

Taiwan Mask Corporation
Parent Only financial statements and independent auditor's report
2024 and 2023
(Stock Code: 2338)

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Taiwan Mask Corporation
2024 and 2023 Parent Only Financial Statements and Independent Auditor's Report
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Independent Auditors' Report

(114) Tsai-Sheng-Bao-Zi No. 24005005

To Taiwan Mask Corporation:

Opinions

We have audited the accompanying parent-only balance sheets of Taiwan Mask Corporation as of December 31, 2024 and 2023, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2024 and 2023, and notes to the parent-only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the parent-only financial statements present fairly, in all material respects, the standalone financial position of Taiwan Mask Corporation as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years ending on December 31, 2024 and 2023, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in Taiwan. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of Taiwan Mask Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of Taiwan Mask Corporation of fiscal year 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole and, in forming our opinion thereon, we do not provide a standalone opinion on these matters.

Key audit matters for the parent-only financial statements in fiscal year 2024 are stated as follows:

Income recognition

Explanation

For the accounting policy on income recognition, please refer to Note 4 (27) of the financial report. For sales revenue please refer to Note 6 (21); the operating income in fiscal year 2024 is NT\$4,260,484 thousand.

Taiwan Mask Corporation mainly produces and sells products such as masks and integrated circuits used in semiconductors, and has a large and diversified sales base. Trading conditions vary according to market conditions and customer needs. Considering that sales revenue is a major transaction that has a significant impact on the standalone financial statements, we believe that the recognition of sales revenue is one of the most important matters to be considered in this year's audit.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand the type of major income and assess internal operations, review revenue recognition and accounting treatment.
2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to determine the appropriateness of the sales revenue.
3. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

Responsibilities of management and those charged with governance for the parent only financial statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent only financial statements, management is responsible for assessing Taiwan Mask Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Taiwan Mask Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing Taiwan Mask Corporation's financial reporting process.

Independent auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the parent only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC AS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, Individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit conducted in accordance with ROC AS, we exercise professional judgment and professional skepticism throughout the audit. We also conduct the following undertakings:

1. Identify and assess the risks of material misstatement of the parent only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Taiwan Mask Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Taiwan Mask Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause Taiwan Mask Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Taiwan Mask Corporation to express an opinion on the parent only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit for the current period.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonable are expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Ya-Hui Cheng

CPA

Chien-Yu Liu

Securities and Futures Bureau of Financial Supervisory
Commission of the Executive Yuan

Approval Document for Attestation: Jin-Guan-Zheng-Liu-Zi
No. 0960072936

Financial Supervisory Commission of the Executive Yuan
Approval Document for Attestation: Jin-Guan-Zheng-Shen-Zi
No. 1090350620

March 12, 2025

Taiwan Mask Corporation
Parent Only Balance Sheets
December 31, 2024 and 2023

Unit: NT\$ Thousand

Assets		Notes	December 31, 2024		December 31, 2023			
			Amount	%	Amount	%		
Current assets								
1100	Cash and Cash Equivalents	6(1)	\$	532,868	3	\$	451,993	3
1110	Financial Assets at Fair Value	6(2) and 8						
	Through Profit or Loss - Current			1,050,247	7		397,340	3
1136	Financial Assets at Amortized Cost -	6(3)						
	Current			-	-		3,000	-
1140	Contract Asset - Current	6(21)		76,496	1		86,821	-
1170	Accounts Receivables (Net)	6(4)		795,123	5		685,798	5
1180	Accounts Receivables - Related	6(4) and 7						
	Parties (Net)			5,612	-		6,494	-
1200	Other Receivables			19,243	-		4,520	-
1210	Other Receivables - Related Parties	7		602,437	4		90,940	-
130X	Inventories	6(5)		205,380	1		129,575	1
1410	Prepayments			104,704	1		97,617	1
1470	Other Current Assets			752	-		190	-
11XX	Total Current Assets			3,392,862	22		1,954,288	13
Non-Current Assets								
1510	Financial Asset at Fair Value Through	6(2) and 8						
	Profit or Loss - Non Current			57,520	-		859,962	6
1535	Financial Assets at Amortized Cost -	6(3) and 8						
	Non Current			518,270	3		417,504	3
1550	Investment under Equity Method	6(6)		1,296,209	9		1,866,791	13
1600	Property, plant and equipment	6(7) and 8		8,713,454	57		7,862,213	54
1755	Right-of-use Asset	6(8)		401,774	3		535,527	4
1760	Investment property (Net)	6(10) and 8		585,436	4		662,854	5
1780	Intangible assets			28,286	-		45,675	-
1840	Deferred Income Tax Assets	6(28)		13,011	-		5,310	-
1900	Other Non-Current Assets	6(11)		346,110	2		359,147	2
15XX	Total Non-Current Assets			11,960,070	78		12,614,983	87
1XXX	Total Assets		\$	15,352,932	100	\$	14,569,271	100

(Continued)

Taiwan Mask Corporation
Parent Only Balance Sheets
December 31, 2024 and 2023

Unit: NT\$ Thousand

Liabilities and Equities			December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short Term Loans	6(12)	\$ 2,406,478	16	\$ 1,079,983	8
2120	Financial Liabilities at Fair Value	6(2)				
	Through Profit or Loss - Current		19,204	-	9,383	-
2130	Contract Liabilities - Current	6(21)	13,611	-	33,984	-
2170	Accounts Payable		116,962	1	117,596	1
2200	Other Payables	6(13)	819,364	5	669,580	5
2220	Other Payables - Related Parties	7	793	-	4,131	-
2230	Income Tax Liabilities for the Period		-	-	2,623	-
2280	Lease Liability - Current		25,928	-	31,939	-
2320	Long-term liabilities due within one year or one business cycle	6(15)	857,444	6	872,834	6
2399	Other Current Liabilities - Other		24,108	-	47,783	-
21XX	Total Current Liabilities		4,283,892	28	2,869,836	20
Non-current liabilities						
2530	Corporate bonds payable	6(14)	3,609,156	23	3,424,600	23
2540	Long-term Loans	6(15)	2,634,986	17	2,592,429	18
2570	Deferred Income Tax.	6(28)	-	-	219	-
2580	Lease liability - Non Current		388,343	3	514,436	4
2640	Defined Benefit Liabilities - Non Current	6(16)	7,473	-	10,648	-
2645	Guarantee Deposits Received	6(31)	33,914	-	33,961	-
25XX	Total Non-Current Liabilities		6,673,872	43	6,576,293	45
2XXX	Total Liabilities		10,957,764	71	9,446,129	65
	Capital	6(17)				
3110	Capital stock		2,564,562	17	2,564,465	18
	Capital surplus	6(18)				
3200	Capital surplus		1,532,041	10	1,439,959	9
	Retained earnings	6(19)				
3310	Legal reserve		863,958	6	827,460	6
3350	Unappropriated earnings		581,828	4	1,464,101	10
	Other equity interests	6(20)				
3400	Other equity interests		20,148	-	1,641	-
3500	Treasury stock	6(17)	(1,167,369)	(8)	(1,174,484)	(8)
3XXX	Total Equities		4,395,168	29	5,123,142	35
	Major Commitments and Contingencies	9				
	Major Events after Financial Statement Date	11				
3X2X	Total Liabilities and Equities		\$ 15,352,932	100	\$ 14,569,271	100

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen

Manager: Lidon Chen

Accounting Officer: Yu-Ming Fan

Taiwan Mask Corporation
Parent Only Statement of Comprehensive Income
January 1 to December 31 of 2024 and 2023

Unit: NT\$ Thousand
(Except for earnings (loss) per share in NT\$)

	Items	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating income	6 (21) and 7	\$ 4,260,484	100	\$ 3,985,541	100
5000	Operating costs	6(5)	(2,833,103)	(66)	(2,322,564)	(58)
5900	Gross profit		<u>1,427,381</u>	<u>34</u>	<u>1,662,977</u>	<u>42</u>
	Operating Expenses	6(26) (27)				
6100	Selling Expenses		(82,663)	(2)	(75,496)	(2)
6200	Administrative Expenses		(288,760)	(7)	(304,800)	(8)
6300	R&D Expenses		(201,143)	(5)	(152,015)	(4)
6450	Expected loss on credit impairment	12(2)	(3,295)	-	(418)	-
6000	Total Operating Expenses		<u>(575,861)</u>	<u>(14)</u>	<u>(532,729)</u>	<u>(14)</u>
6900	Operating profit		<u>851,520</u>	<u>20</u>	<u>1,130,248</u>	<u>28</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	18,675	-	27,316	1
7010	Other Incomes	6(23)	196,036	5	204,573	5
7020	Other Gains and Losses	6(24)	(172,931)	(4)	(8,162)	-
7050	Financial Costs	6(25)	(200,045)	(5)	(162,406)	(4)
7070	The share of subsidiaries, affiliates and joint venture profits and losses recognized by the equity method		<u>(1,070,993)</u>	<u>(25)</u>	<u>(579,274)</u>	<u>(15)</u>
7000	Total Non-Operating Incomes and Losses		<u>(1,229,258)</u>	<u>(29)</u>	<u>(517,953)</u>	<u>(13)</u>
7900	Net loss/profit before tax		<u>(377,738)</u>	<u>(9)</u>	<u>612,295</u>	<u>15</u>
7950	Income Tax Expense	6(28)	<u>(94,783)</u>	<u>(2)</u>	<u>(246,169)</u>	<u>(6)</u>
8200	Net (loss) profit for the period		<u><u>(\$ 472,521)</u></u>	<u><u>(11)</u></u>	<u><u>\$ 366,126</u></u>	<u><u>9</u></u>
	Other Comprehensive Incomes (Net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Re-measurements of defined benefit plan	6(16)	\$ 237	-	(\$ 1,145)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations	6(20)	<u>18,507</u>	<u>-</u>	<u>(8,867)</u>	<u>-</u>
8300	Other Comprehensive Incomes (Net)		<u><u>\$ 18,744</u></u>	<u><u>-</u></u>	<u><u>(\$ 10,012)</u></u>	<u><u>-</u></u>
8500	Total comprehensive income for the year		<u><u>(\$ 453,777)</u></u>	<u><u>(11)</u></u>	<u><u>\$ 356,114</u></u>	<u><u>9</u></u>
	Earnings (loss) per share	6(29)				
9750	Basic		<u><u>(\$ 2.21)</u></u>		<u><u>\$ 1.75</u></u>	
9850	Diluted		<u><u>(\$ 2.21)</u></u>		<u><u>\$ 1.65</u></u>	

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen

Manager: Lidon Chen

Accounting Officer: Yu-Ming Fan

Taiwan Mask Corporation
Parent Only Changes of Equity Statements
January 1 to December 31 of 2024 and 2023

Unit: NT\$ Thousand

	Notes	Capital stock	Capital surplus	Retained earnings		Other equity interests		Treasury stock	Total Equity
				Legal reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income		
<u>2023</u>									
Balance as at January 1, 2023		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920
Net profit for the period		-	-	-	366,126	-	-	-	366,126
Other Comprehensive Profit or Loss	6(20)	-	-	-	(1,145)	(8,867)	-	-	(10,012)
Total comprehensive income for the year		-	-	-	364,981	(8,867)	-	-	356,114
Distribution and appropriation of earnings for 2022	6(19)	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	57,508	(57,508)	-	-	-	-
Cash dividends		-	-	-	(572,665)	-	-	-	(572,665)
Distribution of cash from capital surplus	6(18)	-	(49,797)	-	-	-	-	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	6(18)	-	90,829	-	-	-	-	-	90,829
Changes in ownership interests in subsidiaries recognized	6(18)	-	133,604	-	-	-	-	-	133,604
Changes in shares of affiliates and joint ventures recognized under the equity method	6(18)	-	13,793	-	-	-	-	-	13,793
Subsidiaries donated treasury stock	6(17)	-	-	-	-	-	-	12,807	12,807
Treasury stocks transfer to employees	6(17)	-	-	-	-	-	-	591,688	591,688
Payment of overdue unclaimed dividends to shareholders	6(18)	-	(151)	-	-	-	-	-	(151)
Balance as of December 31, 2023		<u>\$ 2,564,465</u>	<u>\$ 1,439,959</u>	<u>\$ 827,460</u>	<u>\$ 1,464,101</u>	<u>\$ 4,307</u>	<u>(\$ 2,666)</u>	<u>(\$ 1,174,484)</u>	<u>\$ 5,123,142</u>
<u>2024</u>									
Beginning Balance as of January 1, 2024		\$ 2,564,465	\$ 1,439,959	\$ 827,460	\$ 1,464,101	\$ 4,307	(\$ 2,666)	(\$ 1,174,484)	\$ 5,123,142
Net loss		-	-	-	(472,521)	-	-	-	(472,521)
Other Comprehensive Profit or Loss	6(20)	-	-	-	237	18,507	-	-	18,744
Total comprehensive income for the year		-	-	-	(472,284)	18,507	-	-	(453,777)
Distribution and appropriation of earnings for 2023	6(19)	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	36,498	(36,498)	-	-	-	-
Cash dividends		-	-	-	(373,491)	-	-	-	(373,491)
Changes in ownership interests in subsidiaries recognized	6(18)	-	1,196	-	-	-	-	-	1,196
Adjustment of capital reserve by dividends paid to subsidiaries	6(18)	-	52,997	-	-	-	-	-	52,997
Subsidiaries donated treasury stock	6(17)	-	-	-	-	-	-	7,115	7,115
Changes in shares of affiliates and joint ventures recognized under the equity method	6(18)	-	37,203	-	-	-	-	-	37,203
Conversion of convertible bonds	6 (14) (18)	97	686	-	-	-	-	-	783
Ending Balance as of December 31, 2024		<u>\$ 2,564,562</u>	<u>\$ 1,532,041</u>	<u>\$ 863,958</u>	<u>\$ 581,828</u>	<u>\$ 22,814</u>	<u>(\$ 2,666)</u>	<u>(\$ 1,167,369)</u>	<u>\$ 4,395,168</u>

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen

Manager: Lidon Chen

Accounting Officer: Yu-Ming Fan

Taiwan Mask Corporation
Parent Only Statements of Cash Flow
January 1 to December 31 of 2024 and 2023

Unit: NT\$ Thousand

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash Flow from Operating Activities</u>			
Net (loss) profit before tax for the period		(\$ 377,738)	\$ 612,295
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(26)	1,102,588	798,565
Amortization	6(26)	23,067	24,041
Expected loss on credit impairment	6 (4) and 12 (II)	3,295	418
Dividend income	6(23)	(50,497)	(51,566)
Interest income	6(22)	(18,675)	(27,316)
Disposal of interests in property, plant and equipment	6(21)	(40)	-
Interest Expenses	6(25)	200,045	162,406
Net Profit of Financial Asset at Fair Value Through Loss (Profit)	6(24)	159,301	(8,662)
Gain (loss) on disposal of investments	6(24)	(67)	-
The Share of Subsidiaries and Affiliates Profits and Losses Recognized by the Equity Method		1,070,993	579,274
Property, plant and equipment reclassified as expenses	6(7)	12,906	78
Gain on lease modifications		(1,295)	-
Goodwill impairment loss		27,002	-
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		262	(12,500)
Contract Assets		10,325	3,821
Accounts Receivables		(112,620)	114,215
Accounts Receivables — Related Parties		882	3,031
Other Receivables		2,422	(1,456)
Other Receivables — Related Parties		(511,497)	(73,497)
Inventories		(75,805)	(10,866)
Prepayments		35,635	7,020
Other Current Assets		(566)	613
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		(20,373)	(23,339)
Accounts Payable		42,156	8,592
Accounts payable - Related party		(323)	-
Other Payables		(82,649)	7,370
Other Payables- related Parties		-	1,626
Other Current Liabilities		(23,196)	18,601
Defined Benefit Liabilities		(2,937)	(7,012)
Net Cash In-Flow from Operating		1,412,601	2,125,752
Dividends Received		50,497	69,929
Interest Received		15,740	28,813
Interest Paid		(186,518)	(134,928)
Income Tax Paid		(119,544)	(401,498)
Net Cash In-Flow (Out-Flow) from Operating Activities		1,172,776	1,688,068

(Continued)

Taiwan Mask Corporation
Parent Only Statements of Cash Flow
January 1 to December 31 of 2024 and 2023

Unit: NT\$ Thousand

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash Flow from Investment Activities</u>			
Acquisition of Amortized Cost Financial Assets		(\$ 237,300)	(\$ 527,651)
Disposal of Amortized Cost Financial Assets		139,540	332,921
Acquisition of investment property by the Equity Method		(410,400)	(324,431)
Disposal of investment under Equity Method		72	-
Acquisition of Property, Plants and Equipment	6(30)	(1,654,873)	(2,732,591)
Disposal of Property, Plants and Equipment		242	-
Acquisition of Intangible Assets		(5,678)	(27,996)
Decrease (Increase) of Refundable Deposits		3,870	(1,431)
Net Cash Outflow from Investing Activities		(2,164,527)	(3,281,179)
<u>Cash Flows from Financing Activities</u>			
Increase of Short Term Loan	6(31)	4,933,506	4,395,672
Redemption of Short Term Loan	6(31)	(3,607,011)	(4,370,623)
Increase of Long Term Loan	6(31)	900,000	930,631
Redemption of Long Term Loan	6(31)	(915,555)	(855,368)
Issuance of corporate bonds	6(31)	498,730	797,338
Repayment of corporate bonds		(332,817)	-
Distribution of cash dividends (including capital surplus distribution cash)	6(19)	(373,491)	(622,462)
Treasury stocks transfer to employees	6(17)	-	591,688
Redemption of Lease Principal	6(31)	(30,689)	(33,119)
(Decrease) Increase of Guarantee Deposits Received	6(31)	(47)	87
Transfer of unclaimed dividends as Additional Paid-in Capital		-	(151)
Net Cash In-Flow (Out-Flow) from Funding Activities		1,072,626	833,693
Net increase (decrease) in cash and cash equivalents		80,875	(759,418)
Beginning Balance of Cash and Cash Equivalents		451,993	1,211,411
Ending Balance of Cash and Cash Equivalents		\$ 532,868	\$ 451,993

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen

Manager: Lidon Chen

Accounting Officer: Yu-Ming Fan

Taiwan Mask Corporation
Notes to the Parent Only Financial Statements
2024 and 2023

Unit: NT\$ Thousand
(Unless otherwise specified)

I. Company History

Taiwan Mask Corporation (hereinafter referred to as the "Company") was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company mainly engage in the research, development, manufacturing and sales of photomask, providing technical assistance, consultation, inspection and repair of the abovementioned products.

II. Date and procedures for passing the financial report

The accompanying parent-only financial statements were approved and authorized for issuance by the Board of Directors on March 12, 2025.

III. Newly Released and Amended Standards and Interpretations

(I) The impact from adopting the newly released and revised IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission in 2024:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by</u>
	<u>IASB</u>
Amendments to IFRS 16 - "Liabilities of Lease from the Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities With Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(II) Impact of the newly released and amended IFRS and IAS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized by the Financial Supervisory Commission in 2025:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by</u>
	<u>IASB</u>
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRS and IAS issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS issued by the IASB but not yet recognized by the FSC:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7, Sale “Power Purchase Agreement”	January 1, 2026
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance, except for the following:

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1, updates the structure of comprehensive income statement, requires the disclosure of management-defined performance measures, and enhances the principles for grouping and classifying information for main financial statements and notes.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these parent only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

These parent only financial statements of the Company have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(II) Basis of Preparation

1. Except for the following items, these standalone financial statements have been prepared under the historical cost convention.
 - (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
 - (2) Financial Assets at Fair Value Through Other Comprehensive Income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent only financial statements are presented in New Taiwan dollars, which is the Company's functional currency and reporting currency.

1. Foreign currency transactions and balances
 - (1) Foreign currency transactions are translated into the functional currency using spot exchange rate at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
 - (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.
 - (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.
 - (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".
2. Translation of foreign operations
 - (1) The operating results and financial position of all corporate group entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated conversion difference recognized as other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Company retains part of its equity in the former subsidiary, but has lost control of the subsidiary of the foreign operation, it will be treated with as a disposal of the entire equity of the foreign operation
- (3) Goodwill and fair value adjustments arising on acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(IV) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Assets that are expected to be realized within twelve months from the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets that do not meet the above criteria are considered non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date.
- (4) The right to defer settlement of the liability for at least twelve months after the reporting period is not held.

Liabilities that do not meet the above criteria are considered non-current.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial Assets at Fair Value Through Profit or Loss

1. Refer to the financial assets that are not measured at amortized cost, or are measured at fair value through other comprehensive gain or loss.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Company measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets

are recognized in profit or loss.

4. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:
 - (1) The objective of the business model is achieved by collecting contractual cash flows.
 - (2) The assets' contractual cash flows solely represent payments of principal and interest.
2. The Company holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(VIII) Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment Loss of Financial Assets

Regarding the financial assets measured at amortized cost, accounts receivable or contract assets that contain significant financing components, the Company, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for contract assets or trade receivables that do not constitute a financing transaction.

(X) De-recognition of financial assets

A financial asset is derecognized when the Company's rights to receive cash flows from the financial assets have expired.

(XI) Lessor's lease transaction - Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (amortized according to normal production capacity), but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(XIII) Investments accounted for using equity method - Subsidiaries and associates

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains or losses on transactions between Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognized the profit and loss upon the acquisition of subsidiaries as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. If the Company's recognized profit and loss of the subsidiaries equal to or exceed the equity in the subsidiaries, the Company will continue to recognize the loss in proportion to its shareholding.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions, and they are considered as transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
6. Associates refer to entities over which the Company has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Company. The Company accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
7. The Company recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
8. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Company's shareholding in the associate, the Company will recognize all changes in equity attributable to the Company's share of the associate as "capital surplus" according to the shareholding percentage.
9. Unrealized gains on transactions between the Company and associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

10. In the event that an associate issues new shares and the Company does not subscribe to or acquire the new shares in proportion, which results in a change to the Company's shareholding percentage but the Company maintains a significant influence on the associate, the increase or decrease of the Company's share of equity interest is the adjustment of "capital surplus" and "investments accounted for under the equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.
11. Pursuant to the "Guidelines Governing the Preparation of Financial Statements by Securities Issuers", the profit or loss during the period and other comprehensive income presented in consolidated financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any changes are accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 years to 56 years
Machinery and equipment	2 years to 16 years
Transportation equipment	5 years
Office equipment	3 years to 9 years

(XV) Leasing agreements (lessee) - Right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the

lease term.

2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is recognized at cost which includes:
 - (1) The amount of initial measurement of lease liability.
 - (2) Any lease payments made at or before the commencement date.
 - (3) Any original direct costs incurred.
 - (4) The estimated cost of dismantling, removing the underlying asset and restoring its location, or restoring the underlying asset to the condition required in the lease terms and conditions.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

(XVI) Real estate investment

Investment properties are initially measured at cost, and may be subsequently measured using a cost model. Except for land, the service life is recognized on a straight-line basis of depreciation and is about 45 years.

(XVII) Intangible assets

Computer software is recognized at the cost of acquisition, and amortized based on the estimated useful life of 3 years based on the straight-line method.

(XVIII) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Borrowings

Refers to long- and short-term funds borrowed from banks and other long- and short-term borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XX) Accounts and notes receivable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) Convertible bonds payable

The convertible bonds payable issued by the Company are embedded with conversion options (i.e., the holder's right to choose to convert to the Company's common stock for a fixed amount of shares), put options and call options. The issuance price is classified as financial assets, financial liabilities or equity at the time of initial issuance according to the terms of issuance, which is treated as follows:

1. Embedded put options and call options: "Financial assets or liabilities at fair value through profit or loss" are recorded at their net fair value on initial recognition; subsequently, "Gain or loss on financial assets (liabilities) at fair value through profit or loss" is recognized on the balance sheet date, with the difference valued at current fair value.
2. Master contract of corporate bonds: The difference between the fair value of the corporate bonds and the redemption value is recognized as a premium or discount on the corporate bonds payable at the time of original recognition; subsequently, it is recognized in profit or loss as an adjustment to "finance costs" using the effective interest method under the amortization procedure over the circulation period.
3. Embedded conversion options (which meet the definition of equity): On initial recognition, the remaining value of the issue amount, net of the above "financial assets or liabilities at fair value through profit or loss" and "corporate bonds payable", is recorded as "capital surplus - stock options" and is not subsequently remeasured.
4. Any directly attributable transaction costs of the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of each component mentioned above.
5. Upon conversion, the components of liabilities (including "corporate bonds payable" and "financial assets or liabilities at fair value through profit or loss") are subsequently measured according to their respective classifications, and the carrying amount of the aforementioned components of liabilities is added to the carrying amount of "capital surplus - stock options" as the issuance cost of common stock exchanged.

(XXII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined-benefit plans

- A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using the current interest rates of government bonds (at the balance sheet date) consistent with the currency and period of the defined-benefit plan instead.
- B. Re-measurements arising on defined-benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- C. The related expenses of the past service cost are immediately recognized as profit and loss.

3. Termination benefits

Refer to when companies decide to terminate the employees before the normal retirement date, or when employees decide to accept the benefits in exchange for the termination. The Company recognizes expenses when it is no longer able to withdraw the offer of termination benefits or when the relevant restructuring costs are recognized, whichever is earlier. Liabilities that are not expected to be paid off within twelve months from the balance sheet date should be discounted.

4. Remuneration for employees and directors

Employees' bonuses and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXIII) Share-based payment to employees

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXIV) Income tax

- 1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in the countries where the Company

and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent only balance sheet. However, the deferred income tax arising from the initially recognized goodwill is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not generate taxable and deductible temporary difference. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(XXV) Capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, is recognized as a deduction of shareholders' equity with the net amount after tax. When purchased shares are reissued, the difference between the consideration received and the book amount after deducting any directly attributable incremental costs and the impact of income tax is recognized as an adjustment to shareholders' equity.

(XXVI) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks on the record date of issuance of new shares.

(XXVII) Recognized revenue

1. The Company mainly provides photomask manufacturing services. The actual services provided and fees will vary according to different customers. Prices are negotiated separately before providing services, and are based on the prevailing market price. The performance obligations identified based on customer contracts are mainly for photomask manufacturing services, and revenue is recognized by measuring the degree of completion of performance obligations during the period of service provision.

With the provision of photomask manufacturing services, the customer simultaneously receives and consumes the performance benefits, and the customer has control over the asset when the asset is created or enhanced. The Company's performance does not create any assets available for other purposes and has the exercisable right to the amount that has been completely performed till now. The related revenue is recognized by measuring the degree of completion of the performance obligation during the service period. The photomask manufacturing service is based on the input of the technical staff on the basis of the service, and the progress of completion is measured based on the percentage of the incurred cost to the estimated total cost. After the agreed service or shipment is fulfilled for the contract agreement, a bill is issued, so the contract assets are recognized when the service provided, and transferred to account receivables when the customer agrees to the Company to issue the bill.

2. The time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Company has not adjusted the transaction price to reflect the time value of money.

(XXVIII) Government subsidies

Government subsidies are recognized at fair value once it is reasonably convinced that the Company complies with the conditions for subsidies and will be receiving the subsidies. If the nature of the government subsidies is to compensate the expenses incurred by the Company, the government subsidies are recognized as current gains and losses on a systematic basis during the period in which the related expenses are incurred.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The preparation of these parent only financial statements requires the management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of Inventories

The Company is primarily engaged in production and sale of photomask products in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the photomask industry, the risk of price fluctuations, Loss on decline in value of inventories and obsolescence is higher than that of other industries. The Company measures inventory based on the lower of cost and net realizable value. For inventories that are older than a certain period of inventory age or are outdated and obsolete, the Company must use judgment and estimation to determine the net realizable value of the inventory on the balance sheet date. The valuation of inventory may undergo major changes.

As of December 31, 2024, the book value of the Company's inventory was NT\$205,380.

VI. Summary of Significant Accounting Items

(I) Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Demand Deposit	\$ 529,376	\$ 421,288
Time deposits	<u>3,492</u>	<u>30,705</u>
Total	<u>\$ 532,868</u>	<u>\$ 451,993</u>

1. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	\$ 1,220,959	\$ 442,498
Valuation adjustment	<u>(170,712)</u>	<u>(45,158)</u>
	<u>\$ 1,050,247</u>	<u>\$ 397,340</u>

Financial liabilities mandatorily measured at fair value through profit or loss

Convertible bond call/put options	<u>(\$ 19,204)</u>	<u>(\$ 9,383)</u>
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Non-current items:

Mandatory financial assets at fair value through profit or loss

Shares of listed and OTC company	\$ 87,400	\$ 866,133
Shares of non-listed and non-OTC company	12,500	12,500
Valuation adjustment	<u>(42,380)</u>	<u>(18,671)</u>
	<u>\$ 57,520</u>	<u>\$ 859,962</u>

1. Details of financial assets/liabilities at fair value through profit or loss recognized in profit or loss are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company	(\$ 160,601)	\$ 13,256
Shares of non-listed and non-OTC company	11,328	(908)
Convertible bond call/put options	<u>(10,028)</u>	<u>(3,686)</u>
	<u>(\$ 159,301)</u>	<u>\$ 8,662</u>

2. Please see Note 8 on how the Company provides financial assets at fair value through profit or loss as a pledged collateral.
3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets at fair value through profit or loss.

(III) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Time deposits	\$ -	\$ 3,000
Non-current items:		
Demand Deposit	\$ 382,810	\$ 373,550
Common corporate bonds	100,000	\$ -
Time deposits	35,460	43,954
Total	\$ 518,270	\$ 417,504

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 4,136	\$ 1,837

2. While not considering the collaterals or other credit enhancements, the financial assets at amortized cost held by the Company had the maximum exposure of credit risk at NT\$518,270 and NT\$420,504 as of December 31, 2024 and 2023, respectively.
3. Please see Note 8 how the Company provides financial assets at amortized cost as a pledged collateral.

(IV) Accounts receivable (Including related parties)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts Receivables	\$ 800,742	\$ 688,122
Accounts Receivables — Related Parties	5,612	6,494
	806,354	694,616
Less: Loss allowance	(5,619)	(2,324)
	\$ 800,735	\$ 692,292

1. Aging of accounts receivable is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Not past due	\$ 631,299	\$ 575,140
Up to 30 days	93,283	88,263
31-90 days	77,026	28,821
91-180 days	4,037	2,090
More than 181 days past due	<u>709</u>	<u>302</u>
	<u>\$ 806,354</u>	<u>\$ 694,616</u>

The above is an aging report based on the number of days past due.

- As of December 31, 2024 and 2023, accounts receivable and notes receivable were from contracts with customers. The balances of notes and accounts receivable as of January 1, 2023 was NT\$809,956.
- While not considering collaterals or other credit enhancements, the accounts receivable held by the Company had the maximum exposure of credit risk at NT\$800,735 and NT\$692,292, respectively, as of December 31, 2024 and 2023.
- Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(V) Inventories

	<u>December 31, 2024</u>		<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>		<u>Book value</u>
	<u>Cost</u>				
Raw materials	\$ 186,297		(\$ 9,369)	\$	176,928
Work in process	24,704		-		24,704
Finished goods	<u>3,748</u>		<u>-</u>		<u>3,748</u>
Total	<u>\$ 214,749</u>		<u>(\$ 9,369)</u>	<u>\$</u>	<u>205,380</u>

	<u>December 31, 2023</u>		<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>		<u>Book value</u>
	<u>Cost</u>				
Raw materials	\$ 103,921		(\$ 4,794)	\$	99,127
Work in process	26,609		-		26,609
Finished goods	<u>3,839</u>		<u>-</u>		<u>3,839</u>
Total	<u>\$ 134,369</u>		<u>(\$ 4,794)</u>	<u>\$</u>	<u>129,575</u>

The cost of inventories recognized as losses by the Company.

	<u>2024</u>		<u>2023</u>
Cost of goods sold	\$ 2,828,528		\$ 2,318,607
Loss on falling prices of inventory and inventory obsolescence (gain from recovery)	4,575	(321)
Loss on scrapping of inventory	-		4,278
	<u>\$ 2,833,103</u>		<u>\$ 2,322,564</u>

For 2024 and 2023, part of the inventory for which the provision for impairment losses had been made in the previous period was sold and scrapped, resulting in a gain from recovery.

(VI) Investment under Equity Method

	<u>2024</u>		<u>2023</u>
	\$ 5,938		\$ 5,683
SunnyLake Park International Holdings, Inc.			
TrueLight Corporation	388,848		-
Youe Chung Capital Corporation	207,987		987,383
Innova Vision INC.	(23,539)		142,651
Advagene Biopharma Co., Ltd.	46,599		32,974
Miracle Technology CO., LTD.	471,901		472,096
Weida Hi-Tech Co., Ltd.	25,851		26,081
ONE TEST SYSTEMS	86,458		121,332
Pilot Battery Co., Ltd.	86,166		78,591
Subtotal	<u>\$ 1,296,209</u>		<u>\$ 1,866,791</u>

1. For information on the Company's subsidiaries, please refer to Note 4 (3) of 2024 consolidated financial statements.
2. In March 2024, the Company acquired 13,500 thousand shares of TrueLight Corporation through private placement with an investment amount of NT\$410,400. As of December 31, 2024, the shareholding ratio was 12.11%, making the Group the single largest shareholder of the Company. However, the Group's shareholding does not reach the statutory attendance percentage of shareholders meetings, indicating that the Company has no actual ability to direct relevant activities. Therefore, it is judged that the Company has no control over the company, and only has a significant influence on it.

(VII) Property, plant and equipment

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2024							
Cost	\$ 2,184,268	\$ 7,184,723	\$ 56,112	\$ 6,268	\$ 551,186	\$ 1,010,828	\$ 10,993,385
Accumulated depreciation	(835,607)	(2,096,348)	(35,304)	(2,408)	(161,505)	-	(3,131,172)
<u>2024</u>	<u>\$ 1,348,661</u>	<u>\$ 5,088,375</u>	<u>\$ 20,808</u>	<u>\$ 3,860</u>	<u>\$ 389,681</u>	<u>\$ 1,010,828</u>	<u>\$ 7,862,213</u>
January 1	\$ 1,348,661	\$ 5,088,375	\$ 20,808	\$ 3,860	\$ 389,681	\$ 1,010,828	\$ 7,862,213
Additions	41,202	517,882	13,616	500	173,250	1,109,433	1,855,883
Disposals - Cost	-	-	-	(810)	-	-	(810)
Disposal - Accumulated depreciation	-	-	-	608	-	-	608
Depreciation	(203,253)	(712,384)	(12,027)	(1,274)	(124,296)	-	(1,053,234)
Reclassification - Cost	121,941	837,710	-	-	30,709	(934,798)	55,562
Reclassification - Accumulated depreciation	(6,768)	-	-	-	-	-	(6,768)
December 31	<u>\$ 1,301,783</u>	<u>\$ 5,731,583</u>	<u>\$ 22,397</u>	<u>\$ 2,884</u>	<u>\$ 469,344</u>	<u>\$ 1,185,463</u>	<u>\$ 8,713,454</u>
December 31, 2024							
Cost	\$ 2,347,411	\$ 8,540,315	\$ 69,728	\$ 5,958	\$ 755,145	\$ 1,185,463	\$ 12,904,020
Accumulated depreciation	(1,045,628)	(2,808,732)	(47,331)	(3,074)	(285,801)	-	(4,190,566)
	<u>\$ 1,301,783</u>	<u>\$ 5,731,583</u>	<u>\$ 22,397</u>	<u>\$ 2,884</u>	<u>\$ 469,344</u>	<u>\$ 1,185,463</u>	<u>\$ 8,713,454</u>

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2023							
Cost	\$ 1,884,128	\$ 4,526,313	\$ 43,591	\$ 6,292	\$ 315,058	\$ 364,782	\$ 7,140,164
Accumulated depreciation	(654,821)	(1,615,533)	(24,094)	(3,425)	(79,963)	-	(2,377,836)
	<u>\$ 1,229,307</u>	<u>\$ 2,910,780</u>	<u>\$ 19,497</u>	<u>\$ 2,867</u>	<u>\$ 235,095</u>	<u>\$ 364,782</u>	<u>\$ 4,762,328</u>
<u>2023</u>							
January 1	\$ 1,229,307	\$ 2,910,780	\$ 19,497	\$ 2,867	\$ 235,095	\$ 364,782	\$ 4,762,328
Additions	154,027	2,501,097	12,261	2,165	193,715	978,499	3,841,764
Depreciation	(171,556)	(480,815)	(11,210)	(1,172)	(81,542)	-	(746,295)
Reclassification - Cost	146,113	157,313	260	-	42,413	(332,453)	13,646
Reclassification - Accumulated depreciation	(9,230)	-	-	-	-	-	(9,230)
December 31	<u>\$ 1,348,661</u>	<u>\$ 5,088,375</u>	<u>\$ 20,808</u>	<u>\$ 3,860</u>	<u>\$ 389,681</u>	<u>\$ 1,010,828</u>	<u>\$ 7,862,213</u>
December 31, 2023							
Cost	\$ 2,184,268	\$ 7,184,723	\$ 56,112	\$ 6,268	\$ 551,186	\$ 1,010,828	\$ 10,993,385
Accumulated depreciation	(835,607)	(2,096,348)	(35,304)	(2,408)	(161,505)	-	(3,131,172)
	<u>\$ 1,348,661</u>	<u>\$ 5,088,375</u>	<u>\$ 20,808</u>	<u>\$ 3,860</u>	<u>\$ 389,681</u>	<u>\$ 1,010,828</u>	<u>\$ 7,862,213</u>

1. The Company had no interest capitalization in 2024 and 2023.
2. The major components of the Company's houses and buildings include land, buildings and factory renovation projects. Except for land, they are depreciated for 5 to 56 years.
3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
4. The abovementioned property, plant and equipment of the Company are for self-use.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Company include land, buildings and company vehicles, and the leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 331,679	\$ 481,190
Buildings and structures	3,442	4,590
Transportation equipment (company vehicles)	7,566	9,941
Other equipment	59,087	39,806
	<u>\$ 401,774</u>	<u>\$ 535,527</u>

	<u>2024</u>	<u>2023</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 22,786	\$ 25,710
Buildings and structures	1,147	1,116
Transportation equipment (company vehicles)	5,769	6,092
Other equipment	3,930	3,164
	<u>\$ 33,632</u>	<u>\$ 36,082</u>

3. For 2024 and 2023, the increases of right-of-use assets were NT\$33,134 and NT\$30,171, respectively. The decreases of right-of-use assets of the Company in 2024 and 2023 were NT\$133,255 and NT\$0, respectively.
4. The information on profit or loss items related to lease contracts is as follows:

	<u>2024</u>	<u>2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 6,672	\$ 7,046
Expenses for short-term lease contracts	405	619
Lease of low-value assets	570	806
Gain on lease modifications	1,295	-

5. The Company's total cash outflow on leases for 2024 and 2023 was NT\$38,336 and NT\$41,590, respectively.
6. Options to extend or terminate leases

In determining lease terms, the Company into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(IX) Leasing arrangements - lessor

1. The Company leases out assets such buildings. The lease contracts are typically made for periods of 1 to 5 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Group usually requires lessees not to pledge the underlying leased assets.
2. The Company recognized rental income of NT\$137,699 and NT\$138,419 based on operating lease contracts in 2024 and 2023, respectively, and none of the lease contracts were variable lease payments.
3. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
2024	\$ -	\$ 71,264
2025	69,245	26,577
After Y+6 years	-	-
Total	<u>\$ 69,245</u>	<u>\$ 97,841</u>

(X) Real estate investment

	<u>Buildings and structures</u>
January 1, 2024	
Cost	\$ 756,945
Accumulated depreciation	(94,091)
	<u>\$ 662,854</u>
<u>2024</u>	
January 1	\$ 662,854
Reclassification - Cost	(68,468)
Reclassification - Accumulated depreciation	6,772
Depreciation	(15,722)
December 31	<u>\$ 585,436</u>
December 31, 2024	
Cost	\$ 688,477
Accumulated depreciation	(103,041)
	<u>\$ 585,436</u>

	<u>Buildings and structures</u>
January 1, 2023	
Cost	\$ 770,879
Accumulated depreciation	(87,133)
	<u>\$ 683,746</u>
<u>2023</u>	
January 1	\$ 683,746
Reclassification - Cost	(13,934)
Reclassification - Accumulated depreciation	9,230
Depreciation	(16,188)
December 31	<u>\$ 662,854</u>
December 31, 2023	
Cost	\$ 756,945
Accumulated depreciation	(94,091)
	<u>\$ 662,854</u>

1. Rental income and direct operating expenses of investment real estate:

	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 137,699</u>	<u>\$ 138,419</u>
Direct operating expenses incurred by investment property that generates rental income for the period	<u>\$ 15,722</u>	<u>\$ 18,744</u>

2. The fair value of the investment property held by the Company as of December 31, 2024 and 2023 were NT\$1,982,672 and NT\$1,854,899, respectively. They were valued using the income method and were of Level 3 fair value, and the major assumptions are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	3.36%	3.75%
Annual rent (net income)	\$ 111,640	\$ 119,675
Number of years	50	31~56

3. No capitalization of interest for investment property in 2024 and 2023.
4. As of December 31, 2024 and 2023, the investment properties had been used as collaterals. Please refer to Note 8.

(XI) Other Non-Current Assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments for equipment	\$ 339,826	\$ 348,993
Refundable Deposit	6,284	10,154
	<u>\$ 346,110</u>	<u>\$ 359,147</u>

(XII) Short Term Loans

<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,886,478	1.87%~2.63%	None
Secured borrowings	<u>520,000</u>	2.21%~2.53%	Shares of listed and OTC company
	<u>\$ 2,406,478</u>		

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 919,983	0.88%~2.26%	None
Secured borrowings	<u>160,000</u>	1.96%	Shares of listed and OTC company
	<u>\$ 1,079,983</u>		

The interest expenses recognized in profit and loss in 2024 and 2023 were NT\$36,677 and NT\$25,937, respectively.

(XIII) Other Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payable on machinery and equipment	\$ 432,736	\$ 238,389
Director and supervisor remuneration and employee bonus payable	-	92,000
Payroll and bonus payable	58,517	64,314
Machine maintenance payable	55,693	44,906
Others	<u>272,418</u>	<u>229,971</u>
	<u>\$ 819,364</u>	<u>\$ 669,580</u>

(XIV) Corporate bonds payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Corporate bonds payable	\$ 4,300,000	\$ 3,800,000
Less: Amount of exercised conversion options	(325,200)	(324,400)
Less: Discount on corporate bonds payable	(32,828)	(51,000)
	3,941,972	3,424,600
Less: Corporate bonds with the put option exercised	(33,400)	-
Less: Early redemption	(299,416)	-
	<u>\$ 3,609,156</u>	<u>\$ 3,424,600</u>

1. The terms of issuance for the Company's 3rd domestic unsecured convertible bonds are as follows:

- (1) The Company has been approved by the competent authority to raise and issue NT\$2,000,000 of the 3rd domestic unsecured convertible bonds, with a coupon rate of 0% and an issuance period of 5 years from August 3, 2021 to August 3, 2026. The convertible bonds are repayable in cash at par value on maturity. The convertible bonds were listed for trading on August 3, 2021.
- (2) The bondholders may request the conversion of the convertible bonds into the Company's common shares at any time from the day after the expiration of three months from the date of issuance of the corporate bonds to the maturity date, except during the period when the transfer of the corporate bonds is suspended in accordance with the regulations or laws, and the rights and obligations of the converted common shares are the same as those of the original issued common shares.
- (3) The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in the Measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the Conversion Measures in the event that the Company is subject to anti-dilution provisions. The conversion price will be reset on the base date set by the Regulations in accordance with the pricing model stipulated in the Conversion Measures. As of December 31, 2024, the conversion price was NT\$80.4 share.
- (4) If the closing price of the Company's common stock exceeds 30% of the then conversion price for 30 consecutive business days from the day following the third month of the issuance of the convertible bonds to the 40th business day prior to the expiration of the issuance period, the Company may redeem the outstanding corporate bonds within the next 30 business days at the par value of the corporate bonds in cash.
- (5) If the outstanding balance of the convertible bonds is less than 10% of the total par value of the corporate bonds issued, the Company may redeem the convertible bonds at any time thereafter for cash at the par value of the corporate bonds, from the day following the third month of the issuance of the corporate bonds to the 40th business day prior to the expiration of the issuance period.

- (6) As of December 31, 2024, a total amount of NT\$325,200 had been converted into 3,742 thousand shares of common stock.
 - (7) As of December 31, 2024, 334 convertible bonds were repurchased at the price of NT\$100 thousand; the repurchase amount was NT\$33,400.
2. Upon issuance of convertible bonds, the Company separated the conversion options from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation", and recorded "capital surplus - stock options" at NT\$406,616. The embedded repurchase and repurchase rights are separated from the principal contractual debt instruments in accordance with IFRS 9, "Financial Instruments", because they are not closely related to the economic characteristics and risks of the principal contractual debt instruments, and are recorded as "financial assets or liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the master contract debt after the separation was 0.0902%.
3. First series domestic secured corporate bonds
- In order to raise the Company's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the first series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:
- (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of NT\$300,000, and B is issued with an amount of NT\$200,000, totaling NT\$500,000.
 - (2) Issue period: Five years, issued on September 28, 2022, and matured on September 28, 2027.
 - (3) Coupon rate and repayment method of principal and interest: Both Bond A and Bond B have a fixed annual coupon rate of 1.80%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
 - (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.
4. Second series domestic secured convertible corporate bonds
- In order to raise the Company's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the second series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:
- (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of NT\$200,000, and B is issued with an amount of NT\$300,000, totaling NT\$500,000.
 - (2) Issue period: Five years, issued on December 27, 2022, and matured on December 27, 2027.
 - (3) Coupon rate and repayment method of principal and interest: Bond A has a fixed annual coupon rate of 2.20% and Bond B has a fixed annual coupon rate of 2.38%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
 - (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the

performance of corporate bonds signed by major banks.

- (5) Upon the resolution of the Group's board of directors on May 27, 2024, the Chairman was authorized to repurchase all the second series domestic secured convertible corporate bonds B issued by the Company in 2022 from the securities dealer's office for cancellation and delisting. As the early repurchase was near the expiration of principal repayment of NT\$300,000 on June 24, the delisting from Taipei Exchange was determined to be done on June 25, 2024.

5. Third series domestic secured convertible corporate bonds

In order to raise the Company's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the third series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$300,000 in total.
- (2) Issuance period: Five years from issuance on August 28, 2023 to expiration on August 28, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.62% per annum, and this simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

6. Fourth series domestic secured convertible corporate bonds

In order to raise the Company's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the fourth series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$500,000 in total.
- (2) Issuance period: Five years from issuance on December 12, 2023 to expiration on December 12, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.8% per annum, and this simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

7. Fifth series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 1, 2024 the issue of the fifth series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$500,000 in total.
- (2) Issuance period: Five years from issuance on August 1, 2024 to expiration on August 1, 2029.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a

fixed interest rate of 2.2% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.

- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

(XV) Long-term Loans

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Secured borrowings	From January 28, 2022 to January 27, 2027, to be repaid in installments and installments over the agreed period	2.67%	Houses and buildings, machinery equipment and investment property	\$ 750,000
Secured borrowings	From December 21, 2022 to May 20, 2029, to be repaid in installments and installments over the agreed period	2.30%~2.93%	Machinery and equipment	1,060,000
Secured borrowings	From December 27, 2022 to August 23, 2029, to be repaid in installments and installments over the agreed period	2.30%~2.57%	Houses and buildings and investment property	1,215,790
Other long-term borrowings				
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from May 22, 2023 to May 31, 2027	3.58%	Machinery and equipment	466,640
				-
				3,492,430
Less: Current portion of long-term borrowings				(857,444)
				<u>\$ 2,634,986</u>

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2021 to January 28, 2027, to be repaid in installments and installments over the agreed period	2.55%	Houses and buildings and machine and equipment	\$ 1,000,000
Secured borrowings	From December 27, 2021 to December 27, 2027, to be repaid in installments and installments over the agreed period	2.25%~2.80%	Machinery and equipment	900,000
Secured borrowings	From December 27, 2021 to December 27, 2032, to be repaid in installments and installments over the agreed period	2.20%~2.55%	Houses and buildings and investment property	1,005,263
Other long-term borrowings				
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from May 22, 2023 to May 31, 2027	3.58%	Machinery and equipment	560,000
				-
				3,465,263
Less: Current portion of long-term borrowings				(872,834)
				<u>\$ 2,592,429</u>

(XVI) Pensions

1. (1) The Company operates a defined-benefit pension plan in accordance with the Labor Standards Act, which cover all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes a monthly amount equal to 2%

of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by the end of next March.

(2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	(\$ 22,527)	(\$ 22,650)
Fair value of plan assets	<u>15,575</u>	<u>12,417</u>
Defined Benefit Liabilities	<u>(\$ 6,952)</u>	<u>(\$ 10,233)</u>

(3) Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Defined Benefit Liabilities</u>
2024			
Balance on January 1	(\$ 22,650)	\$ 12,417	(\$ 10,233)
Current service cost	(139)	-	(139)
Interest (expense) income	(294)	174	(120)
	<u>(23,083)</u>	<u>12,591</u>	<u>(10,492)</u>
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	845	845
Change in financial assumptions	718	-	718
Experience adjustments	<u>(1,326)</u>	<u>-</u>	<u>(1,326)</u>
	<u>(608)</u>	<u>845</u>	<u>237</u>
Pension fund contribution	-	3,303	3,303
Paid pension	<u>1,164</u>	<u>(1,164)</u>	<u>-</u>
Balance on December 31	<u>(\$ 22,527)</u>	<u>\$ 15,575</u>	<u>(\$ 6,952)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Defined Benefit Liabilities</u>
2023			
Balance on January 1	(\$ 21,153)	\$ 4,947	(\$ 16,206)
Current service cost	-	-	-
Interest (expense) income	(296)	84	(212)
	(21,449)	5,031	(16,418)
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	56	56
Change in financial assumptions	(251)	-	(251)
Experience adjustments	(950)	-	(950)
	(1,201)	56	(1,145)
Pension fund contribution	-	7,330	7,330
Paid pension	-	-	-
Balance on December 31	(\$ 22,650)	\$ 12,417	(\$ 10,233)

- (4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than the aforementioned rates, government shall make payments for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of fair value of plan asset in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	<u>1.6%</u>	<u>1.3%</u>
Future salary increases	<u>2.215%</u>	<u>2.125%</u>

The assumptions for future mortality rates for the years 2024 and 2023 are estimated based on the Sixth Taiwan Life Insurance Experience Mortality Table

Because the main actuarial assumption changes, the present value of defined benefit obligation is affected. The analysis is as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>0.25% increase</u>	<u>0.25% decrease</u>	<u>0.25% increase</u>	<u>0.25% decrease</u>
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ <u>608</u>)	\$ <u>629</u>	\$ <u>611</u>	(\$ <u>593</u>)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ <u>637</u>)	\$ <u>661</u>	\$ <u>640</u>	(\$ <u>620</u>)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, more than one assumption may change all at once. The sensitivity analysis is the same with the method used to calculate the net pension liabilities of the balance sheet.

- (6) The expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 are NT\$2,133.
 - (7) As of December 31, 2024, the weighted average duration of the retirement plan is 12 years.
2. (1) Starting July 1, 2005, the Company has established a retirement plan based on the Labor Pension Act applicable to the domestic employees. Under the new plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
 - (2) For 2024 and 2023, the pension costs recognized by the Company in accordance with the abovementioned pension measures were NT\$17,223 and NT\$14,779, respectively.

(XVII) Capital

1. As of December 31, 2024, the Company's authorized capital was NT\$5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was NT\$2,564,562 with a value of NT\$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit: Thousand shares	
	<u>2024</u>	<u>2023</u>
January 1	213,153	205,230
Subsidiaries donated treasury stock	500	900
Treasury stocks transfer to employees	-	7,023
Conversion of corporate bonds	10	-
December 31	<u>213,663</u>	<u>213,153</u>

2. Treasury stock

(1) Reasons for repurchase of shares and changes in the quantity:

		<u>December 31, 2024</u>	
<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>Number of shares (thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,331	\$ 502,776
The Company	Transfer shares to employees	<u>7,462</u>	<u>664,593</u>
		<u>42,793</u>	<u>\$ 1,167,369</u>

		<u>December 31, 2023</u>	
<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>Number of shares (thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,831	\$ 509,891
The Company	Transfer shares to employees	<u>7,462</u>	<u>664,593</u>
		<u>43,293</u>	<u>\$ 1,174,484</u>

(2) For 2024 and 2023, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract Period</u>	<u>Vesting conditions</u>
Transfer of treasury shares to employees	2023.04.19	10,000	Immediate vesting	Note

Note: The Company grants treasury stocks to employees of the Company and its subsidiaries.

- (3) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (4) The treasury stocks bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.
- (5) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within 5 years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares, and change of registration shall be made to cancel the shares. In order to maintain the Company's credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the date of the purchase.
- (6) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of December 31, 2024 and 2023, Youe Chung Capital held 35,331 thousand shares and 35,831 thousand shares, respectively, of the Company. The average book value per share was NT\$14.23, and the fair value per share was NT\$49.25 and NT\$71.1, respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect shareholding during each period.
- (7) On November 3, 2021, the Board of Directors resolved to purchase 6,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 2.37% of the total number of issued shares of the Company. The repurchase of 4,485 thousand shares was completed between November 4, 2021 and January 3, 2022. On January 21, 2022, the Board of Directors approved the transfer of 4,485 thousand shares to employees.
- (8) On May 6, 2022, the Board of Directors resolved to purchase 10,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 3.91% of the total number of issued shares of the Company. The repurchase of 10,000 thousand shares was completed between May 9, 2022 and July 8, 2022. On April 14, 2023, the Board of Directors approved the transfer of 10,000 thousand shares to employees, of which 7,023 thousand shares were transferred to employees in June 2023.

(XVIII) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	<u>Issue</u> <u>premiums</u>	<u>Trading of</u> <u>treasury stock</u>	<u>Changes in</u> <u>ownership</u> <u>interests in</u> <u>subsidiaries</u> <u>recognized</u>	<u>stock option</u>	<u>Equity changes</u> <u>in affiliates</u>	<u>Others</u>	<u>Total</u>
January 1, 2024	\$ 44,148	\$859,338	\$ 154,097	\$295,848	\$ 82,220	\$ 4,308	\$ 1,439,959
Conversion of convertible bonds	849	-	-	(163)	-	-	686
Redemption of convertible bonds	-	-	-	(6,790)	-	6,790	-
Adjustment of capital reserve by dividends paid to subsidiaries	-	52,997	-	-	-	-	52,997
Changes in ownership interests in subsidiaries recognized	-	-	1,196	-	-	-	1,196
Changes in shares of affiliates recognized under the equity method	-	-	-	-	37,165	38	37,203
December 31, 2024	<u>\$ 44,997</u>	<u>\$912,335</u>	<u>\$ 155,293</u>	<u>\$288,895</u>	<u>\$ 119,385</u>	<u>\$ 11,136</u>	<u>\$ 1,532,041</u>

	<u>Issue</u> <u>premiums</u>	<u>Trading of</u> <u>treasury stock</u>	<u>Changes in</u> <u>ownership</u> <u>interests in</u> <u>subsidiaries</u> <u>recognized</u>	<u>stock option</u>	<u>Equity changes</u> <u>in affiliates</u>	<u>Others</u>	<u>Total</u>
January 1, 2023	\$ 96,650	\$768,509	\$ 17,788	\$295,848	\$ 68,427	\$4,459	\$1,251,681
Distribution of cash from capital surplus	(49,797)	-	-	-	-	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	-	90,829	-	-	-	-	90,829
Changes in ownership interests in subsidiaries recognized	(2,705)	-	136,309	-	-	-	133,604
Changes in shares of affiliates recognized under the equity method	-	-	-	-	13,793	-	13,793
Payment of overdue unclaimed dividends to shareholders	-	-	-	-	-	(151)	(151)
December 31, 2023	<u>\$ 44,148</u>	<u>\$859,338</u>	<u>\$ 154,097</u>	<u>\$295,848</u>	<u>\$ 82,220</u>	<u>\$4,308</u>	<u>\$1,439,959</u>

(XIX) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the

distribution steps are shown as follows:

- (1) Decide on the best capital budgeting.
 - (2) Decide on the financing required for one of the capital budgeting items.
 - (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).
 - (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
 4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 5. The Company's Board of Directors approved the proposal for covering the losses in 2024 on March 12, 2025.
 6. The Company's shareholders' meeting resolved on May 27, 2024 to distribute a cash dividend of NT\$1.50 per common share from the 2023 earnings, with a total dividend of NT\$373,477. In addition, due to the conversion of convertible bonds, the number of the Company's outstanding shares changed to 248,994 thousand shares (excluding the treasury stock of 7,462 thousand shares). With the cash dividends remained at NT\$1.5 per share, the total amount of cash dividends distributed from earnings in 2023 was adjusted to NT\$373,491.

(XX) Other equity interests

	<u>2024</u>	<u>Foreign currency</u>	
	<u>Unrealized gains and</u>	<u>translation</u>	<u>Total</u>
	<u>losses</u>		
January 1	(\$ 2,666)	\$ 4,307	\$ 1,641
Difference in foreign currency translation	-	18,507	18,507
December 31	<u>(\$ 2,666)</u>	<u>\$ 22,814</u>	<u>\$ 20,148</u>

	<u>2023</u>	<u>Foreign currency</u>	
	<u>Unrealized gains and</u>	<u>translation</u>	<u>Total</u>
	<u>losses</u>		
January 1	(\$ 2,666)	\$ 13,174	\$ 10,508
Difference in foreign currency translation	-	(8,867)	(8,867)
December 31	<u>(\$ 2,666)</u>	<u>\$ 4,307</u>	<u>\$ 1,641</u>

(XXI) Operating income

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	<u>\$ 4,260,484</u>	<u>\$ 3,985,541</u>

1. Segmentation of revenue from contracts with customers

The Company derives its revenue from the transfer of goods and services either over time. The revenue can be divided into the following main product lines:

<u>2024</u>	<u>Photomask and semiconductor segment</u>
Revenue from contracts with external customers	<u>\$ 4,260,484</u>
Cut-off point of income recognition	
Income recognized gradually over time	<u>\$ 4,260,484</u>

<u>2023</u>	<u>Photomask and semiconductor segment</u>
Revenue from contracts with external customers	<u>\$ 3,985,541</u>
Cut-off point of income recognition	
Income recognized gradually over time	<u>\$ 3,985,541</u>

2. Contract Asset and Contract Liability

- (1) The Company has recognized the following revenue-related contract assets and contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract Assets	<u>\$ 76,496</u>	<u>\$ 86,821</u>	<u>\$ 90,642</u>
Contract Liabilities	<u>\$ 13,611</u>	<u>\$ 33,984</u>	<u>\$ 57,323</u>

- (2) Contract liabilities at the beginning of the period recognized as revenue of the period

	<u>2024</u>	<u>2023</u>
Opening balance of contract liabilities recognized in the current period	<u>\$ 3,087</u>	<u>\$ 1,704</u>

(XXII) Interest income

	<u>2024</u>	<u>2023</u>
Interest from bank deposits	\$ 14,426	\$ 25,360
Interest income from financial assets measured at amortized cost	4,136	1,837
Other interest incomes	113	119
	<u>\$ 18,675</u>	<u>\$ 27,316</u>

(XXIII) Other Incomes

	<u>2024</u>	<u>2023</u>
Rental income	\$ 137,699	\$ 138,419
Dividend income	50,497	51,566
Subsidy income	-	5,335
Other income - Others	7,840	9,253
	<u>\$ 196,036</u>	<u>\$ 204,573</u>

(XXIV) Other Gains and Losses

	<u>2024</u>	<u>2023</u>
Disposal of interests in property, plant and equipment	\$ 40	\$ -
Gain on lease modifications	1,295	-
Foreign currency exchange gain (loss)	28,170	(636)
Net loss/profit of financial assets and liabilities at fair value through profit or loss	(159,234)	8,662
Goodwill impairment loss	(27,002)	
Other losses -- Depreciation of investment properties	(15,722)	(16,188)
Other Gains and Losses	(478)	-
	<u>(\$ 172,931)</u>	<u>(\$ 8,162)</u>

(XXV) Financial Costs

	<u>2024</u>	<u>2023</u>
Interest expenses:		
Bank borrowings	\$ 128,539	\$ 111,935
Convertible bonds	64,715	43,376
Lease liabilities	6,672	7,046
Others	119	49
	<u>\$ 200,045</u>	<u>\$ 162,406</u>

(XXVI) Expenses by nature

	<u>2024</u>	<u>2023</u>
Employee benefits expenditure	\$ 481,403	\$ 516,888
Depreciation expense (Note)	1,102,588	798,565
Amortization expense	23,067	24,041
Note: Including investment property and right-of-use assets		

(XXVII) Employee benefits expenditure

	<u>2024</u>	<u>2023</u>
Payroll expenses	\$ 399,422	\$ 441,770
Labor and health insurance fees	39,624	34,816
Pension expense	17,343	14,991
Other personnel expenses	25,014	25,311
	<u>\$ 481,403</u>	<u>\$ 516,888</u>

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For 2024 and 2023, employee remuneration was accrued at NT\$0 and NT\$80,000, respectively, and director remunerations was accrued at NT\$0 and NT\$12,000, respectively. The amounts were listed as payroll expenses.

The remuneration of employees and directors for 2024 and 2023 were estimated in accordance with the Articles of Incorporation taking the annual profit into account.

The 2024 and 2022 remuneration for employees, directors as resolved by the Board of Directors are consistent with the amounts recognized in the 2024 and 2023 financial statements.

Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post

System”.

(XXVIII) Income tax

1. Income tax expense

Components of income tax expense:

	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the year	\$ 153,467	\$ 182,991
Underestimation (overestimation) of income tax in previous years	(764)	70,339
Impact tax deductibles of investment	(50,000)	-
Total current tax	<u>102,703</u>	<u>253,330</u>
Deferred income tax:		
Origination and reversal of temporary differences	(7,920)	(7,161)
Total Deferred Income Tax	(7,920)	(7,161)
Income Tax Expense	<u>\$ 94,783</u>	<u>\$ 246,169</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2024</u>	<u>2023</u>
Tax calculated based on profit before tax and statutory tax rate	(\$ 36,209)	\$ 122,459
Impact tax deductibles of investment	(50,000)	(50,000)
Fees excluded according to the tax law	181,756	113,684
Tax-exempt income under the tax law	-	(10,313)
Over provision of prior year's income tax	(764)	70,339
Income Tax Expense	<u>\$ 94,783</u>	<u>\$ 246,169</u>

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

<u>2024</u>					
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Pension liabilities	\$ 2,047	(\$ 656)	\$ -	\$ -	\$ 1,391
Loss on inventory	959	915	-	-	1,874
Interest on corporate bonds	-	3,732	-	-	\$ 3,732
Amortization of bond issue costs	-	(244)	-	-	(244)
Unrealized exchange loss	2,304	3,954	-	-	6,258
Subtotal	<u>\$ 5,310</u>	<u>\$ 7,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,011</u>
- Deferred income tax liabilities:					
Unrealized gain on exchange	(\$ 219)	\$ 219	\$ -	\$ -	\$ -
Subtotal	<u>(219)</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,091</u>	<u>\$ 7,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,011</u>

<u>2023</u>					
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Pension liabilities	\$ -	\$ 2,047	\$ -	\$ -	\$ 2,047
Loss on inventory	-	959	-	-	959
Unrealized exchange loss	1,780	524	-	-	2,304
Subtotal	<u>\$ 1,780</u>	<u>\$ 3,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,310</u>
- Deferred income tax liabilities:					
Unrealized gain on exchange	(\$ 3,850)	\$ 3,631	\$ -	\$ -	(\$ 219)
Total	<u>(\$ 2,070)</u>	<u>\$ 7,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,091</u>

4. Deductible temporary difference not recognized as deferred income tax assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary difference	<u>\$ 110,261</u>	<u>\$ 100,350</u>

5. The Company's income tax returns through 2022 have been assessed and approved by the tax authority.

(XXIX) Earnings (loss) per share

	<u>2024</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Loss per share (TWD)</u>
	<u>Amount after tax</u>		
<u>Basic and diluted loss per share</u>			
Net loss attributable to common stock shareholders for the period	<u>(\$ 472,521)</u>	<u>213,570</u>	<u>(\$ 2.21)</u>
	<u>2023</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Loss per share (TWD)</u>
	<u>Amount after tax</u>		
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 366,126</u>	<u>209,180</u>	<u>\$ 1.75</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 366,126</u>	<u>209,180</u>	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	<u>14,029</u>	<u>20,335</u>	
Employee remuneration	<u>-</u>	<u>1,331</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 380,155</u>	<u>230,846</u>	<u>\$ 1.65</u>

The weighted-average number of shares outstanding for 2024, and 2023 was net of the number of Company's shares held by the Company and its subsidiary - Youe Chung Capital Corporation as treasury stock (the number of shares was calculated based on the Company's ownership ratio). The diluted loss per share was equal to basic loss per share because there was no dilutive effect on potential common stock for 2024 because of the loss.

(XXX) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 1,855,883	\$ 3,841,764
Add: Opening balance of payable on equipment	240,893	105,604
Prepayments for equipment at the end of the period	339,826	348,993
Less: Ending balance of payable on equipment	(432,736)	(240,893)
Prepayments for equipment at the beginning of the period	(348,993)	(1,322,877)
Cash paid during the year	<u>\$ 1,654,873</u>	<u>\$ 2,732,591</u>

(XXXI) Changes in liabilities arising from financing activities

	<u>Short Term</u>	<u>Corporate</u>	<u>Long-term</u>	<u>Lease</u>	<u>Guarantee</u>	<u>Total liabilities</u>
	<u>Loans</u>	<u>bonds payable</u>	<u>borrowings</u>	<u>liabilities</u>	<u>Deposits</u>	<u>arising from</u>
			<u>(including</u>		<u>Received</u>	<u>financing</u>
			<u>current</u>			<u>activities</u>
			<u>portion)</u>			
January 1, 2024	\$1,079,983	\$3,424,600	\$3,465,263	\$546,375	\$ 33,961	\$ 8,550,182
Change in cash flow from financing activities	1,326,495	165,751	(15,555)	(30,689)	(47)	1,445,955
Interest Expenses	-	64,715	-	6,672	-	71,387
Interest Paid	-	(45,975)	-	(6,672)	-	(52,647)
Other Non-Cash Transactions	-	65	42,722	(101,415)	-	(58,628)
December 31, 2024	<u>\$2,406,478</u>	<u>\$3,609,156</u>	<u>\$3,492,430</u>	<u>\$414,271</u>	<u>\$ 33,914</u>	<u>\$ 9,956,249</u>

	<u>Short Term</u>	<u>Corporate bonds</u>	<u>Long-term</u>	<u>Lease</u>	<u>Guarantee</u>	<u>Total</u>
	<u>Loans</u>	<u>payable</u>	<u>borrowings</u>	<u>liabilities</u>	<u>Deposits</u>	<u>liabilities</u>
			<u>(including</u>		<u>Received</u>	<u>arising from</u>
			<u>current</u>			<u>financing</u>
			<u>portion)</u>			<u>activities</u>
January 1, 2023	\$1,054,934	\$2,609,044	\$3,390,000	\$549,323	\$33,874	\$7,637,175
Change in cash flow from financing activities	25,049	797,338	75,263	(33,119)	87	864,618
Interest Expenses	-	43,376	-	7,046	-	50,422
Interest Paid	-	(20,540)	-	(7,046)	-	(27,586)
Other Non-Cash Transactions	-	(4,618)	-	30,171	-	25,553
December 31, 2023	<u>\$1,079,983</u>	<u>\$3,424,600</u>	<u>\$3,465,263</u>	<u>\$546,375</u>	<u>\$33,961</u>	<u>\$8,550,182</u>

VII. Related Party Transactions

(I) Related parties' names and relationship

<u>Name of the related parties</u>	<u>Relationship with the Company</u>
Miracle Technology CO., LTD.	Subsidiary
Youe Chung Capital Corporation	Subsidiary
Innova Vision INC.	Subsidiary
Aptos Technology INC.	2nd-tier subsidiary
Miracle International Enterprise(Shanghai) Co., Ltd.	2nd-tier subsidiary
Xsense Technology Corporation (B.V.I.) Taiwan Branch	2nd-tier subsidiary
Digital-Can Tech. Co., Ltd.	2nd-tier subsidiary
ADL Energy Corp	2nd-tier subsidiary
Pilot Battery Co., Ltd.	Subsidiary
Weida Hi-Tech Co., Ltd.	Affiliates
TrueLight Corporation	Affiliate (Note 1)
YLTLINK Technology Corporation	Affiliate (Note 2)
Taiwan Mask Charity Foundation	Other related party
BKS Tec Corp.	Other related party

Note 1: TrueLight re-elected the directors of the Board of directors on May 30, 2024. The Chairman of the Board of directors is the CEO and General Manager of the Company, and the company is an affiliate of the Company.

Note 2: YLTLINK Technology Corporation is a subsidiary of TrueLight Corporation. The Chairman of the Board of directors and the CEO and General Manager of the Company are the same person.

(II) Significant transactions with the related parties

1. Operating revenue

	<u>2024</u>	<u>2023</u>
Product sales:		
Subsidiary	\$ 5,500	\$ 11,716
2nd-tier subsidiary	15,716	23,415
Affiliates	9,621	1,336
	<u>\$ 30,837</u>	<u>\$ 36,467</u>

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Account receivable from related parties.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts Receivables:		
Subsidiary	\$ 1,432	\$ 1,629
2nd-tier subsidiary	1,811	4,865
Affiliates	<u>2,369</u>	<u>-</u>
Subtotal	<u>5,612</u>	<u>6,494</u>
Other Receivables:		
Youe Chung Capital Corporation	300,000	-
Innova Vision INC.	128,094	28,883
Subsidiary	-	278
Aptos Technology INC.	165,937	35,350
2nd-tier subsidiary	7,100	26,022
Affiliates	501	-
Other related party	<u>805</u>	<u>407</u>
Subtotal	<u>602,437</u>	<u>90,940</u>
Total	<u>\$ 608,049</u>	<u>\$ 97,434</u>

3. Other Payables - Related Parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other Payables:		
Digital-Can Tech. Co., Ltd.	\$ 704	\$ 2,505
2nd-tier subsidiary	<u>89</u>	<u>1,626</u>
Subtotal	<u>793</u>	<u>4,131</u>
Total	<u>\$ 793</u>	<u>\$ 4,131</u>

4. Acquisition of other assets

		<u>2024</u>	<u>2023</u>
	<u>Account item</u>	<u>Acquisition price</u>	<u>Acquisition price</u>
Digital-Can Tech. Co., Ltd.	Fixed assets	\$ 171,337	\$ 163,637
2nd-tier subsidiary	Fixed assets	<u>3,860</u>	<u>-</u>
Total		<u>\$ 175,197</u>	<u>\$ 163,637</u>

5. Acquisition of financial assets

2024: None.

2023:

<u>Account item</u>	<u>Number of shares acquired</u>	<u>2023</u>
		<u>Acquisition price</u>
Subsidiary Investment under equity method	940,000	\$ 124,031
Subsidiary Investment under equity method	1,020,000	\$ 20,400
2nd-tier subsidiary Investment under equity method	3,600,000	\$ 180,000

6. Others

(1) Guarantee Deposits Received:	<u>2024</u>	<u>2023</u>
Subsidiary	\$ 416	\$ 473
Other related party	118	118
	<u>\$ 534</u>	<u>\$ 591</u>

(2) Rental income:	<u>2024</u>	<u>2023</u>
Innova Vision INC.	\$ 17,628	\$ 16,174
Subsidiary	2,689	2,626
Aptos Technology INC.	50,785	52,812
Xsense Technology Corporation (B.V.I.) Taiwan Branch	48,044	48,697
2nd-tier subsidiary	2	18
Other related party	1,725	1,677
	<u>\$ 120,873</u>	<u>\$ 122,004</u>

The Company leases buildings to subsidiaries, 2nd-tier subsidiaries and other related parties. The lease contract period is from 2020 to 2025, and the rent is collected in accordance with the contract.

(3) Prepayments for equipment:	<u>2024</u>	<u>2023</u>
2nd-tier subsidiary	\$ -	\$ 20,894

(4) The Company issued cash dividends of NT\$52,997 and NT\$90,829 to Youe Chung Capital in 2024 and 2023, respectively.

(5) In 2024 and 2023, the Company donated NT\$1,728 and NT\$2,685, respectively, in cash to the Taiwan Mask Charity Foundation.

(III) Compensation of key management personnel

	<u>2024</u>	<u>2023</u>
Salary and short-term employee benefits	\$ 9,839	\$ 28,344
Post-employment benefits	14,880	108
	<u>\$ 24,719</u>	<u>\$ 28,452</u>

VIII. Pledged assets

Assets pledged by the Company as collateral are as follows:

<u>Assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
	\$ 35,460	\$ 43,954	Guarantee of cargo out of free trade zone and lease deposit
Time deposit (Recognized as financial assets at amortized cost)	382,810	373,550	Corporate bond guarantee
Demand deposit (Recognized as financial assets at amortized cost)	793,986	626,858	Short Term Loans
Stocks of publicly traded and OTC companies (recognized as "Financial assets at fair value through profit or loss")			
Buildings and structures	1,199,487	594,621	Long-term Loans
Real estate investment	121,246	662,854	Long-term Loans
Machinery and equipment and equipment under acceptance	3,286,966	2,846,465	Long-term Loans
Office equipment	993	2,702	Long-term Loans
	<u>\$ 5,820,948</u>	<u>\$ 5,151,004</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Machine maintenance	<u>\$ 55,693</u>	<u>\$ 44,906</u>

2. Capital expenditures that have been signed but not yet incurred

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	<u>\$ 1,175,844</u>	<u>\$ 980,980</u>

3. Lease agreement

Please see Note 6 (8) and (9)

X. Losses due to major disasters

None.

XI. Major Events after Financial Statement Date

The resolution of the Company's Board on March 12, 2025 passed the losses make up. Please refer to Note 6 (19) for details.

XII. Others

(I) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the parent only balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the parent only balance sheet plus net debt.

The Company's strategy in 2024 and 2023 was to take out long-term loans and issue corporate bonds to purchase machinery and equipment and obtain long-term working capital. For the years ended December 31, 2024 and 2023, the debt-to-capital ratios were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total borrowings	\$ 9,508,064	\$ 7,969,846
Less: Cash and cash equivalents	(532,868)	(451,993)
Net debt	8,975,196	7,517,853
Total equity	<u>4,395,168</u>	<u>5,123,142</u>
Total capital	<u>\$ 13,370,364</u>	<u>\$ 12,640,995</u>
Debt-to-equity ratio	<u>67.13%</u>	<u>59.47%</u>

(II) Financial instruments

1. Types of financial instrument

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial Assets at Fair Value Through Profit or Loss		
Mandatory financial assets at fair value through profit or loss	<u>\$ 1,107,767</u>	<u>\$ 1,257,302</u>
Financial assets measured at amortized cost		
Cash and Cash Equivalents	\$ 532,868	\$ 451,993
Financial assets measured at amortized cost	518,270	420,504
Accounts receivable (Including related parties)	800,735	692,292
Other account receivable (Including related parties)	621,680	95,460
Refundable Deposit	<u>6,284</u>	<u>10,154</u>
	<u>\$ 2,479,837</u>	<u>\$ 1,670,403</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short Term Loans	2,406,478	\$ 1,079,983
Accounts Payable	116,962	117,596
Other accounts payable (Including related parties)	820,157	673,711
Corporate bonds payable	3,609,156	3,424,600
Long-term borrowings (including current portion)	3,492,430	3,465,263
Guarantee Deposits Received	33,914	33,961
	<u>\$ 10,479,097</u>	<u>\$ 8,795,114</u>
Lease liabilities	<u>\$ 414,271</u>	<u>\$ 546,375</u>

2. Risk management policies

- (1) The Company's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and performance.
- (2) Risk management is carried out by the Company's finance department under policies

approved by the Board of Directors. Company's finance department identifies, evaluates and hedges financial risks in close collaboration with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as currency exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Company's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

<u>December 31, 2024</u>					
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>			Book value	
				<u>Exchange rate</u>	<u>(NT\$ in thousands)</u>
Financial assets					
<u>Monetary items</u>					
USD : NTD	USD	24,399	32.785	\$	799,927
JPY : NTD	JPY	349,699	0.2099		73,402
Euro : NTD	EUR	1,231	34.14		42,027
Financial liabilities					
<u>Monetary items</u>					
USD : NTD	USD	9,565	32.785	\$	313,576
JPY : NTD	JPY	342,403	0.2099		71,870
Euro : NTD	EUR	1,787	34.140		61,008

<u>December 31, 2023</u>				Book value	
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>		<u>Exchange rate</u>	<u>(NT\$ in thousands)</u>	
Financial assets					
<u>Monetary items</u>					
USD : NTD	USD	24,952	30.705	\$	766,154
JPY : NTD	JPY	6,857	0.2172		1,489
Financial liabilities					
<u>Monetary items</u>					
USD : NTD	USD	10,926	30.705	\$	335,484
JPY : NTD	JPY	836,916	0.2172		181,778
Euro : NTD	EUR	359	33.980		12,192

B. Total exchange gain/loss, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Company amounted to a gain of NT\$28,170 and (NT\$636) for the years ended December 31, 2024 and 2023, respectively.

C. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

<u>2024</u>				
<u>Sensitivity Analysis</u>				
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effect on profit or loss</u>	<u>Other comprehensive profit and loss affected</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 7,999	\$	-
JPY : NTD	1%	734		-
Euro : NTD	1%	420		
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$ 3,136)		-
JPY : NTD	1%	(719)		-
Euro : NTD	1%	(610)		-

<u>2023</u>				
<u>Sensitivity Analysis</u>				
		<u>Effect on profit</u>	<u>Other comprehensive</u>	
		<u>Fluctuation</u>	<u>or loss</u>	<u>profit and loss affected</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	7,662	\$ -
JPY : NTD	1%		15	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	3,355)	-
JPY : NTD	1%	(1,818)	-
Euro : NTD	1%	(122)	-

Price risk

- A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss.
- B. The Company invests primarily in beneficiary certificates and equity instruments. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the price of such equity instrument increases or decreases by 1%, while all other factors remain unchanged, the net profit after tax affected by equity instruments at fair value through profit or loss after tax for 2024 and 2023 is an increase or decrease of NT\$8,862 and NT\$10,058, respectively.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Company to cash flow interest rate risk. For 2024 and 2023, the Company's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars.
- B. The Company's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Company to the risk of future market interest rate changes.
- C. If the long- and short-term borrowing rates increase or decrease by 0.25%, while all other factors remain constant, the net profit after tax for 2024 and 2023 is a decrease or increase of NT\$11,798 and NT\$9,090, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments under contract obligations,

and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

- B. The management of credit risk is established with a Company perspective. Only the banks and financial institutions with an independent credit rating of at least "A" can be accepted as transaction partners of the Group. According to the internal credit policy, each operating entity of the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- C. The Company considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.
- D. The Company uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:
 - (A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.
 - (B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.
- E. The Company uses the following indicators to determine the status of credit impairments of debt instruments:
 - (A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (C) The issuer delays or does not pay for the interest or principal.
 - (D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer's default.
- F. The Company categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.
- G. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Company will continue the recourse to protect the rights of the claims.
- H. The Company has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance of accounts receivables. The provision matrix for the years ended December 31, 2024 and 2023 are shown as follows:

	<u>Not past due</u>	<u>30 days past due</u>	<u>31 to 90 days past due</u>	<u>91 to 180 days past due</u>	<u>181 to 360 days past due</u>	<u>Total</u>
<u>December 31, 2024</u>						
Expected loss rate	0.01%	8.62%	66.68%	66.68%	75.46%	
Total book value	\$ 631,299	\$ 93,283	\$ 77,026	\$ 4,037	\$ 709	\$ 806,354
Loss allowance	\$ -	\$ -	(\$ 3,851)	(\$ 1,413)	(\$ 355)	(\$ 5,619)

	<u>Not past due</u>	<u>30 days past due</u>	<u>31 to 90 days past due</u>	<u>91 to 180 days past due</u>	<u>181 to 360 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	0.01%	0.50%	5.27%	15.37%	64.93%	
Total book value	\$ 575,140	\$ 88,263	\$ 28,821	\$ 2,090	\$ 302	\$ 694,616
Loss allowance	\$ -	\$ -	(\$ 1,442)	(\$ 731)	(\$ 151)	(\$ 2,324)

- I. The Company adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	<u>2024</u>	<u>2023</u>
January 1	\$ 2,324	\$ 1,906
Recognize impairment loss	<u>3,295</u>	<u>418</u>
December 31	<u>\$ 5,619</u>	<u>\$ 2,324</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by the operating entity of the Company and aggregated by the Company's finance department. The Company's Finance Department monitors the forecast of the Group's demand for working capital to ensure that it has sufficient funds to meet operational needs, and maintains sufficient unspent loan commitments at all times so that the Company will not exceed the relevant borrowing limits or violate the terms. These forecasts take into account the Company's debt financing plan, compliance with debt terms, and compliance with the financial ratio objectives of the internal balance sheet.
- B. The remaining cash held by each operating entity will be transferred back to the Company's finance department. The finance department of the Company invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. For the years ended December 31, 2024 and 2023, the position of money market held by the Company is at NT\$532,868 and NT\$451,993, respectively, and is expected to generate immediate cash flow to manage liquidity risk.
- C. The Company's undrawn borrowing facilities are shown as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate		
Mature within one year	<u>\$ 543,000</u>	<u>\$ 1,141,826</u>

D. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2024	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$ 2,413,129	\$ -	\$ -	\$ -
Accounts Payable	116,962	-	-	-
Other accounts payable (Including related parties)	820,157	-	-	-
Lease liabilities	31,584	29,180	75,576	337,258
Corporate bonds payable	38,260	38,260	3,715,520	-
Long-term borrowings (including current portion)	928,962	997,156	1,420,547	342,118
Guarantee Deposits Received	-	33,914	-	-
December 31, 2023	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$ 1,105,920	\$ -	\$ -	\$ -
Accounts Payable	117,596	-	-	-
Other accounts payable (Including related parties)	673,711	-	-	-
Lease liabilities	38,896	35,466	97,241	446,083
Corporate bonds payable	34,400	34,400	3,558,260	-
Long-term borrowings (including current portion)	953,532	822,570	1,528,823	374,298
Guarantee Deposits Received	-	33,961	-	-

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in stocks of publicly traded or OTC firms and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in stocks of non-publicly traded or non-OTC firms is included in Level 3.

2. Financial instruments not measured at fair value

Cash and cash equivalents, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair value.

3. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss - Equity securities	<u>\$ 1,050,247</u>	<u>\$ 57,520</u>	<u>\$ -</u>	<u>\$1,107,767</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,204</u>	<u>\$ 19,204</u>

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss - Equity securities	<u>\$ 1,190,010</u>	<u>\$ 67,292</u>	<u>\$ -</u>	<u>\$1,257,302</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,383</u>	<u>\$ 9,383</u>

4. The methods and assumptions adopted by the Company for assessing the fair value are as follows:

- (1) The Company adopt market pricing as the input of fair value (i.e., Level 1), and the breakdown of the characteristics of the instrument is as follows:

	<u>Shares of listed and OTC company</u>	<u>Open-end funds</u>
Market price	Closing price	Net Value

- (2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the parent only balance sheet.
- (3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the parent only balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.

- (4) The Company incorporates credit risk valuation adjustments into the consideration of fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Company, respectively.
5. There were no transfers between Level 1 and 2 in 2024 and 2023.
6. The following table shows the changes in Level 3 in 2024 and 2023:

	<u>Financial instruments</u>
January 1, 2024	(\$ 9,383)
Recognized in profit or loss	(9,821)
December 31, 2024	<u>(\$ 19,204)</u>

	<u>Financial instruments</u>
January 1, 2023	(\$ 5,697)
Recognized in profit or loss	(3,686)
December 31, 2023	<u>(\$ 9,383)</u>

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in the Level 3 fair value measurements are explained as follows:

December 31, 2024

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity / liability			Stock price volatility		
Convertible bond call/put options	(\$19,204)	Convertible bond evaluation model		32.66%	The higher the stock price volatility, the higher the fair value

December 31, 2023

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity / liability			Stock price volatility		
Convertible bond call/put options	(\$9,383)	Convertible bond evaluation model		29.44%	The higher the stock price volatility, the higher the fair value

8. The Company has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes

in valuation parameters have the following impacts on the income or other comprehensive income of the period:

			<u>December 31, 2024</u>		<u>Recognized in other</u>	
			<u>loss</u>		<u>comprehensive income</u>	
			<u>Favorable</u>	<u>Adverse</u>	<u>Favorable</u>	<u>Adverse</u>
	<u>Inputs</u>	<u>Changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>
Financial assets						
Debt	Stock price fluctuation	± 1%	\$ 50	(\$ 50)	-	-

			<u>December 31, 2023</u>		<u>Recognized in other</u>	
			<u>loss</u>		<u>comprehensive income</u>	
			<u>Favorable</u>	<u>Adverse</u>	<u>Favorable</u>	<u>Adverse</u>
	<u>Inputs</u>	<u>Changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>
Financial assets						
Debt	Stock price fluctuation	± 1%	\$ 20	(\$ 10)	-	-

XIII. Supplementary Disclosure

(I) Significant transactions information

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 4.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Engaged in derivative trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 5.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in

China): Please refer to Table 6.

(III) Information on investments in Mainland China

Please see Table 7.

(IV) Information on Major Shareholders

Please see Table 8.

XIV. Segments Information

Not applicable.

Taiwan Mask Corporation and Subsidiaries

Loans to Others

January 1 to December 31, 2024

Table 1

Unit: NT\$ Thousand
(Unless otherwise specified)

No. (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related party?	Maximum Balance for the	Amount Actually Ending balance	Drawn	Range of	Nature of loan	Amount of transaction	Reason for short-term financing	Amount of recognized	Collateral Name	Value	Limit on loans granted to a single	Ceiling on total loan granted	Note
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	Other Receivables— Related Parties	Y	\$ 300,000	\$ 300,000	\$ 300,000	2.7%	Short-term financing	\$ -	Working Capital Turnover	\$ -	Promissory note	300,000	1,758,067	1,758,067	Note 2
0	Taiwan Mask Corporation	Aptos Technology INC.	Other Receivables— Related Parties	Y	130,000	130,000	80,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	80,000	1,758,067	1,758,067	Note 2
0	Taiwan Mask Corporation	Innova Vision INC.	Other Receivables— Related Parties	Y	50,000	50,000	50,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	50,000	1,758,067	1,758,067	Note 2
1	Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Other Receivables— Related Parties	Y	30,000	-	-	2.7%	Short-term financing	-	Working Capital Turnover	-	None	-	773,472	773,472	Note 6
1	Youe Chung Capital Corporation	Aptos Technology INC.	Other Receivables— Related Parties	Y	390,000	350,000	340,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	350,000	773,472	773,472	Note 6
1	Youe Chung Capital Corporation	Xsense Technology Corporation	Other Receivables— Related Parties	Y	330,000	320,000	310,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	330,000	773,472	773,472	Note 6
1	Youe Chung Capital Corporation	Innova Vision INC.	Other Receivables— Related Parties	Y	180,000	180,000	180,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	180,000	773,472	773,472	Note 6
2	Miracle Technology CO., LTD.	Aptos Technology INC.	Other Receivables— Related Parties	Y	170,000	170,000	170,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	170,000	174,317	174,317	Note 4
3	Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	Other Receivables— Related Parties	Y	68,175	67,170	44,780	2.509%	Short-term financing	-	Working Capital Turnover	-	None	-	181,017	181,017	Note 8
4	Pilot Energy Co., Ltd.	Xsense Technology Corporation	Other Receivables— Related Parties	Y	100,000	50,000	40,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	50,000	120,748	120,748	Note 7

Note 1: The description of the number columns are as follows:

(1) Fill in "0" for the issuer.

(2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 3: Subsidiary - ADL Energy Corp Procedures for Lending Funds to Others:

(1) The total loan amount shall not exceed 50% of the Company's net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed 40% of the Company net value.

(2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the

(3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of the company's short-term financing.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by the abovementioned paragraphs. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:

I. The total amount loans to enterprises shall not exceed 50% of the Company's net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.

II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company's net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.

(5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Note 6: Subsidiary - Youe Chung Capital Corporation Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Note 7: Subsidiary - Pilot Energy Co., Ltd. Procedures for Lending Funds to Others:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement.

(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

Note 8: Subsidiary - Miko-China Enterprise (Shanghai) Co., Ltd. Procedures for Lending Funds to Others:

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Taiwan Mask Corporation and Subsidiaries

Endorsements and Guarantees to Others

January 1 to December 31, 2024

Table 2

Unit: NT\$ Thousand
(Unless otherwise specified)

		Party being endorsed/guaranteed		Limits on Endorsement/				Ratio of								
No.		Relationship		Guarantee Amount	Maximum Balance of			Amount of	Accumulated	Maximum	Guarantee	Guarantee	Guarantee			
				Applicable to Each	Endorsement/	Ending Balance of	Endorsement/	Endorsement/Guaran	Endorsement/	Provided by	Provided by	Provided to				
				Guarantee	Guarantee for the	Endorsement/	Amount	Collateralized	Latest Financial	Allowable	Company to	Parent	in Mainland			
(Note 1)	Endorser/guarantor	Name of Company	(Note 2)	(Notes 3, 4, 5, 6)	Period	Guarantee	Actually Drawn	by Properties	Statements	(Notes 3, 4, 5, 6)	Subsidiary	Company	China	Note		
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	2	\$ 229,550	\$ 221,060	\$ 131,140	\$ -	\$ -	2.98%	\$ 1,758,067	Y	N	N	Note 3		
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	174,317	150,000	150,000	150,000	150,000	34.42%	174,317	N	N	N	Note 6		
1	Miracle Technology CO., LTD.	Aptos Technology INC.	1	174,317	20,000	20,000	20,000	20,000	4.59%	174,317	N	N	N	Note 6		
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	452,543	231,795	228,378	228,378	228,378	50.47%	452,543	N	Y	N	Note 5		
3	Pilot Energy Co., Ltd.	ADL Energy Corp	2	120,748	30,000	-	-	-	0.00%	120,748	Y	N	N	Note 7		
3	Pilot Energy Co., Ltd.	Youe Chung Capital Corporation	3	120,748	100,000	-	-	-	0.00%	120,748	N	Y	N	Note 7		

Note 1: The description of the number columns are as follows:

(1) Fill in "0" for the issuer.

(2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:

(1) A company with which it does business.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.

(4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.

(5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.

(6) A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.

(7) Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee practices for others provide that:

(1) The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.

(2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

(3) Companies with which the Company has a parent-child relationship: The endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the company's paid-in capital being endorsed and guaranteed.

(4) The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.

Note 4: Subsidiary - ADL Energy Corp Endorsement and Guarantee Procedures:

(1) The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

(2) The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.

(3) The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement guarantee liability is limited to RMB 30 million, and the amount of endorsement guarantee for a single enterprise shall not exceed RMB 30 million; however, for the parent company that directly or indirectly holds, through a subsidiary, more than 50

Note 6: Subsidiary - Miracle Technology Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.










































Note 7: Subsidiary - Pilot Energy Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Taiwan Mask Corporation and Subsidiaries
Ending holding of marketable securities (not including subsidiaries, associates and joint ventures)
December 31, 2024

Table 3

Unit: NT\$ Thousand
(Unless otherwise specified)

				End of period					
Company name of the shareholding	Marketable securities	Relationship with the marketable securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Note	
Taiwan Mask Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	7,554,000 	\$ 325,200 	0.06% 	\$ 325,200		
Taiwan Mask Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Current	 14,329,000 	725,047 	7.16% 	725,047		
Taiwan Mask Corporation	Common stocks of Avision Inc. through private placement.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	10,000,000 	34,600 	4.61% 	34,600		
Taiwan Mask Corporation	Common Stock of 3S Silicon Tech Inc.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,000,000 	22,920 	2.69% 	22,920		
Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	The parent company of the Company	Financial assets measured at amortized cost	-	100,000	-	100,000		
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	5,080,000 	218,694 	0.04% 	218,694		
Youe Chung Capital Corporation	Common stocks of Microtek International	None	Financial Assets at Fair Value Through Profit or Loss - Current	34,154,000 	507,187 	16.61% 	507,187		
Youe Chung Capital Corporation	Common stocks of Taiwan Mask	Parent company	Financial Assets at Fair Value Through Profit or Loss - Non Current	 35,331,440 	1,740,073 	13.77% 	1,740,073		
Youe Chung Capital Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Current	24,540,000 	1,241,724 	12.27% 	1,241,724		
Youe Chung Capital Corporation	Common stocks of EVERBRITE Technology	None	Financial Assets at Fair Value Through Profit or Loss - Current	2,962,000 	111,223 	4.55% 	111,223		
Youe Chung Capital Corporation	Common stocks of Image Match Design Inc.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	 378,000 	2,925 	2.07% 	2,925		
Youe Chung Capital Corporation	B Current Impact Investment	The Company is a director of that company	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,000,000	10,000 	10.00%	10,000		
Youe Chung Capital Corporation	B Current Impact Investment Partnership	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	 750,000 	7,500	-	7,500		
Youe Chung Capital Corporation	Intellectual Property Innovation Corporation Partnership Fund	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	-	20,000	-	20,000		
Youe Chung Capital Corporation	Wisdom Capital Limited Partnership	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	- 	67,802	-	67,802		
Jing Hao Investment Co., Ltd.	G-TECH ELECTRONICS LTD.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,097,092	-	8.08%	-		
Jing Hao Investment Co., Ltd.	Common stocks of MEMCHIP TECHNOLOGY CO., LTD.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	187,915	- 	3.13%	-		
Aptos Technology INC.	Common stocks of TOPFUN TECHNOLOGY INC.	None	Financial Assets at Fair Value Through Other Comprehensive Income - Non Current	100,000	- 	12.27%	-		
Miko-China Enterprise (Shanghai) Co., Ltd.	Common stocks of Shenzhen He Mei Jing Yi Semiconductor Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	400,000 	21,494	0.31% 	21,494		

Taiwan Mask Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
January 1 to December 31, 2024

Table 4

Unit: NT\$ Thousand
(Unless otherwise specified)

Company engaged in	Counterparty	Relationship	Transaction details				Difference from general transactions in terms of		Notes and accounts receivable/payable		
			Purchase/sales	Amount	Percentage of total purchase/sales	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable/payable	Note
Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	Subsidiary to parent company	Sales	\$ 174,167	2.30%	Payment term of net 60	Equivalent to general transactions	-	\$ 3,736	0.64%	None

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to December 31, 2024

Table 5

Unit: NT\$ Thousand
(Unless otherwise specified)

No. (Note 1)	Name of the counterparty	Counterparty	Relationship	Status of transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	5,500	Net 60	0.07%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	131,140	Same with other customers	0.63%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Sales	15,716	Net 60	0.21%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Accounts Receivables	1,811	Net 60	0.01%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Accounts Receivables	1,432	Net 60	0.01%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	85,937	Same with other customers	0.41%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Rental income	17,628	Same with other customers	0.23%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Incomes	2,098	Receipt and payment at an agreed time	0.03%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	50,785	Same with other customers	0.67%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	78,094	Same with other customers	0.37%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Incomes	1,472	Receipt and payment at an agreed time	0.02%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Other Receivables	7,099	Receipt and payment at an agreed time	0.03%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Other Incomes	1,631	Receipt and payment at an agreed time	0.02%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	2,523	Same with other customers	0.03%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Rental income	48,044	Same with other customers	0.64%
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	1	Other receivables (loans of funds)	300,000	Receipt and payment at an agreed time	1.43%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other receivables (loans of funds)	80,000	Receipt and payment at an agreed time	0.38%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other receivables (loans of funds)	50,000	Receipt and payment at an agreed time	0.24%
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	3	Interest income	1,837	Receipt and payment at an agreed time	0.02%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	1,192	Receipt and payment at an agreed time	0.02%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Interest income	4,272	Receipt and payment at an agreed time	0.02%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Endorsement and guarantee	150,000	Same with other customers	1.98%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Sales	53,715	Net 30	0.26%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Accounts Receivables	5,279	Net 30	0.07%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.10%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Sales	1,838	Same with other customers	0.01%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Other receivables (loans of funds)	170,000	Receipt and payment at an agreed time	0.81%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Sales	1,478	Net 60	0.02%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	1,043	Net 60	0.01%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Other Receivables	2,150	Receipt and payment at an agreed time	0.03%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	228,378	Same with other customers	1.09%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	3	Other receivables (loans of funds)	44,780	Receipt and payment at an agreed time	0.21%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	3	Interest income	1,037	Receipt and payment at an agreed time	0.01%
3	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	9,353	Net 30	0.12%
3	Sichuan Miracle Power Technology Co., Ltd.	Miracle Technology CO., LTD.	3	Sales	1,791	Net 30	0.02%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Other receivables (loans of funds)	340,000	Receipt and payment at an agreed time	1.63%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Other Receivables	7,349	Receipt and payment at an agreed time	0.04%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Interest income	8,660	Receipt and payment at an agreed time	0.11%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	310,000	Receipt and payment at an agreed time	1.48%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	7,998	Receipt and payment at an agreed time	0.11%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Other receivables (loans of funds)	180,000	Receipt and payment at an agreed time	0.86%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Interest income	4,049	Receipt and payment at an agreed time	0.05%
5	Pilot Energy Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	40,000	Receipt and payment at an agreed time	0.19%
5	Pilot Energy Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	1,333	Receipt and payment at an agreed time	0.02%
6	Innova Vision INC.	iPro Vision Inc.	3	Accounts Receivables	31,964	Net 60	0.15%
6	Innova Vision INC.	iPro Vision Inc.	3	Sales	14,481	Net 60	0.19%
7	iPro Vision Inc.	Innova Vision INC.	3	Sales	4,845	Receipt and payment at an agreed time	0.06%
8	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Sales	174,167	Net 60	2.30%
9	Aptos Technology INC.	Taiwan Mask Corporation	2	Other Incomes	3,860	Net 60	0.05%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement account.

Note 4: Only transactions with an amount of more than NT\$1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in Mainland China)
January 1 to December 31, 2024

Table 6

Unit: NT\$ Thousand
(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Ownership	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	\$ 103,045	\$ 103,045	3,120,000	100%	\$ 5,938	(\$ 71)	(\$ 71)	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,260,000	1,260,000	534,877,568	100%	207,987	1,574,027	820,048	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,686	165,691	12,546,652	21.13%	46,599	69,715	16,223	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Taiwan	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	252,651	252,651	22,955,033	100%	471,901	18,155	18,155	
Taiwan Mask Corporation	Weida Hi-Tech Co., Ltd.	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	28.20%	25,851	1,130	319	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	598,721	598,721	18,906,567	75.32%	23,539	220,853	166,371	
Taiwan Mask Corporation	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	121,372	121,372	940,000	100%	86,458	11,609	7,870	
Taiwan Mask Corporation	Pilot Energy Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	180,000	180,000	3,600,000	20.00%	86,166	101,125	20,395	
Taiwan Mask Corporation	TrueLight Corporation	Taiwan	Fiber-optic communication related products	410,400	-	13,500,000	12.11%	388,848	239,250	21,542	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	73,251	75,021	2,664,223	4.49%	9,895	69,715	4,098	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	325,965	325,965	1	100.00%	6,224	23	23	
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan	Precious metal coating	-	-	12,189,191	53.00%	105,901	193,615	102,607	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash memory, solid state drives and the related products	434,692	434,692	28,481,161	47.19%	333,639	234,505	111,819	
Youe Chung Capital Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	151,533	151,533	47,185	0.19%	49	220,853	400	
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	Taiwan	3D Printing and Plastic Mold Design	139,072	139,072	7,281,250	57.39%	126,254	34,411	19,747	
Youe Chung Capital Corporation	Pilot Energy Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	178,500	178,500	7,000,000	38.89%	178,563	101,125	43,285	
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Taiwan	Retail and wholesale of memory products	43,590	40,000	4,359,000	52.84%	19,635	26,838	14,275	
Youe Chung Capital Corporation	BKS Tec Corp.	Taiwan	Electronics Components Manufacturing	30,000	-	6,000,000	38.91%	18,198	(41,233)	(11,802)	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	-	Note
ADL Energy Corp	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000,000	100%	-	-	-	
Miracle Technology CO., LTD.	Jing Hao Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	29,731,315	100%	373,212	37,155	37,155	
Jing Hao Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	7,065	106	106	
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	64,650	64,650	3,000,000	100%	3,502	106	106	
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	60,157	1,000,000	100%	922	244	244	
Innova Vision INC.	iPro Vision Inc.	Japan	Sales of contact lens	84,204	84,204	6,400	52.03%	1,200	508	264	
Innova Vision (B.V.I) Inc.	iPro Vision Inc.	Japan	Sales of contact lens	56,420	56,420	5,900	47.97%	1,106	508	244	
Pilot Energy Co., Ltd.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services	413,050	413,050	9,984,526	100%	51,923	3,613	3,613	

Note: As of December 31, 2024, the funds for shares have not been remitted.

Taiwan Mask Corporation and Subsidiaries
Information on investments in Mainland China
January 1 to December 31, 2024

Table 7

Unit: NT\$ Thousand
(Unless otherwise specified)

Investee in Mainland China	Main business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China at the beginning of the period	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan to China at the end of period	Profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	income (loss) recognized by the Company for the current (Note 2)	Ending carrying amount	Accumulated amount of investment income remitted back to Taiwan	Note
					Remitted to	Remitted back							
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	\$ 3,283	1	\$ 3,283	\$ -	\$ -	\$ 3,283	\$ 46,478	100%	\$ 46,478	\$ 452,542	\$ -	Note 2 (2) B
Miracle International Enterprise(Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	1	10,215	-	-	10,215	(2,512)	100%	(2,512)	103,829	-	Note 2 (2) B, Note 4
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	53,676	3	-	-	-	-	(9,143)	100%	(9,143)	47,720	-	Note 2 (2) B
Name of Company	remittance from Taiwan to China as of the end of the	amount approved by the	China imposed by the Investment Commission										
Miracle Technology CO., LTD.	\$ 13,498	\$ 13,498	\$ 261,475										

Note 1: Investment methods are classified into the following three categories; fill in the number of categories each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (please specify the company), which then invested in Mainland China.
- (3). Others

Note 2: Investment income recognized by the Company for the current period

- (1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.
- (2) The basis for recognition of the investment gains or losses is divided into the following three,
 - A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.
 - B. Financial statements reviewed by a certified accountant or accounting firm who work with the parent company in Taiwan.
 - C. Unaudited financial reports.

Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: It was originally invested through Misun Technology Co., Ltd. Since the aforementioned company has gone through dissolution and liquidation, it has been changed to Miracle Technology Co., Ltd. directly investing in Miracle International Enterprise (Shanghai) Co., Ltd.

Taiwan Mask Corporation and Subsidiaries

Information on Major Shareholders

December 31, 2024

Table 8

Name of Main Shareholders	Shares	
	No. of shares held	Ownership
Youe Chung Capital Corporation	35,331,440	13.77%

Taiwan Mask Corporation
Cash and Cash Equivalents Schedule
December 31, 2024

Schedule 1

Unit: NT\$ Thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Bank deposits		
Demand deposits - NTD		\$ 174,234
- Foreign currency	USD 7,312, exchange rate 32.785	239,713
	JPY 349,699, exchange rate 0.2099	73,402
	EUR 1,231, exchange rate 34.14	42,027
Time deposits -- NTD	Maturity date: March 31, 2025, interest rate: 1.285%	3,492
		<u>\$ 532,868</u>

Taiwan Mask Corporation
Accounts Receivable Schedule
December 31, 2024

Schedule 2

Unit: NT\$ Thousand

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
General customers			
Company F		\$ 185,331	
Company A		106,564	
Company B		69,923	
Company G		54,858	
Company H		54,443	
Company E		40,365	
			The balance of each separate
			account did not exceed 5%
Others		289,258	of this account
			Account balance that has
			been more than a year is
		800,742	NT\$0
Less: Allowance for bad debts	(5,619)	
		795,123	
Related party			
Miracle Technology Co., Ltd.	\$	1,432	
Miracle International			
Enterprise(Shanghai) Co., Ltd.		1,811	
TrueLight Corporation		54	
Weida Hi-Tech Co., Ltd.		2,315	
			Account balance that has
			been more than a year is
		5,612	NT\$0
Less: Allowance for bad debts		-	
	\$	<u>5,612</u>	

Taiwan Mask Corporation
Inventories Schedule
December 31, 2024

Schedule 3

Unit: NT\$ Thousand

		<u>Amount</u>		
<u>Items</u>	<u>Summary</u>	<u>Cost</u>	<u>Market value</u>	<u>Note</u>
Raw materials		\$ 186,297	\$ 191,120	Net realizable value as the market value
Work in process		24,704	43,638	Net realizable value as the market value
Finished goods		<u>3,748</u>	<u>6,022</u>	Net realizable value as the market value
		214,749	<u>\$ 240,780</u>	
Add: Loss on falling prices of inventory and inventory obsolescence		(<u>9,369</u>)		
		<u>\$ 205,380</u>		

Taiwan Mask Corporation
Financial assets schedule at fair value through profit and loss
January 1 to December 31, 2024

Schedule 4

Unit: NT\$ Thousand

Name	<u>Opening Balance</u>		<u>Increase this period</u>		<u>Decrease this period</u>		<u>Ending balance</u>		<u>Guarantee or pledge</u>	<u>Note</u>
	<u>Number of Shares</u>	<u>Book value</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Book value</u>		
Common stocks of United Microelectronics Corporation	7,554,000	\$ 397,340	-	\$ -	-	(\$ 72,140)	7,554,000	\$ 325,200	Yes	1,800,000 shares pledged
Common stock of China Steel Structure Co., Ltd.	14,334,000	792,670	-	-	(5,000)	(67,623)	14,329,000	725,047	Yes	14,160,000 shares pledged
Common stocks of Avison Inc. through private placement.	10,000,000	55,700	-	-	-	(21,100)	10,000,000	34,600	None	
Common Stock of 3S Silicon Tech Inc.	1,000,000	11,592	-	11,328	-	-	1,000,000	22,920	None	
Convertible bond call/put options	-	(9,383)	-	-	-	(9,821)	-	(19,204)	None	
Total		<u>\$ 1,247,919</u>		<u>\$ 11,328</u>		<u>(\$ 170,684)</u>		<u>\$ 1,088,563</u>		

Taiwan Mask Corporation
Schedule of Investments Changes Accounted for Using Equity Method
January 1 to December 31, 2024

Schedule 5

Unit: NT\$ Thousand

Name	Opening Balance		Increase in investment for the period		Decrease in investment for the period		Increase/decrease in investments accounted for using the equity method (Note)	Number of Shares	Ending balance		Market value or equity net value			
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Ratio of Share Proportion	Amount	Unit price (in dollars)	Total amount	Guarantee or pledge	Note
SunnyLake Park International Holdings, Inc.	3,120,000	\$ 5,683	-	\$ -	-	\$ -	\$ 255	3,120,000	100.00%	\$ 5,938	\$ -	\$ -	-	None
Youe Chung Capital Corporation	534,877,568	987,383	-	-	-	-	(779,396)	534,877,568	100.00%	207,987	-	-	-	None
Innova Vision INC.	37,813,134	142,651	-	-	(18,906,567)	-	(166,190)	18,906,567	75.32%	(23,539)	-	-	-	None
Advagene Biopharma Co., Ltd.	12,549,652	32,974	-	-	(3,000)	(5)	13,630	12,546,652	21.13%	46,599	-	-	-	None
Miracle Technology CO., LTD.	22,955,033	472,096	-	-	-	-	(195)	22,955,033	100.00%	471,901	-	-	-	None
Weida Hi-Tech Co., Ltd.	12,176,880	26,081	-	-	-	-	(229)	12,176,880	28.20%	25,851	-	-	-	None
ONE TEST SYSTEMS	940,000	121,332	-	-	-	-	(34,875)	940,000	100.00%	86,458	-	-	-	None
Pilot Battery Co., Ltd.	3,600,000	78,591	-	-	-	-	7,575	3,600,000	20.00%	86,166	-	-	-	None
TrueLight Corporation	-	-	13,500,000	410,400	-	-	(21,552)	13,500,000	12.11%	388,848	-	-	-	None
Total		<u>\$ 1,866,791</u>		<u>\$ 410,400</u>		<u>(\$ 5)</u>	<u>(\$ 980,977)</u>			<u>\$ 1,296,209</u>				

Note: Mainly the share of profit or loss of subsidiaries and affiliates accounted for using the equity method, the share of other comprehensive income, and the cash dividends received from investees.

Taiwan Mask Corporation
Property, Plant and Equipment Cost Changes Schedule
January 1 to December 31, 2024

Schedule 6

Unit: NT\$ Thousand

Items	Opening Balance	Increase this period	Decrease this period	Reclassification for the year	Ending balance	Guarantee or pledge	Note
Buildings and structures (including land)	\$ 2,184,268	\$ 41,202	\$ -	\$ 121,941	\$ 2,347,411	Yes	
Machinery and equipment	7,184,723	517,882	-	837,710	8,540,315	Yes	
Transportation equipment	6,268	500	(810)	-	5,958	None	
Office equipment	56,112	13,616	-	-	69,728	Yes	
Other equipment	551,186	173,250	-	30,709	755,145	None	
Unfinished construction and equipment to be inspected	1,010,828	1,109,433	-	(934,798)	1,185,463	None	
	<u>NT\$10,993,385</u>	<u>\$ 1,855,883</u>	<u>(\$ 810)</u>	<u>\$ 55,562</u>	<u>\$12,904,020</u>		

Taiwan Mask Corporation
Property, Plant and Equipment Accumulated Depreciation Changes Schedule
January 1 to December 31, 2024

Schedule 7

Unit: NT\$ Thousand

Items	Opening Balance	Increase this period	Decrease this period	Reclassification for the year	Balance of the period	Note
Buildings and structures	\$ 835,607	\$ 203,253	\$ -	\$ 6,768	\$ 1,045,628	
Machinery and equipment	2,096,348	712,384	-	-	2,808,732	
Transportation equipment	2,408	1,274	(608)	-	3,074	
Office equipment	35,304	12,027	-	-	47,331	
Other equipment	161,505	124,296	-	-	285,801	
	<u>\$ 3,131,172</u>	<u>\$ 1,053,234</u>	<u>(\$ 608)</u>	<u>\$ 6,768</u>	<u>\$ 4,190,566</u>	

Taiwan Mask Corporation
Right-of-Use Assets Schedule
January 1 to December 31, 2024

Schedule 8

Unit: NT\$ Thousand

Items	Opening Balance	Increase this period	Decrease this period	Ending balance	Note
Land	\$ 572,982	\$ 6,530	(\$ 157,906)	\$ 421,606	
Buildings and structures	9,295	-	(3,660)	5,635	
Transportation equipment (company vehicles)	24,390	3,393	(12,650)	15,133	
Other equipment	44,825	23,211	(148)	67,888	
Total	<u>\$ 651,492</u>	<u>\$ 33,134</u>	<u>(\$ 174,364)</u>	<u>\$ 510,262</u>	

Taiwan Mask Corporation
Right-of-Use Assets Accumulated Depreciation Schedule
January 1 to December 31, 2024

Schedule 9

Unit: NT\$ Thousand

<u>Items</u>	<u>Opening Balance</u>	<u>Increase this period</u>	<u>Decrease this period</u>	<u>Ending balance</u>	<u>Note</u>
Land	\$ 91,792	\$ 22,786	(\$ 24,651)	\$ 89,927	
Buildings and structures	4,705	1,147	(3,660)	2,192	
Transportation equipment (company vehicles)	14,449	5,769	(12,650)	7,568	
Other equipment	5,019	3,930	(148)	8,801	
Total	<u>\$ 115,965</u>	<u>\$ 33,632</u>	<u>(\$ 41,109)</u>	<u>\$ 108,488</u>	

Taiwan Mask Corporation
Short-Term Borrowings Schedule
December 31, 2024

Schedule 10

Unit: NT\$ Thousand

<u>Types of borrowings</u>	<u>Explanation</u>	<u>Ending balance</u>	<u>Contract Duration</u>	<u>Range of interest rate</u>	<u>Financing Amount</u>	<u>Pledge or Guarantee</u>	<u>Note</u>
Credit loan		\$ 1,886,478	May 31, 2024 - March 12, 2025	1.87%~2.63%	\$ -	None	
Secured borrowings		520,000	November 20, 2024 - March 12, 2025	2.21%~2.53%	-	Yes	Stock
		<u>\$ 2,406,478</u>					

Taiwan Mask Corporation
Long-Term Borrowings Schedule
December 31, 2024

Schedule 11

Unit: NT\$ Thousand

<u>Pledge or Guarantee</u>	<u>Summary</u>	<u>Amount Borrowed</u>	<u>Contract Duration</u>	<u>Coupon rate</u>
Houses and buildings, machinery equipment and investment property	Intermediate- and long-term secured loans	\$ 750,000	January 28, 2022 - January 27, 2027	2.67%
Buildings and investment property	Intermediate- and long-term secured loans	1,215,790	12.28.2022~12.28.2032	2.30%~2.57%
Machinery and equipment	Intermediate- and long-term secured loans	1,526,640	December 21, 2022 - May 20, 2029	2.30%~3.58%
		3,492,430		
Less: Mature within one year		(857,444)		
		<u>\$ 2,634,986</u>		

Taiwan Mask Corporation
Sales Income Schedule
January 1 to December 31, 2024

Schedule 12

Unit: NT\$ Thousand

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Photomask	67,559 pieces	<u>\$ 4,260,484</u>	

Taiwan Mask Corporation
Operating Costs Schedule
January 1 to December 31, 2024

Schedule 13

Unit: NT\$ Thousand

Items	Amount	Note
Direct materials		
Opening raw materials	\$ 103,921	
Incoming materials in the current period	799,814	
Ending raw materials	(186,297)	
Less: Transfer to expense	(22,081)	
Consumption in this period	695,357	
Director labor	120,716	
Manufacturing expenses	2,010,459	
Manufacturing cost	2,826,532	
Add: Opening work-in-progress	26,609	
Less: Ending work-in-progress	(24,704)	
Cost of finished goods	2,828,437	
Add: Opening finished goods	3,839	
Less: Ending finished goods	(3,748)	
Cost of manufacturing and sales	2,828,528	
Other operating costs		
Loss on falling prices of inventory and inventory obsolescence	4,575	
Operating costs	<u>\$ 2,833,103</u>	

Taiwan Mask Corporation
Manufacturing Expenses Schedule
January 1 to December 31, 2024

Schedule 14

Unit: NT\$ Thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Depreciation		\$ 923,904	
Contract maintenance fee		535,059	
Salaries expense		164,894	
Utilities		105,136	
Others		281,466	The balance of each separate account did not exceed 5% of this account
		<u>\$ 2,010,459</u>	

Taiwan Mask Corporation
Operating Expenses Schedule
January 1 to December 31, 2024

Schedule 15

Unit: NT\$ Thousand

Items	Summary	Amount	Note
Marketing expenses:			
Shipping expenses		\$ 36,873	
Salaries expense		22,066	
Export declaration fee		8,556	
Others		15,168	The balance of each separate account did not exceed 5% of this account
		<u>\$ 82,663</u>	
Administrative Expenses:			
Depreciation		\$ 90,094	
Salaries expense		65,765	
Bank expenses		24,444	
Utilities		23,272	
Others		85,185	The balance of each separate account did not exceed 5% of this account
		<u>\$ 288,760</u>	
Research and development expenses:			
Depreciation		\$ 71,714	
Salaries expense		49,314	
Research and experiment fee		27,689	
Material costs		12,816	
Others		39,610	The balance of each separate account did not exceed 5% of this account
		<u>\$ 201,143</u>	

Taiwan Mask Corporation
Employee Benefits, Depreciation, Depletion and Amortization in the Current Period
January 1 to December 31, 2024

Schedule 16

Unit: NT\$ Thousand

Function Type	2024				2023			
	Operating costs	Operating expenses	Non-operating income and expenses	Total	Operating costs	Operating expenses	Non-operating income and expenses	Total
Employee benefits expenditure								
Payroll expenses	\$ 257,377	\$ 137,145	\$ -	\$ 394,522	\$ 289,137	\$ 140,633	\$ -	\$ 429,770
Employee stock options	-	-	-	-	-	-	-	-
Labor and health insurance fees	26,273	13,351	-	39,624	23,053	11,763	-	34,816
Pension expense	11,157	6,186	-	17,343	9,887	5,104	-	14,991
Director remuneration	-	4,900	-	4,900	-	12,000	-	12,000
Other employee benefit expenses	20,006	5,008	-	25,014	16,150	9,161	-	25,311
Depreciation	923,904	162,962	15,722	1,102,588	658,076	124,301	16,188	798,565
Amortization expense	19,518	3,549	-	23,067	19,075	4,966	-	24,041

- As of the end of the current period and the previous year, the number of employees was 496 and 463, respectively. The number of directors not concurrently holding employee positions was 5 for both periods.
- Stocks are listed on the Taiwan Stock Exchange or the Taipei Exchange and the following information is disclosed:
 - Average employee benefit expenses for the current year were NT\$970 thousand ("Total employee benefit expenses for the current year/total directors' remuneration"/"Number of employees for the current year - number of directors who are not also employees").
Average employee benefit expenses for the previous year were NT\$1,102 thousand ("Total employee benefit expenses for the previous year - total directors' remuneration"/"Number of employees for the previous year - number of directors who are not also employees").

Taiwan Mask Corporation
Employee Benefits, Depreciation, Depletion and Amortization in the Current Period (continued)
January 1 to December 31, 2024

Schedule 16

Unit: NT\$ Thousand

- (2) Average employee salary expense for the current year was NT\$804 thousand (Total salary expense for the current year/"Number of employees for the current year - Number of directors who were not also employees").
Average employee salary expense for the previous year was NT\$938 thousand (Total salary expense for the previous year/"Number of employees for the previous year - Number of directors who were not also employees").
- (3) Change in average employee salary expense adjustment was (-14%) ("Average employee salary expense for the current year/Average employee salary expense for the previous year"/Average employee salary expense for the previous year)
- (4) The Company has an audit committee, so there is no supervisor's remuneration.
- (5) The Company regularly reviews its policies, systems, standards and structure of performance appraisal and salary remuneration of directors and managerial officers according to the Remuneration Committee charter, and abided by the following rules:
 - A. The performance evaluation of the directors and managerial officers and their salary and remuneration shall be considered in reference to the payment standard among industry peers and individual performances, in relevance to its reasonableness with the Company's operations performance and future risks.
 - B. These shall not lead directors and managerial officers to pursue salary and remuneration, engaging in risky conducts that outstrip the Company's capacity to handle.
 - C. The bonus proportion of short-term performance for directors and senior level managerial officers and partial changes to remuneration payment time shall be decided in consideration of the industrial characteristics and the nature of the Company's business.
- (6) Directors' remuneration and employee remuneration are subject to the Company's Articles of Incorporation. The distribution shall be executed after the resolution approval at a Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreeing and passing the resolution, and reporting such to the shareholders meeting.
 - A. Employee remuneration: Allocated based on the Company's operating condition, and is distributed based on employee's position, performance, and tenure of service.
 - B. Quarterly bonuses: Allocated based on the Company's operating condition, and is given as an incentive for achieving the set targets.
 - C. Annual salary adjustments: Carried out in accordance with the Company's operating condition. Annual salary adjustment: Carried out in accordance with the Company's operating condition. The salary adjustment range takes into account the salary adjustment in the industry, domestic economic growth, price index, and individual performance appraisal.