognized above, there were no significant subleases or impairments of the Consolidated company's use-right assets from January 1 to June 30, 2024 and 2023.

(II) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 22,413</u>	<u>\$ 22,113</u>	<u>\$ 21,669</u>
Non-current	<u>\$ 142,545</u>	<u>\$ 152,992</u>	<u>\$ 163,006</u>

Ranges of discount rates for lease liabilities are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	1.50%~1.79%	1.50%~1.79%	1.50%~1.79%
Buildings	2.32%~4.75%	2.32%~4.75%	2.32%~4.75%
Transportation equipment	2.20%	2.20%	1.60%

(III) Material leases and terms

The Consolidated Company leases certain land and buildings for use for a period of 11 to 14 years. Upon the termination of the lease period, the Consolidated Company has no bargain purchase option for leased lands and buildings.

(IV) Information on other leases

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term lease expense	\$ 270	\$ 178	\$ 492	\$ 358
Lease expense for low-value assets	\$ 51	\$ 51	\$ 102	\$ 102
Variable lease payment expense not included in the measurement of lease liabilities	\$ 634	\$ 364	\$ 900	\$ 1,010
Total cash (outflows) from leases	( \$ 7,357 )	( \$ 6,943 )	( \$ 14,273 )	( \$ 14,171 )

The Consolidated Company leases certain computer software, houses and buildings and office equipment which qualify as short-term leases. The Consolidated Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

XV. Intangible assets

	Computer software cost	Power circuit subsidy cost	Royalty payment	Total
<u>Cost</u>				
Balance as of January 1, 2023	\$ 23,904	\$ 15,300	\$ 1,500	\$ 40,704
Acquired separately	138	-	-	138
Balance at June 30, 2023	<u>\$ 24,042</u>	<u>\$ 15,300</u>	<u>\$ 1,500</u>	<u>\$ 40,842</u>
<u>Accumulated amortization</u>				
Balance as of January 1, 2023	\$ 18,437	\$ 11,752	\$ 500	\$ 30,689
Amortization expense	998	703	45	1,746
Balance at June 30, 2023	<u>\$ 19,435</u>	<u>\$ 12,455</u>	<u>\$ 545</u>	<u>\$ 32,435</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 5,467</u>	<u>\$ 3,548</u>	<u>\$ 1,000</u>	<u>\$ 10,015</u>
Net at June 30, 2023	<u>\$ 4,607</u>	<u>\$ 2,845</u>	<u>\$ 955</u>	<u>\$ 8,407</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 24,615	\$ 15,300	\$ 1,500	\$ 41,415
Acquired separately	3,553	-	-	3,553
Balance at June 30, 2024	<u>\$ 28,168</u>	<u>\$ 15,300</u>	<u>\$ 1,500</u>	<u>\$ 44,968</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 20,443	\$ 13,132	\$ 591	\$ 34,166
Amortization expense	1,159	678	45	1,882
Balance at June 30, 2024	<u>\$ 21,602</u>	<u>\$ 13,810</u>	<u>\$ 636</u>	<u>\$ 36,048</u>
Net at December 31, 2023 and January 1, 2024	<u>\$ 4,172</u>	<u>\$ 2,168</u>	<u>\$ 909</u>	<u>\$ 7,249</u>
Net at June 30, 2024	<u>\$ 6,566</u>	<u>\$ 1,490</u>	<u>\$ 864</u>	<u>\$ 8,920</u>

Amortization is computed on a straight-line basis over the following estimated useful life:

Computer software cost	1 to 8 years
Power circuit subsidy cost	5 years
Royalty payment	16.5 years

XVI. Other current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Supplies inventory	\$ 20,495	\$ 18,413	\$ 23,900
Tax overpaid retained	18,518	23,258	19,039
Input tax	11,628	6,099	3,924
Prepayment for goods	3,644	2,843	101
Others	<u>22,637</u>	<u>14,330</u>	<u>15,677</u>
	<u>\$ 76,922</u>	<u>\$ 64,943</u>	<u>\$ 62,641</u>

XVII. Loans

(I) Short-term loans

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured loans</u>			
Line of credit loans	\$ 65,000	\$ 40,000	\$ 20,000
<u>Secured loans</u>			
Line of credit loans	<u>30,000</u>	<u>65,000</u>	<u>40,000</u>
	<u>\$ 95,000</u>	<u>\$ 105,000</u>	<u>\$ 60,000</u>

The interest rates on revolving bank loans ranged from 2.32%~2.66%, 2.20% to 2.52% and 2.20% to 2.52% as of June 30, 2024 , December 31, 2023 and June 30, 2023, respectively.

(II) Long-term loans

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured loans</u>			
Bank credit loans (1)	\$ 404,423	\$ 471,753	\$ 648,944
<u>Secured loans</u>			
Bank loans (2)	<u>778,125</u>	<u>410,657</u>	<u>313,169</u>
	1,182,548	882,410	962,113
Portion due within one year	( <u>317,577</u> )	( <u>262,700</u> )	( <u>287,013</u> )
	<u>\$ 864,971</u>	<u>\$ 619,710</u>	<u>\$ 675,100</u>

- As of June 30, 2024, December 31, 2023 and June 30, 2023, the maturity dates of the bank credit loans were all due for repayment by the end of April 2028, and the interest rates ranged from 1.43%~2.33%, 1.30%~2.20% and 1.30% to 2.36% as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- The bank borrowings are secured by collateral on land, buildings and equipment owned by the consolidated Company (see Note 33). As of June 30, 2024, December 31, 2023 and June 30, 2023, the borrowings were all due for repayment by the end of April 2028, with interest rates ranging from 1.43%~3.04%, 1.30%~2.90% and 1.30% to 2.90% as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

In accordance with the restrictions on current ratio, debt ratio, interest coverage multiplier, and tangible net worth in the Consolidated Company's half-year and annual financial statements in accordance with the relevant loan agreements. The Consolidated Company's financial ratios were in compliance with the requirements as of June 30, 2024.

XVIII. Corporate bonds payable

	June 30, 2024	December 31, 2023	June 30, 2023
Domestic unsecured convertible bonds	\$ 250,300	\$ 600,000	\$ 600,000
Less: Discount on corporate bonds payable	( <u>4,595</u> )	( <u>16,585</u> )	( <u>22,102</u> )
	245,705	583,415	577,898
Less: Portion recorded as due within one year	( <u>245,705</u> )	( <u>583,415</u> )	( <u>577,898</u> )
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Value of redemption rights	\$ -	\$ 1,014	\$ 3,534
Value of conversion rights	33,064	79,259	79,259

(I) Domestic unsecured convertible bonds

On June 21, 2022, the Company issued 6,000 thousand units of NTD-denominated unsecured convertible bonds with a face value of \$100 thousand and 0% interest rate in Taiwan, with a total principal amount of \$600,000 thousand. The issue price was based on 108.67% of the face value. The bondholders may request the Company to convert the convertible bonds into common stock at a conversion price of \$57 per share from the day after three months from the date of issuance (September 22, 2022) to the maturity date (June 21, 2025), or request the Company to repurchase the bonds at face value in cash 30 days prior to two years from the date of issuance (June 21, 2024). If the closing price of the Company's common stock exceeds the prevailing conversion price by 30% or more for 30 consecutive business days from the day after the third month after the issuance of the convertible bonds (September 22, 2022) to 40 days before the expiration of the issuance period (May 12, 2025), the Company may also redeem all of the bonds at their face value. The conversion price is adjusted to \$54.5 effective August 6, 2023, as the Company will distribute cash dividends in July 2023 and the conversion price should be adjusted.

This convertible bond includes liabilities and equity components, which are expressed as capital surplus - stock options under equity. The effective interest rate originally recognized for the liability component was 1.90%.

The company redeemed corporate bonds based on the execution of the put right by the bond holders. As of June 30, 2024, a total of 3,497 units of corporate bonds were redeemed, with a face value of 349,700 thousand, and the Company allocated the redemption price to the liability component and the equity component, and the difference between the amount allocated to the liability component and the book value was recognized as an other loss of \$6,583 thousand in the second quarter of 2024.

Issue price (\$652,006 thousand minus transaction costs of \$5,283 thousand)	\$646,723
Equity component (net of transaction costs allocated to equity of \$647 thousand)	( 79,259 )
Value of redemption rights (net of transaction costs of \$6 thousand allocated to liabilities)	( <u>714</u> )

Liabilities component at issuance date (net of \$4,630 thousand of transaction costs allocated to liabilities)	566,750
Interest calculated at the effective interest rate of 1.90%	<u>\$ 5,683</u>
Liabilities component as of December 31, 2022	572,433
Interest calculated at the effective interest rate of 1.90%	<u>10,982</u>
Liabilities component as of December 31, 2023	583,415
Interest calculated at the effective interest rate of 1.90%	5,407
Redeem corporate bonds	( <u>343,117</u> )
Liabilities component as of June 30, 2024	<u>\$ 245,705</u>

XIX. Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Wages and bonuses payable	\$ 34,955	\$ 41,724	\$ 42,537
Utilities payable	22,063	15,160	18,585
Waste disposals payable	14,148	12,265	9,673
Others	<u>83,445</u>	<u>75,242</u>	<u>69,157</u>
	<u>\$ 154,611</u>	<u>\$ 144,391</u>	<u>\$ 139,952</u>

XX. Other current liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Deferred revenue	\$ 4,785	\$ 30,429	\$ -
Receipts under custody	3,964	3,777	4,327
Temporary receipts	<u>2,717</u>	<u>1,589</u>	<u>1,631</u>
	<u>\$ 11,466</u>	<u>\$ 35,795</u>	<u>\$ 5,958</u>

XXI. Post-employment benefit plans

The pension expenses related to the defined benefit plan recognized from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023 were \$117 thousand, \$134 thousand, \$248 thousand and \$261 thousand, respectively, based on the actuarial pension cost rate as at December 31, 2022 and 2021.

XXII. Equity

(I) Common stock capital

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized number of shares (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and fully paid shares (in thousands)	<u>132,205</u>	<u>132,205</u>	<u>131,817</u>
Public offering of ordinary shares	\$ 1,282,363	\$ 1,282,363	\$ 1,278,480
Private equity	<u>39,690</u>	<u>39,690</u>	<u>39,690</u>
Issued capital	<u>\$ 1,322,053</u>	<u>\$ 1,322,053</u>	<u>\$ 1,318,170</u>

Of the authorized capital, 30,000 thousand shares are reserved for issuance of employee stock options, preferred shares with warrants or corporate bonds with warrants.

The change in the Company's common stock capital was mainly due to the execution of stock options by employees.

The shareholders resolved to amend the Articles of Incorporation at the shareholders' meeting held on June 21. The private placement proposal mentioned above was canceled by the resolution of the board of directors on May 10, 2024.

On June 25, 2024, the shareholders' meeting of the Company resolved to increase capital by cash through a private placement of up to 10 million shares with specific parties.

Within 3 years from the date of delivery, the aforesaid private placement securities shall not be sold to other objects except those transferred in accordance with the Securities Exchange Law.

The rights and obligations of the company's private common shares listed above are the same as those of the Company's issued common shares, except that the company's private common shares are subject to restrictions on circulation and transfer in accordance with the Securities Exchange Law and can only apply for listing and trading after 3 years from the date of delivery and a public offering.

(II) Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
<u>For loss make-up, distribution in cash or capitalization as equity</u>			
Stock issue premium (1)	\$ 534,941	\$ 488,746	\$ 462,384
<u>Only for loss make-up</u>			
Recognition of changes in ownership interests in subsidiaries (2)	22,772	24,928	25,992
Unclaimed dividends to shareholders after the statute of limitations	552	522	522
<u>Not to be used for any purpose</u>			
Employee stock options	-	-	14,775
Stock options (Note 18)	33,064	79,259	79,259
	<u>\$ 591,329</u>	<u>\$ 593,455</u>	<u>\$ 582,932</u>

1. This type of capital surplus may be used to make up for losses or, in the absence of losses, to distribute cash or to capitalize as equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of the subsidiary's shares, or adjustments to the capital surplus of the Company's subsidiaries recognized under the equity method.

(III) Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy as stipulated in the Articles of Incorporation, if there is any surplus earnings as indicated by the Company's final accounts, 10% of the annual earnings shall be set aside as legal reserve after paying taxes and making up for accumulated losses in accordance with the law. But if the legal reserve has reached the Company's paid-in capital, no



further provision shall be made, and the remainder shall be set aside as or reversed from special reserve as provided by law. If there are still remaining earnings, allocating at least 40% of dividends to shareholders, and the Board of Directors shall prepare a proposal for distribution of the remaining earnings as dividends to shareholder, and submit it to the shareholders' meeting for resolution on the distribution. The distribution of the surplus mentioned in the preceding paragraph may be combined with the accumulated undistributed surplus of previous years. For the Company's policy on the distribution of remuneration to employees and directors, please refer to Note 25 (7) Remuneration to Employees and Directors.

The Company's dividend policy is to cater to the current and future development plans with consideration of the investment environment, capital requirements and domestic and international competition, and the interests of shareholders; dividends to shareholders may be distributed in cash or in stocks, with cash dividends not less than 10% of the total dividends.

Legal capital reserve shall be set aside until its balance equals to full amount of the paid-in capital. The reserve may be used to make up for losses When the Company has no losses, the portion in excess of 25% of the paid-in capital may be used to distributed as dividends in stocks or cash.

The shareholders' meetings of the Company held on June 25, 2024 and June 21, 2023 resolved to distribute the earnings of 2023 and 2022 as follows:

	Earnings distribution proposal	
	2023	2022
Legal reserve	\$ -	\$ 15,194
Provision (Reversal) of special reserve	1,049	( 952 )
Cash dividends	39,662	79,079
Cash dividends per share (NTD)	0.30	0.60

(IV) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the year	( \$ 2,632 )	( \$ 1,555 )
Generated in the current period		
Exchange differences arising from translation of the financial statements of foreign operations	<u>1,609</u>	( <u>1,614</u> )
Balance at end of the period	( <u>\$ 1,023</u> )	( <u>\$ 3,169</u> )

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the year	( \$ 3 )	( \$ 31 )
Generated in the current period		
Unrealized profit or loss		
Equity instruments	1	34
Other comprehensive income for the period	1	34
Balance at end of the period	( \$ 2 )	\$ 3

(V) Non-controlling interests

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the year	\$ 10,821	\$ 25,038
Share attributable to non-controlling interests.		
Net loss for the period	( 7,497 )	( 6,219 )
Increase in non-controlling interest in POMIRAN METALIZATION RESEARCH CO., LTD. (Note 28)	4,356	-
Non-controlling interests related to outstanding vested stock options held by employees of POMIRAN METALIZATION RESEARCH CO., LTD. (Note 23)	184	-
Balance at end of the period	\$ 7,864	\$ 18,819

XXIII. Employee stock options

(I) The Company's employee stock options plan

In August 2017, the Company granted 3,698 thousand units of stock options to employees, each unit of which is entitled to subscribe for one share of common stock. The stock options were granted to employees of the Company and its subsidiaries who meet certain criteria. The stock options are granted for a duration of 6 years, and the holders of the stock options may exercise a certain percentage of the stock options granted after 2 years from the date of issuance. The exercise price of the stock options is the closing price of the Company's common stock on the date of issuance. If there is a change in the Company's common stock after the stock options are issued, the exercise price of the stock options will be adjusted according to the prescribed formula.

Information on employee stock options is as follows:

Employee stock options	January 1 to June 30, 2023	
	Units (in thousands)	Weighted average exercise price (NTD)
Outstanding at the beginning of the year	1,031	\$ 37.10
Current execution	( 18 )	37.10
Abandonment of this issue	( 6 )	37.10
Outstanding at end of the period	<u>1,007</u>	
Executable at the end of the period	<u>1,007</u>	
Weighted average fair value of stock options granted for the period (NTD)	<u>\$ 15.02~16.04</u>	

Information on outstanding employee stock options as of the balance sheet date as follows:

	June 30, 2023
Range of exercise prices (NTD)	\$ 37.10
Weighted average remaining contract period (years)	0.11 years

The Company used the Black-Scholes valuation model for the employee stock options granted in August 2017, and the input values used in the valuation model were as follows:

	August 2017
Stock price at the grant date	NT\$47.00
Exercise price	NT\$37.10
Expected volatility	46.89%~51.17%
Duration	2.03~3.03 years
Expected dividend yield	-
Risk-free interest rate	0.53%~0.56%

In July 2022, the Company modified the terms of the then outstanding employee stock options plan to reduce the exercise price from \$38.20 per share to the stock price on that date of \$37.10 per share.

The company's employee stock options expired in August 2023.

(II) Employee stock options reserved in cash capital increase

The Board of Directors resolved to increase capital of POMIRAN METALIZATION RESEARCH CO., LTD. by cash with issuance of new shares. On March 7, 2024, the Board of Directors resolved to adjust the final number of shares to be issued and the amount to be raised, and to reserve 10% of the total number of new shares (1,000 thousand shares) to be subscribed by employees in accordance with the Company Act. For fractional shares or stock options renounced by employees for subscription, the Chairperson of the Board of Directors is authorized to negotiate with specific persons to subscribe for the shares.

The fair value of the employee stock options granted by POMIRAN METALIZATION RESEARCH CO., LTD. in March 2024 is based on the Black-Scholes valuation model, and the parameters used in the valuation model were as follows:

	March 2024
Stock price at the grant date	NT\$9.64
Exercise price	NT\$10.00
Expected volatility	33.08%
Expected duration	0.13 years
Expected dividend yield	-
Risk-free interest rate	1.06%

The cost of remuneration recognized from January 1 to June 30, 2024 is NT\$320 thousand.

#### XXIV. Revenue

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Revenue from contracts with customers				
Revenue form merchandise sales	\$ 588,798	\$ 437,321	\$ 1,053,265	\$ 714,771
Other income	<u>985</u>	<u>9,382</u>	<u>1,469</u>	<u>18,574</u>
	<u>\$ 589,783</u>	<u>\$ 446,703</u>	<u>\$ 1,054,734</u>	<u>\$ 733,345</u>

##### (I) Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Accounts receivable (Note 10)	<u>\$ 506,442</u>	<u>\$ 322,786</u>	<u>\$ 327,749</u>	<u>\$ 257,799</u>
Accounts receivable - Related parties (Note 10)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>
Contract liabilities - current				
Merchandise sales	<u>\$ 1,657</u>	<u>\$ 3,400</u>	<u>\$ 303</u>	<u>\$ 161</u>

##### (II) Breakdown of revenue from contracts with customers

	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Region</u>		
Taiwan (where the Company is located)	\$ 421,137	\$ 324,515
Mainland China	444,368	186,357
South Korea	160,396	174,512
U.S.A.	18,895	36,826
Japan	4,482	6,909
Others	<u>5,456</u>	<u>4,226</u>
	<u>\$ 1,054,734</u>	<u>\$ 733,345</u>

#### XXV. Net profit

##### (I) Interest income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Bank deposits	<u>\$ 1,181</u>	<u>\$ 1,191</u>	<u>\$ 1,757</u>	<u>\$ 1,703</u>

(II) Other income		April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Government grant income (Note 29)		\$ 28,955	\$ -	\$ 28,955	\$ -
Lease income (operating lease)		139	207	335	416
Others		<u>377</u>	<u>409</u>	<u>824</u>	<u>924</u>
		<u>\$ 29,471</u>	<u>\$ 616</u>	<u>\$ 30,114</u>	<u>\$ 1,340</u>
(III) Other gain and loss		April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Gain (Loss) on financial instruments at fair value through profit or loss		\$ 354	\$ 60	\$ 1,014	\$ 360
Loss on buyback or redemption of corporate bonds		( 6,583 )	-	( 6,583 )	-
Loss on disposal of property, plant and equipment		( 8 )	-	( 8 )	-
Net gain (loss) on foreign currency exchange		<u>5,536</u>	<u>( 530 )</u>	<u>15,345</u>	<u>583</u>
		<u>( \$ 701 )</u>	<u>( \$ 470 )</u>	<u>\$ 9,768</u>	<u>\$ 943</u>
(IV) Financial cost		April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Interest on bank loans		\$ 5,022	\$ 4,840	\$ 9,545	\$ 9,549
Interest on convertible bonds		2,628	2,739	5,407	5,465
Interest on lease liabilities		<u>835</u>	<u>928</u>	<u>1,688</u>	<u>1,884</u>
		<u>\$ 8,485</u>	<u>\$ 8,507</u>	<u>\$ 16,640</u>	<u>\$ 16,898</u>
(V) Depreciation and amortization		April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Summary of depreciation expense by function					
Operating costs		\$ 80,499	\$ 74,557	\$ 158,904	\$ 148,773
Operating expenses		<u>14,977</u>	<u>18,623</u>	<u>30,708</u>	<u>37,551</u>
		<u>\$ 95,476</u>	<u>\$ 93,180</u>	<u>\$ 189,612</u>	<u>\$ 186,324</u>
Summary of amortization expense by function					
Operating costs		\$ 568	\$ 474	\$ 1,114	\$ 951
Administrative expense		324	296	615	571
Research and development expense		<u>75</u>	<u>114</u>	<u>153</u>	<u>224</u>
		<u>\$ 967</u>	<u>\$ 884</u>	<u>\$ 1,882</u>	<u>\$ 1,746</u>

See Note 15 for information on the amortization expenses of intangible assets allocated to individual line items.

(VI) Employee benefit expense

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Post-employment benefits				
Defined contribution plans	\$ 3,755	\$ 3,624	\$ 8,108	\$ 7,460
Defined benefit plan (Note 21)	117	134	248	261
	3,872	3,758	8,356	7,721
Share-based payment (Note 23)				
Equity settlement	-	-	320	-
Other employee benefits	115,280	96,361	214,378	191,468
	<u>\$ 119,152</u>	<u>\$ 100,119</u>	<u>\$ 223,054</u>	<u>\$ 199,189</u>
Summary by function				
Operating costs	\$ 81,458	\$ 66,331	\$ 150,952	\$ 132,129
Operating expenses	37,694	33,788	72,102	67,060
	<u>\$ 119,152</u>	<u>\$ 100,119</u>	<u>\$ 223,054</u>	<u>\$ 199,189</u>

(VII) Profit-sharing remuneration for employees and directors

If the Company makes a profit in a year, the Company shall set aside 6% to 15% of the profit as profit-sharing remuneration for employees, in stock or cash as resolved by the Board of Directors in the form of stock or cash, including employees of the Company's subsidiaries who meet certain criteria; the Company may set aside not more than 3% of the above profit as remuneration to directors as resolved by the Board of Directors. Proposal for profit-sharing remuneration for employees and profit-sharing remuneration for directors should be reported to the shareholders' meeting. However, if the Company still has accumulated losses, the amount of loss make-up shall be reserved first, and then the profit-sharing remuneration for employees and directors can be appropriated in accordance with the aforementioned percentages.

The period from January 1 to June 30, 2023 was a net loss before tax, so staff remuneration and directors' remuneration are not estimated.

The estimated amount of employee compensation and directors' compensation from January 1 to June 30, 2024 based on the aforementioned pre-tax benefits is as follows:

Estimated percentage

	January 1 to June 30, 2024
Profit-sharing remuneration for employees	9.68%
Profit-sharing remuneration for directors	2.91%

Amount

	April 1 to June 30, 2024	January 1 to June 30, 2024
Profit-sharing remuneration for employees	<u>\$ 12,517</u>	<u>\$ 16,509</u>
Profit-sharing remuneration for directors	<u>\$ 3,866</u>	<u>\$ 4,952</u>

If there is a change in the amounts after the standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the next year.

The year ended December 31, 2023 was a net loss before tax, so staff remuneration and directors' remuneration are not estimated. The Board of Directors resolved the following on March 9, 2023 for the profit-sharing remuneration for employees and directors of 2022:

	2022
	Cash
Profit-sharing remuneration for employees	\$ 16,554
Profit-sharing remuneration for directors	4,966

There was no difference between the actual amount of profit-sharing remuneration for employees and profit-sharing remuneration for directors for 2022 and the amounts recognized in the consolidated financial statements for 2022.

Please see “Market Observation Post System” (MOPS) under the Taiwan Stock Exchange for the information on the profit-sharing remuneration for employees and profit-sharing remuneration for directors resolved by the Board of Directors.

#### XXVI. Income tax

##### (I) Income tax expense recognized in profit or loss

The main components of income tax (benefit) expense are as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Current income tax				
Generated in the current period	( \$ 1,671 )	\$ 11	\$ 1,396	\$ 11
Additional levy on undistributed earnings	-	-	-	-
Adjustments for prior years	207	1,204	207	1,204
Income tax expense recognized in profit or loss	( \$ 1,464 )	\$ 1,215	\$ 1,603	\$ 1,215

##### (II) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities through 2021.

#### XXVII. Earnings per share (loss)

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	Unit: NTD per share January 1 to June 30, 2023
Basic earnings (loss) per share	\$ 0.91	( \$ 0.15 )	\$ 1.13	( \$ 0.93 )
Diluted earnings (loss) per share	\$ 0.90	( \$ 0.15 )	\$ 1.10	( \$ 0.93 )

The net profit (loss) and weighted average number of shares of common stock used to calculate earnings (loss) per share were as follows:

##### Net profit (loss) for the period

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net profit (Loss) attributed to owners of the Company	\$ 119,749	( \$ 19,828 )	\$ 148,812	( \$ 123,055 )
Net profit (loss) used to calculate basic earnings (loss) per share	\$ 119,749	( \$ 19,828 )	\$ 148,812	( \$ 123,055 )

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Effect of potentially dilutive common stock				
Convertible bonds	8,857	-	8,578	-
Profit-sharing remuneration for employees	-	-	-	-
Employee stock options	-	-	-	-
Net profit (loss) used to calculate diluted earnings (loss) per share	<u>\$ 128,606</u>	<u>( \$ 19,828 )</u>	<u>\$ 157,390</u>	<u>( \$ 123,055 )</u>

#### Number of shares

(Units: In thousands)

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Weighted average number of shares of common stock used to calculate basic (loss) earnings per share	132,205	131,799	132,205	131,799
Effect of potentially dilutive common stock				
Convertible bonds	10,375	-	10,692	-
Profit-sharing remuneration for employees	393	-	393	-
Employee stock options	-	-	-	-
Weighted average number of shares of common stock used to calculate diluted earnings (loss) per share	<u>142,973</u>	<u>131,799</u>	<u>143,290</u>	<u>131,799</u>

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

If the company's outstanding convertible corporate bonds of January 1 to June 30, 2023 are converted, they are not included in the calculation of diluted earnings per share due to their anti-dilution effect.

#### XXVIII. Equity transactions with non-controlling interests

On April 25, 2024, the Consolidated Company did not recognize the new shares issued by POMIRAN METALIZATION RESEARCH CO., LTD. in cash capital increase in proportion to shareholding, resulting in an increase in shareholding ratio from 85% to 93%.

Since the above transaction did not change the Consolidated Company's control over the subsidiary, the Consolidated Company treated it as an equity transaction.



POMIRAN  
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RESEARCH CO., LTD.

2024

Cash consideration received	\$ 2,064
The carrying amount of net assets of subsidiaries should be transferred to non-controlling interests based on the relative changes in equity.	( <u>4,356</u> )
Equity transaction difference	( <u>\$ 2,292</u> )

Adjustment for equity transaction difference:

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METALIZATION  
RESEARCH CO., LTD.

2024

Capital surplus - recognition of changes in ownership interests in subsidiaries	( <u>\$ 2,292</u> )
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XXIX. Government grants

The Consolidated Company's application for the "Low Carbon Millimeter Wave Materials and Carbon Reduction Process Technology Development Project" of the Ministry of Economic Affairs has been reviewed and approved with a grant amount of \$40,000 thousand. As of June 30, 2024, the accumulated amount granted was \$33,740 thousand.

XXX. Capital risk management

The Consolidated Company manages its capital to ensure that it will be able to maximize shareholders return as a going concern through the optimization of the debt and equity balance.

The Consolidated Company's capital structure consists of net debt of the Consolidated Company (loan less cash and cash equivalent) and equity (stock capital, capital surplus, retained earnings, other equity and non-controlling interests).

XXXI. Financial instruments

(I) Information on fair value - Financial instruments not at fair value  
June 30, 2024

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	\$ 245,705	\$ 246,746	\$ -	\$ -	\$ 246,746

December 31, 2023

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	\$ 583,415	\$ 585,240	\$ -	\$ -	\$ 585,240

June 30, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	<u>\$ 577,898</u>	<u>\$ 580,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,800</u>

## (II) Information on fair value - Financial instruments at fair value on a recurring basis

## 1. Fair value hierarchy

June 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ -	\$ -	\$ -
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 468	\$ 468

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 1,014	\$ -	\$ 1,014
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 467	\$ 467

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 3,534	\$ -	\$ 3,534
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 473	\$ 473

There was no transfer of fair value measurements between Level 1 and Level 2 from January 1 to June 30, 2024 and 2023.

2. Valuation techniques and input value used in Level 2 fair value measurement

Type of financial instruments	Valuation techniques and input values
Derivative instruments - Value of convertible bond redemption rights	Binary tree convertible bond valuation model: tracks the evolution of option key underlying variables over discrete time periods through a binary tree at multiple time steps between the valuation date and the maturity date. Each node of the tree represents the probable price at a given point in time.

3. Reconciliation of Level 3 fair value measurements on financial instruments

January 1 to June 30, 2024

	Financial assets at fair value through other comprehensive income Equity instruments
Balance at the beginning of the year	\$ 467
Recognized in other comprehensive income - Unrealized gain or loss on financial assets at fair value through other comprehensive income	1
Balance at end of the period	<u>\$ 468</u>

January 1 to June 30, 2023

	Financial assets at fair value through other comprehensive income Equity instruments
Balance at the beginning of the year	\$ 439
Recognized in other comprehensive income - Unrealized gain or loss on financial assets at fair value through other comprehensive income	34
Balance at end of the period	<u>\$ 473</u>

4. Valuation techniques and input value used in Level 3 fair value measurement

Domestic unlisted equity investments are valued using the asset method, and the total value of individual assets and liabilities covered by the underlying asset is assessed to reflect the overall value of the enterprise or business.

(III) Type of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,057,973	\$ 799,205	\$ 755,797
Financial assets at fair value through other comprehensive income - investments in equity instruments	468	467	473

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Measured at fair value through profit or loss - held-for-trading	-	1,014	3,534
Measure at amortized cost (Note 2)	1,692,306	1,748,814	1,724,849

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost such as notes receivable, accounts receivable, other receivables (included related parties) and other current assets at amortized cost.

Note 2: The balance includes short-term loans, notes payable and accounts payable, other payables, corporate bonds due within one year, payables for equipment, other current liabilities, long-term loans due within one year and long-term loans and other financial liabilities at amortized cost.

(IV) Financial risk management objectives and policies

The Consolidated Company's major financial instruments include equity, accounts receivable, accounts payable, corporate bonds payable and loans. The Consolidated Company's financial management department provides services to each business unit, coordinates access to financial markets, and monitors and manages the financial risks associated with the Consolidated Company's operations through internal risk reporting that analyzes the exposure based on the level and breadth of risk. Such risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Consolidated Company mitigates the impact of these risks by hedging the exposure through derivative financial instruments. The use of derivative financial instruments is governed by the policies approved by the Consolidated Company's Board of Directors, which are the written principles for exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review compliance with the policies and the exposure limits on an ongoing basis. The Consolidated Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risks to which the Consolidated Company is exposed as a result of its operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The Consolidated Company engages in derivative financial instruments (including forward exchange contracts) to manage its exposure to risk of foreign currency exchange rate and interest rate.

(1) Exchange rate risk

A portion of the Consolidated Company's cash inflows and outflows are denominated in foreign currencies, and therefore have a natural hedging effect. The Consolidated Company's management of exchange rate risk is for hedging purposes and not for profit-making purposes.

The carrying amounts of the Consolidated Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the Consolidated Financial Statements) are described in Note 36.

### Sensitivity analysis

The Consolidated Company is mainly affected by fluctuations in USD, RMB and JPY.

The following table details the Consolidated Company's sensitivity analysis when the functional currency appreciates and depreciates by 5% against each of the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translations at year end by a 5% change in exchange rates. The sensitivity analysis covers cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables and short-term loans. The following table represents the increase or decrease in net profit before tax if NTD appreciates by 5% against each of the relevant currencies.

	Effect of USD		Effect of RMB		Effect of JPY	
	January 1 to	January 1 to	January 1 to	January 1 to	January 1 to	January 1 to
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Profit or loss	( \$ 5,760 )	( \$ 6,513 )	( \$ 19,940 )	( \$ 7,464 )	( \$ 1 )	\$ 3

### (2) Interest rate risk

Interest rate risk arises because the Consolidated Company holds both fixed and floating rate assets and liabilities.

The carrying accounts of financial assets and liabilities exposed to interest rate risk at the date of balance sheet are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
With fair value interest rate risk			
- Financial assets	\$ 134,630	\$ 169,655	\$ 102,664
- Financial liabilities	440,663	788,521	792,573
With cash flow interest rate risk			
- Financial assets	224,065	228,718	271,296
- Financial liabilities	1,247,548	957,409	992,113

### Sensitivity analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet. For the floating rate assets and liabilities, the analysis is to assume that the amount of assets and liabilities outstanding at the date of balance sheet is all outstanding for the reporting period.

If the annual interest rate increases/decreases by 0.1%, with all other variables held constant, the Consolidated Company's net profit before tax would have decreased/increased by \$512 thousand and \$360 thousand from January 1 to June 30, 2024 and 2023, respectively, mainly due to the interest rate exposure on the Consolidated Company's variable-rate net liabilities and loans.

### 2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Company. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk that may result in financial losses due to non-performance of counterparties' obligations mainly arises from the carrying amount of financial assets recognized in the consolidated balance sheets.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the percentages of receivables from the top ten customers to the Consolidated Company's receivables were 92%, 78% and 91%, respectively.

### 3. Liquidity risk

The Consolidated Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Consolidated Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management of the Consolidated Company monitors the utilization of financing lines and ensures compliance with terms of loan contracts.

Bank loans are a material source of liquidity to the Consolidated Company. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Consolidated Company had undrawn financing lines as described in (2) Description of Financing Facilities below.

#### (1) Liquidity and interest rate risk table

The following table details the analysis of the remaining contract maturities of the Consolidated Company's non-derivative financial liabilities with agreed repayment periods, which are based on the earliest possible date on which the Consolidated Company could be required to make repayments, and is prepared using the undiscounted cash flows of financial liabilities, including cash flows of interests and principals.

The Consolidated Company's bank loans that are repayable on demand immediately are listed in the table below with the earliest possible date, regardless of the probability that banks will immediately enforce the rights; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

#### June 30, 2024

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 85,607	\$ 57,902	\$ 13,677	\$ 19	\$ -
Lease liabilities	2,122	4,243	19,095	101,449	55,085
Floating interest rate instruments	21,248	111,701	270,399	887,661	-
Fixed interest rate instruments	-	30,174	250,300	-	-
	<u>\$ 108,977</u>	<u>\$ 204,020</u>	<u>\$ 553,471</u>	<u>\$ 989,129</u>	<u>\$ 55,085</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 25,460	\$ 101,449	\$ 55,085	\$ -
Floating interest rate instruments	403,348	887,661	-	-
Fixed interest rate instruments	280,474	-	-	-
	<u>\$ 709,282</u>	<u>\$ 989,110</u>	<u>\$ 55,085</u>	<u>\$ -</u>

#### December 31, 2023

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 56,173	\$ 68,810	\$ 16,921	\$ 19	\$ -
Lease liabilities	2,126	4,252	18,987	100,933	67,469
Floating interest rate instruments	13,068	130,072	208,629	636,121	-
Fixed interest rate instruments	-	30,165	600,000	-	-
	<u>\$ 71,367</u>	<u>\$ 233,299</u>	<u>\$ 844,537</u>	<u>\$ 737,073</u>	<u>\$ 67,469</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 25,365	\$ 100,933	\$ 67,469	\$ -

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Floating interest rate instruments	351,769	636,121	-	-
Fixed interest rate instruments	630,165	-	-	-
	<u>\$ 1,007,299</u>	<u>\$ 737,054</u>	<u>\$ 67,469</u>	<u>\$ -</u>

#### June 30, 2023

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 47,756	\$ 53,842	\$ 16,782	\$ 19	\$ -
Lease liabilities	2,116	4,234	18,778	100,013	80,006
Floating interest rate instruments	13,668	109,842	207,686	693,854	-
Fixed interest rate instruments	-	30,151	600,000	-	-
	<u>\$ 63,540</u>	<u>\$ 198,069</u>	<u>\$ 843,246</u>	<u>\$ 793,886</u>	<u>\$ 80,006</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 25,128	\$ 100,013	\$ 80,006	\$ -
Floating interest rate instruments	331,196	693,854	-	-
Fixed interest rate instruments	630,151	-	-	-
	<u>\$ 986,475</u>	<u>\$ 793,867</u>	<u>\$ 80,006</u>	<u>\$ -</u>

#### (2) Financing lines

	June 30, 2024	December 31, 2023	June 30, 2023
The unsecured bank loan lines may be extended by mutual consent			
- Amount drawn	\$ 493,423	\$ 511,753	\$ 676,685
- Amount undrawn	<u>1,083,249</u>	<u>1,193,525</u>	<u>1,197,960</u>
	<u>\$ 1,576,672</u>	<u>\$ 1,705,278</u>	<u>\$ 1,874,645</u>
The secured bank loan lines may be extended by mutual consent			
- Amount drawn	\$ 815,137	\$ 475,657	\$ 357,787
- Amount undrawn	<u>402,988</u>	<u>589,999</u>	<u>730,382</u>
	<u>\$ 1,218,125</u>	<u>\$ 1,065,656</u>	<u>\$ 1,088,169</u>

#### XXXII. Related party transactions

Transactions, balances, income and expenses between the Company and subsidiaries (related parties of the Company) may be all eliminated in consolidation, which are thus not disclosed in the note.

Transactions between the Consolidated Company and other related parties as follows:

##### (I) Related party name and relationship

Related party name	Relationship with the Consolidated Company
POMIRAN TECHNOLOGY, LIMITED	De facto related party

##### (II) Operating revenue

Type of related party	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
De facto related party	<u>\$ 226</u>	<u>\$ 417</u>	<u>\$ 750</u>	<u>\$ 571</u>

(III)	Purchases				
	Type of related party	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
	De facto related party	<u>\$ -</u>	<u>\$ 291</u>	<u>\$ 964</u>	<u>\$ 1,650</u>
(IV)	Lease income (operating lease)				
	Type of related party	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
	De facto related party	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 11</u>	<u>\$ 11</u>
(V)	Accounts receivable - related parties				
	Type of related party	June 30, 2024	December 31, 2023		June 30, 2023
	De facto related party	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 34</u>
(VI)	Other receivables - related parties (posted as other current assets)				
	Type of related party	June 30, 2024	December 31, 2023		June 30, 2023
	De facto related party	<u>\$ 2</u>	<u>\$ 2</u>		<u>\$ 2</u>
(VII)	Accounts payable - related parties				
	Type of related party	June 30, 2024	December 31, 2023		June 30, 2023
	De facto related party	<u>\$ -</u>	<u>\$ 334</u>		<u>\$ 306</u>
(VIII)	Temporary receipts (posted as other current liabilities)				
	Type of related party	June 30, 2024	December 31, 2023		June 30, 2023
	De facto related party	<u>\$ 1,656</u>	<u>\$ 1,427</u>		<u>\$ 1,452</u>

The purchase and sale transactions between the Consolidated Company and its related parties are based on mutually agreed prices and terms, and there are no other counterparties for comparison.

Rentals under lease contracts between the Consolidated Company and its related parties are determined and collected in accordance with contractual provisions.

- (IX) Part of the long-term and short-term loans and letters of credit issued by the Company were jointly guaranteed by key management, and the remaining amount was NT\$573 thousand and NT\$5,516 thousand as of December 31, 2023 and June 30, 2023, respectively.

(X)	Remuneration of key management				
		April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
	Short-term employee benefits	\$ 8,473	\$ 3,736	\$ 13,686	\$ 7,239
	Post-employment benefits	<u>101</u>	<u>113</u>	<u>987</u>	<u>225</u>
		<u>\$ 8,574</u>	<u>\$ 3,849</u>	<u>\$ 14,673</u>	<u>\$ 7,464</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on the value of the individual's participation in and contribution to the operations of the Consolidated Company and with reference to the usual industry standards.

### XXXIII. Pledged Assets

The following assets of the Consolidated Company were pledged as collaterals for bank loans, post release duty payment to customs, and security deposits for the land leased from the Science Park Administration and for issuing letters of credit.



	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 1,504,219	\$ 1,522,794	\$ 1,541,369
Pledged time deposits (posted as financial assets at amortized cost)	<u>16,923</u>	<u>16,923</u>	<u>16,923</u>
	<u>\$ 1,521,142</u>	<u>\$ 1,539,717</u>	<u>\$ 1,558,292</u>

XXXIV. Significant Contingent Liabilities and Unrecognized Commitments

On October 7, 2020, DuPont de Nemours, Inc. (DuPont) filed a patent infringement lawsuit against the Company and its person in charge in the Intellectual Property Court, claiming that the Company infringed its R.O.C. patent No. I519576, "Polymethyleneimine Film for Matting Surface Treatment and Method of Relating to Such Film", and requesting payment of NT\$6,650thousand, plus interest at 5% per annum from the date of service of the statement of claim to the date of settlement. On November 30, 2021, the Intellectual Property Court rendered a judgment of first instance, ruling that "the plaintiff's suit and the claim for provisional execution are dismissed, and the plaintiff shall bear the costs of the litigation. After receiving the judgment of defeat in the first instance, DuPont appealed against the judgment and on July 29, 2022, the Intellectual Property Court entered the second instance judgment dismissing DuPont's appeal. However, DuPont still refused to accept the judgment of the second instance and filed an appeal on August 31, 2022. The Supreme Court rendered DuPont's appeal on April 3, 2024, ruling that the plaintiff's claim is dismissed, and the plaintiff shall bear the cost of the litigation.

- (II) As of June 30, 2024, December 31, 2023 and June 30, 2023, the amounts of letters of credit issued by the combined Company that are not in use are set out below:

	Unit: In thousands of each foreign currency		
	June 30, 2024	December 31, 2023	June 30, 2023
USD	<u>\$ 102</u>	<u>\$ 111</u>	<u>\$ 160</u>
RMB	<u>\$ 1,151</u>	<u>\$ 4,070</u>	<u>\$ 1,142</u>

XXXV. Others

On February 15, 2023, the President announced amendments to the Climate Change Response Act and added regulations for the collection of carbon fees. Subsequently, the Ministry of Environment announced the "Carbon Fee Charging Methods", "Autonomous Reduction Plan Management Measures" and "Carbon Fee Collection Measures" on April 29, 2024. Draft "Specification Target for Greenhouse Gas Reduction Targets for Fee Collection". According to the draft carbon fee charging method, the carbon fee is levied on emission sources that comply with the Ministry of Environment's announcement and should be inventoried, registered and inspected, and the total annual greenhouse gas emissions from direct emissions and indirect emissions from the use of electricity exceed 25,000 Metric tons of CO2 equivalent in the power industry and large manufacturing.

Based on the emissions of the combined company in 2023, it is expected that the aforementioned threshold will be reached in 2024. However, the above draft provisions are still in the notice stage and the carbon fee rate has not yet been announced, so the merged company is still unable to reasonably estimate the impact of the carbon fee.

XXXVI. Information on Foreign-currency-denominated Assets and Liabilities with Significant Effect

The following information is summarized according to the foreign currencies other than the functional currency of the Consolidated Company. The exchange rates disclosed are used to translate the foreign currencies into the functional currency. Assets and liabilities denominated in foreign currencies with significant effect were as follows:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate	Foreign currency	Exchange rate
<b>Financial assets</b>						
<u>Monetary items</u>						
USD	\$ 3,893	32.45	\$ 2,706	30.705	\$ 4,575	31.14
RMB	97,652	4.445	65,598	4.327	35,651	4.282
JPY	1,375	0.2017	606	0.2172	927	0.215
<b>Financial liabilities</b>						
<u>Monetary items</u>						
USD	343	32.45	252	30.705	392	31.14
RMB	7,932	4.445	5,901	4.327	788	4.282
JPY	1,266	0.2017	1,250	0.2172	1,250	0.215

The foreign currency exchange gains and losses (realized and unrealized) of the combined company from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023 were a net gain (loss) of \$5,536 thousand, (\$530) thousand, \$15,345 thousand and \$583 thousand respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the Group individuals, it is not possible to disclose the foreign currency exchange gains and losses by foreign currency with significant impact.

#### XXXVII. Other Disclosures

- (I) Significant transactions: There are no other disclosures than those listed below:
  1. Endorsements and guarantees for others: Table 1.
  2. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures under control): Table 2.
  3. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
  4. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
  5. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 8.
- (I) Information on Investees: Table 5.
- (III) Information on Investment in Mainland China:
  1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment gain or loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.
  2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: Table 7.
    - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - (3) The amount of property transactions and the amount of the resultant gains or losses.

- (4) The balance of negotiable instrument endorsements and guarantees or pledges of collateral at the end of the period and the purposes.
  - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financial accommodation.
  - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- (IV) Information on major shareholders: names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: (Table 9)

XXXVIII. Segment information

The operating decision makers of the Consolidated Company allocate resources and evaluate segment performance with emphasis on the overall consolidated financial information. While individual companies have similar economic characteristics and use similar manufacturing processes to produce similar products and sell them by the same sales methods. Therefore, the Consolidated Company is reported as a single operating segment. In addition, the segment information provided by the consolidated company to the operating decision makers for review shall be measured on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating segments shall be measured on the same basis as the preparation of this consolidated financial report. Therefore, the segment revenue and operating results that should be reported for 2024 and 2023 January 1 to June 30 can be referred to the consolidated income statement for 2024 and 2023 January 1 to June 30; reportable segment assets as of June 30, 2024, December 31, 2023 and June 30, 2023 can be referred to the consolidated balance sheet as of June 30, 2024, December 31, 2023 and June 30, 2023.

TAIMIDE TECH. INC. and Subsidiaries  
Endorsements and guarantees for others  
From January 1 to June 30, 2024

Table 1

Unit: Thousands of NTD, unless otherwise specified

No.	The company providing endorsement and guarantee	The party receiving endorsement and guarantee		Limit of endorsement and guarantee to a single enterprise (Note 2)	Maximum balance of endorsement and guarantee for the period	Balance of endorsement and guarantee at the end of the period	Actual amount drawn	Amount of endorsement and guarantee collateralized by properties	Ratio of accumulated guarantees to net worth of the most recent financial statements (%)	Maximum limit of endorsement and guarantee (Note 2)	Endorsement and guarantee by parent company for subsidiary	Endorsement and guarantee by subsidiary for parent company	Endorsement and guarantee for party in Mainland China	Remark
		Company name	Relationship											
0	The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Note 1	\$ 1,165,754	\$ 440,000	\$ 290,000	\$ 290,000	\$ -	10	\$ 2,331,508	Yes	—	—	—

Note 1: Subsidiaries directly held  
Note 2: The limit of the Company's endorsement and guarantee obligations for a single enterprise and subsidiary and the total amount of external endorsement and guarantee are limited to 40% and 80% of the Company's net worth, respectively.

TAIMIDE TECH. INC. and Subsidiaries  
Marketable securities held at the end of the period  
June 30, 2024

Table 2

Unit: Thousands of NTD, unless otherwise specified

Company held	Type of marketable securities	Name of marketable securities	Relationship with the issuers of the marketable securities	Account on the financial statements	The end of the period				Remark
					Number of shares	Carrying amount	Shareholding percentage (%)	Fair value	
The Company	Stocks	POMIRAN TECHNOLOGY, LIMITED	—	Financial assets at fair value through other comprehensive income- non-current	110,000	\$ 468	10	\$ 468	Note 1

Note 1: Presented at book value.  
Note 2: As of June 30, 2024, there were no guarantees, collateral loans or other contractually restriction on the use of the marketable securities listed above.

TAIMIDE TECH. INC. and Subsidiaries  
Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital  
From January 1 to June 30, 2024

Table 3Unit: Thousands of NTD, unless otherwise specified

Purchase (sales) company	Name of counterparty	Relationship	Transaction details				Circumstances and reasons why the terms of the transaction differ from those of general transactions.		Notes and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	KUNSHAN TAIMIDE TECH. INC.	Subsidiary indirectly held	Sales	\$ 205,054	19%	In accordance with the mutually agreed terms	\$ -	-	\$ 251,445	34%	—

TAIMIDE TECH. INC.  
Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital  
June 30, 2024

Table 4

Unit In Thousands of NTD, unless stated otherwise

The company recorded the transaction as accounts receivable	Name of counterparty	Relationship	Balance of receivables from related parties (Note)	Turnover rate	Past due receivables from related parties		Amount of receivables from related parties collected in the subsequent period	Provision of allowance for loss
					Amount	Handling method		
The Company	KUNSHAN TAIMIDE TECH. INC.	Subsidiary indirectly held	\$ 251,445	2.00	\$ -	—	\$ 31,419	\$ -

Note : The transactions between the investment companies have been written off when preparing the consolidated financial reports.

Table 5

Unit: Thousands of NTD, unless otherwise specified.

Note 1: The foreign currency portion is converted at the US dollar exchange rate as of June 30, 2024.  
 Note 2: The calculation was made based on the investee's financial statements that have not been reviewed by CPAs for the same period.  
 Note 3: Including the elimination of unrealized profit or loss on intercompany transactions.



TAIMIDE TECH. INC. and Subsidiaries  
Information on Investment in Mainland China  
From January 1 to June 30, 2024

Table 6

Unit: Thousands of NTD, unless otherwise specified.

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or repatriated during the period		Accumulated investment amount remitted from Taiwan at the end of the year	Profit for the period of investee	Shareholding percentage of the Company's direct or indirect investment	Investment gain recognized in the period (Note 2)	Carrying amount of investment at the end of the period	Investment income repatriated as of the end of the period
					Outward remittance	Repatriation						
KUNSHAN TAIMIDE TECH. INC.	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	\$ 6,490 ( USD200 thousand )	Note 1	\$ 6,490 (USD 200 thousand)	\$ -	\$ -	\$ 6,490 ( USD200 thousand )	\$ 3,978	100%	\$ 6,954	\$ 53,709	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission, MOEA	60% of the net investment limit in Mainland China as stipulated by the Investment Commission, MOEA
\$6,490 (USD 200 thousand)	\$6,490 (USD 200 thousand)	\$1,748,631

Note 1: The Company invested in TAIMIDE INTERNATIONAL INC. and then invested in Mainland China through this company. The investment was approved by the Investment Commission, MOEA and the approved investment amount was USD 200 thousand.

Note 2: The calculation was made based on the investee's financial statements that have not been reviewed by CPAs for the same period.

Note 3: The foreign currency portion is converted at the US dollar exchange rate as of June 30, 2024.

TAIMIDE TECH. INC. and Subsidiaries  
Significant direct or indirect transactions through a third region with the investee in the Mainland China, and its prices and terms of payment, unrealized gain or loss and other related information.  
From January 1 to June 30, 2024

Table 7

Unit: Thousands of NTD, unless otherwise specified

Name of the trading party	Counterparty	Relationship between the Company and the counterparty	Type of transaction	Sales		Price	Trading terms		Notes and accounts receivable (payable)		Unrealized gain	Remark
				Amount	Percentage		Payment terms	Comparison with general transactions	Amount	Percentage		
The Company	KUNSHAN TAIMIDE TECH. INC.	Subsidiary indirectly held	Sales	\$ 205,054	19%	In accordance with the mutually agreed price	In accordance with the mutually agreed terms	No other comparable counterparty	\$ 251,445	34%	\$ 9,793	—

TAIMIDE TECH. INC. and Subsidiaries  
The business relationship and significant transactions between the parent and the subsidiaries  
From January 1 to June 30, 2024

Table 8 Unit: Thousands of NTD

No.	Name of the trading party	Counterparty	Relationship with the trading party (Note 1)	Transaction details			
				Account on the financial statements	Amount	Trading terms (Note 2)	As a percentage of consolidated total revenue or total assets
0	The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	1	Sales revenue	\$ 460	—	-
				Accounts receivable	398	—	-
				Other payables	279	—	-
				Service expense	360	—	-
		KUNSHAN TAIMIDE TECH. INC.	2	Sales revenue	205,054	—	19%
				Accounts receivable	251,445	—	5%

Note 1: 1. Representing parent company's transactions to subsidiary.  
2. Representing parent company's transactions to sub-subsidiary.  
Note 2: The transactions between the Company and its subsidiaries are based on the prices and terms agreed by both parties, and there is no other comparable counterparties.

TAIMIDE TECH. INC.  
Information on Major Shareholders  
June 30, 2024

Table 9

Name of major shareholder	Shares	
	Number of shares held	Shareholding percentage
Sheng-Chang Wu	7,059,232	5.33%

Note: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury stocks, at the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.