

Msscorks Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Msscorks Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Msscorks Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2024 is described as follows:

The Authenticity of the Specific Customers' Operating Revenue

The Company's operating revenue was \$1,614,016 thousand in 2024, and compared to the operating revenue in 2023, it decreased by approximately 1%. However, the total operating revenue from major customers (excluding subsidiaries) accounted for approximately 34% of the Company's overall operating revenue, resulting in a significant impact on the financial statements of the Company. Therefore, we assessed that the main risk of the occurrence of operating revenue from major customers with significant annual sales and revenue growth as a key audit matter. For the accounting policies related to revenue recognition, refer to Note 4 to the financial statements.

The audit procedures that we performed in respect of the operating revenue from the aforementioned customers are as follows:

1. We obtained an understanding of the design of the internal controls related to the recognition of sales revenue, checked the design and implementation of relevant controls, and evaluated the appropriate audit procedures on internal controls related to the occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the design and implementation of the Company's internal controls.
2. We obtained the list of the aforementioned customers in 2024, and checked the reasonableness of their relevant backgrounds, transaction amounts, credit amounts and company size.
3. We selected samples from the revenue ledger of the aforementioned customers, and obtained the customer master files, service orders, customer acceptance confirmation letters, sales invoices, payment receipts and other materials. We analyzed the trends in changes to receivables and sales revenue, and we confirmed the authenticity of the operating revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 the Company 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 the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 the Standards on Auditing of the Republic of China 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company 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 Company'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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate 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.

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 company 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chung-Chen Chen and Li-Wei Liu.



Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2025

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

MSSCORPS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 328,345	6	\$ 434,496	10
Notes receivable (Notes 4, 9 and 20)	2,973	-	429	-
Trade receivables (Notes 4, 9 and 20)	525,000	9	519,731	13
Trade receivables from related parties (Notes 4, 20 and 29)	6,514	-	-	-
Other receivables (Notes 4 and 9)	-	-	1,421	-
Other receivables from related parties (Notes 4, 26 and 29)	-	-	45,701	1
Current tax assets (Note 4)	24,934	-	-	-
Prepayments (Note 14)	94,084	2	89,289	2
Total current assets	981,850	17	1,091,067	26
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	21,554	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	-	-	-	-
Investments accounted for using the equity method (Notes 4 and 10)	1,656,857	28	710,464	17
Property, plant and equipment (Notes 4, 11, 29 and 30)	2,725,770	47	1,799,168	42
Right-of-use assets (Notes 4 and 12)	195,985	3	181,194	4
Other intangible assets (Notes 4 and 13)	8,420	-	7,585	-
Deferred tax assets (Notes 4 and 22)	49,329	1	41,525	1
Other non-current assets (Notes 4, and 14)	223,681	4	412,084	10
Total non-current assets	4,881,596	83	3,152,020	74
TOTAL	\$ 5,863,446	100	\$ 4,243,087	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4, 7, 16 and 26)	\$ 700	-	\$ -	-
Contract liabilities - current (Notes 4 and 20)	12,756	-	28,780	1
Trade payables	26,902	-	33,255	1
Trade payables to related parties (Note 29)	-	-	54,422	1
Other payables (Notes 17 and 26)	265,145	5	310,957	7
Current tax liabilities (Note 4)	5,050	-	14,300	-
Lease liabilities - current (Notes 4 and 12)	50,711	1	35,931	1
Deferred revenue - current (Notes 4, 17 and 25)	4,044	-	3,053	-
Current portion of long-term borrowings (Notes 4, 15, 25 and 30)	148,268	3	185,349	5
Refund liabilities - current (Notes 4, 17 and 20)	52,375	1	39,779	1
Other current liabilities (Note 17)	10,235	-	9,187	-
Total current liabilities	576,186	10	715,013	17
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 16 and 26)	467,898	8	-	-
Long-term borrowings (Notes 4, 15, 25 and 30)	1,419,530	24	744,814	18
Lease liabilities - non-current (Notes 4 and 12)	149,961	2	149,376	4
Deferred tax liabilities (Notes 4 and 22)	92,540	2	60,556	1
Deferred revenue - non-current (Notes 4, 17 and 25)	8,919	-	6,925	-
Total non-current liabilities	2,138,848	36	961,671	23
Total liabilities	2,715,034	46	1,676,684	40
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	517,812	9	467,812	11
Advance receipts for ordinary shares	7	-	-	-
Total share capital	517,819	9	467,812	11
Capital surplus	2,033,709	35	1,385,494	33
Retained earnings				
Legal reserve	165,388	3	139,260	3
Special reserve	16,972	-	5,671	-
Unappropriated earnings	402,157	7	585,138	14
Total retained earnings	584,517	10	730,069	17
Other equity	12,367	-	(16,972)	(1)
Total equity	3,148,412	54	2,566,403	60
TOTAL	\$ 5,863,446	100	\$ 4,243,087	100

The accompanying notes are an integral part of the parent company only financial statements.

MSSCORPS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Service revenue (Notes 4, 20 and 29)	\$ 1,614,016	100	\$ 1,629,742	100
OPERATING COSTS				
Service costs (Notes 21, 24 and 29)	<u>(1,347,942)</u>	<u>(83)</u>	<u>(1,180,888)</u>	<u>(73)</u>
GROSS PROFIT	<u>266,074</u>	<u>17</u>	<u>448,854</u>	<u>27</u>
OPERATING EXPENSES (Notes 9, 21 and 24)				
Selling and marketing expenses	(41,897)	(3)	(41,872)	(2)
General and administrative expenses	(198,705)	(12)	(189,640)	(12)
Research and development expenses	(60,525)	(4)	(62,843)	(4)
Expected credit loss	<u>-</u>	<u>-</u>	<u>(1,746)</u>	<u>-</u>
Total operating expenses	<u>(301,127)</u>	<u>(19)</u>	<u>(296,101)</u>	<u>(18)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(35,053)</u>	<u>(2)</u>	<u>152,753</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 16, 21, 25 and 29)				
Interest income	4,272	-	4,444	-
Other income	7,315	1	6,279	1
Other gains and losses	17,881	1	1,446	-
Finance costs	(37,494)	(2)	(15,870)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures	<u>136,205</u>	<u>8</u>	<u>147,101</u>	<u>9</u>
Total non-operating income and expenses	<u>128,179</u>	<u>8</u>	<u>143,400</u>	<u>9</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	93,126	6	296,153	18
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(28,163)</u>	<u>(2)</u>	<u>(34,873)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>64,963</u>	<u>4</u>	<u>261,280</u>	<u>16</u>

(Continued)

MSSCORPS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 19 and 22)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 36,674	2	\$ (14,126)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(7,335)</u>	<u>-</u>	<u>2,825</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>29,339</u>	<u>2</u>	<u>(11,301)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 94,302</u>	<u>6</u>	<u>\$ 249,979</u>	<u>15</u>
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	<u>\$ 1.34</u>		<u>\$ 5.59</u>	
Diluted	<u>\$ 1.34</u>		<u>\$ 5.55</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

MSSCORPS CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Share Capital			Retained Earnings			Other Equity		Total Equity
	Ordinary Shares	Advance Receipts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
		for Ordinary Shares							
BALANCE AT JANUARY 1, 2023	\$ 467,812	\$ -	\$ 1,385,494	\$ 110,460	\$ 10,947	\$ 604,679	\$ (1,421)	\$ (4,250)	\$ 2,573,721
Appropriation of 2022 earnings (Note 19)									
Legal reserve	-	-	-	28,800	-	(28,800)	-	-	-
Special reserve	-	-	-	-	(5,276)	5,276	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(257,297)	-	-	(257,297)
Net profit for the year ended December 31, 2023	-	-	-	-	-	261,280	-	-	261,280
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(11,301)	-	(11,301)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	261,280	(11,301)	-	249,979
BALANCE AT DECEMBER 31, 2023	467,812	-	1,385,494	139,260	5,671	585,138	(12,722)	(4,250)	2,566,403
Appropriation of 2023 earnings (Note 19)									
Legal reserve	-	-	-	26,128	-	(26,128)	-	-	-
Appropriated special reserve	-	-	-	-	11,301	(11,301)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(210,515)	-	-	(210,515)
Other changes in capital surplus									
Equity component of convertible bonds issued by the Company (Notes 16 and 19)	-	-	81,707	-	-	-	-	-	81,707
Compensation cost of employee share options (Notes 19 and 24)	-	-	17,421	-	-	-	-	-	17,421
Issuance of ordinary shares for cash (Note 19)	50,000	-	549,000	-	-	-	-	-	599,000
Convertible bonds converted to ordinary shares (Notes 16 and 19)	-	7	87	-	-	-	-	-	94
Net profit for the year ended December 31, 2024	-	-	-	-	-	64,963	-	-	64,963
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	29,339	-	29,339
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	64,963	29,339	-	94,302
BALANCE AT DECEMBER 31, 2024	\$ 517,812	\$ 7	\$ 2,033,709	\$ 165,388	\$ 16,972	\$ 402,157	\$ 16,617	\$ (4,250)	\$ 3,148,412

The accompanying notes are an integral part of the parent company only financial statements.

MSSCORPS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 93,126	\$ 296,153
Adjustments for:		
Depreciation expenses	631,811	442,807
Amortization expenses	4,784	5,289
Expected credit loss recognized on trade receivables	-	1,746
Net gain on fair value changes of financial assets/liabilities at fair value through profit or loss	(2,087)	-
Finance costs	37,494	15,870
Interest income	(4,272)	(4,444)
Compensation cost of employee share options	17,421	-
Share of profit of subsidiaries, associates and joint ventures	(136,205)	(147,101)
Gain on disposal of property, plant and equipment	(15,199)	(1,330)
Net gain on foreign currency exchange	(4,947)	(165)
Government grants	(3,967)	(2,479)
Realized gain on disposal of assets	(1,244)	(1,244)
Changes in operating assets and liabilities		
Notes receivable	(2,544)	4,181
Trade receivables	(3,147)	(42,413)
Trade receivables from related parties	(6,496)	3
Other receivables	1,421	(1,420)
Prepayments	(16,837)	(33,636)
Contract liabilities	(16,024)	2,777
Trade payables	(6,353)	1,885
Trade payables to related parties	(55,021)	55,021
Other payables	(22,572)	(603)
Refund liabilities	12,596	17,799
Other current liabilities	1,048	(198)
Cash generated from operations	502,786	608,498
Interest received	4,272	4,444
Interest paid	(27,683)	(12,264)
Income tax paid	(44,626)	(22,373)
Net cash generated from operating activities	<u>434,749</u>	<u>578,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(21,400)	-
Payments for property, plant and equipment	(1,221,648)	(604,125)
Proceeds from disposal of property, plant and equipment	114,636	117,989
Increase in refundable deposits	(9,970)	(3,158)
Decrease in refundable deposits	53	561
Increase in other receivables from related parties	-	(12)
Decrease in other receivables from related parties	12	70
Payments for intangible assets	(5,619)	(6,682)

(Continued)

MSSCORPS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Increase in prepayments for construction contract	\$ -	\$ (54,340)
Increase in prepayments for equipment	<u>(116,339)</u>	<u>(317,523)</u>
Net cash used in investing activities	<u>(1,260,275)</u>	<u>(867,220)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	450,000	-
Repayments of short-term borrowings	(450,000)	-
Proceeds from issuance of convertible bonds	551,380	-
Proceeds from long-term borrowings	971,000	302,000
Repayments of long-term borrowings	(331,767)	(127,150)
Repayment of the principal portion of lease liabilities	(44,284)	(30,746)
Dividends paid	(210,515)	(257,297)
Issuance of ordinary shares for cash	600,000	-
Acquisition of additional interests in subsidiary	(814,464)	(54,110)
Payments for transaction costs attributable to the issue of ordinary shares	(1,000)	-
Payments for transaction costs attributable to the issuance of debt instruments	<u>(4,381)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>715,969</u>	<u>(167,303)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>3,406</u>	<u>(38)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(106,151)	(456,256)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>434,496</u>	<u>890,752</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 328,345</u>	<u>\$ 434,496</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

MSSCORPS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Msscorks Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) on July 27, 2005. The Company mainly engages in the test and analysis of electronic materials, electronics components manufacturing, wholesale of electronic materials, retail sale of electronic materials, international trade and product designing.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August 31, 2022.

The shares are widely distributed among a large pool of investors; therefore, there is no ultimate parent company or ownership interest.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 6, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application 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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

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

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing other impacts of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period.

e. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

f. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, (including cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties) and refundable deposits), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, trade receivables (including related parties), other receivables (including related parties) and refundable deposits).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The derivative financial instruments signed by the Company are the redemption option and put option of convertible bonds.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

j. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

Revenue from the rendering of services comes from test and analysis of electronic material.

The Company recognizes revenue and trade receivables when the promised goods or services are transferred to customers and the performance obligations are satisfied. Estimated trade discounts are generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities. The receipts in advance received before meeting the aforementioned income recognition conditions are recognized as contract liabilities.

k. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants are intended to compensate.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

o. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2024	2023
Cash on hand	\$ 516	\$ 466
Demand deposits	<u>327,829</u>	<u>434,030</u>
	<u>\$ 328,345</u>	<u>\$ 434,496</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	<u>December 31</u>	
	2024	2023
Bank balance	0.002%-0.90%	0.001%-1.45%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2024	2023
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Limited partnership	<u>\$ 21,554</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Redemption options and put options of convertible bonds		
(Note 16)	<u>\$ 700</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Ordinary shares - HITEKCORPS CO., LTD.	\$ _____	\$ _____

This investment in equity instruments is held for medium- to long-term strategic purposes. Accordingly, the management elected to designate this investment in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Company's strategy of holding this investment for long-term purposes.

The Company used the market approach to evaluate the fair value of HITEKCORPS CO., LTD. for the years ended December 31, 2024 and 2023, and considered the financial statements and operating conditions of similar companies.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,973	\$ 429
Less: Allowance for impairment loss	_____	_____
	<u>\$ 2,973</u>	<u>\$ 429</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 529,936	\$ 524,667
Less: Allowance for impairment loss	_____ (4,936)	_____ (4,936)
	<u>\$ 525,000</u>	<u>\$ 519,731</u>
<u>Other receivables</u>		
Receivables from disposal of assets	\$ _____	\$ 1,421

a. Notes receivable

When determining the recoverability of notes receivable, the Company measures any change in credit quality from the original credit date to the balance sheet date. The Company continues to track the counterparty's credit rating, considers the counterparty's past default records, analyzes its current financial position and evaluates the notes receivable to assess whether the credit risk of the notes receivable has increased significantly since initial recognition and to measure the expected credit loss. As of December 31, 2024 and 2023, the Company assessed that there is no need to recognize expected credit losses on notes receivable.

The aging of notes receivable was as follows:

	December 31	
	2024	2023
Not past due	<u>\$ 2,973</u>	<u>\$ 429</u>

The above aging schedule was based on the number of past due days from end of credit term.

b. Trade receivables

The average credit period of sales of services was advance payment to 180 days after the month-end closing. No interest was charged on trade receivables that were past due. In determining the recoverability of trade receivables, the Company measured any change in credit quality from the original credit date to the balance sheet date. Historical experience showed that most accounts were recoverable.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the customers is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables and loss allowance for doubtful accounts that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2024

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	121 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0.05%	0.87%	5.32%	14.41%	25.52%	46.92%-69.04%	100%	
Gross carrying amount	\$ 498,087	\$ 23,901	\$ 3,214	\$ 2,865	\$ 302	\$ 723	\$ 844	\$ 529,936
Loss allowance (Lifetime ECLs)	<u>(1,397)</u>	<u>(533)</u>	<u>(439)</u>	<u>(1,062)</u>	<u>(198)</u>	<u>(463)</u>	<u>(844)</u>	<u>(4,936)</u>
Amortized cost	<u>\$ 496,690</u>	<u>\$ 23,368</u>	<u>\$ 2,775</u>	<u>\$ 1,803</u>	<u>\$ 104</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 525,000</u>

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	121 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0.44%	1.07%	4.15%	11.49%	20.23%	34.93%-62.98%	100%	
Gross carrying amount	\$ 471,557	\$ 38,886	\$ 3,384	\$ 6,548	\$ 2,200	\$ 1,514	\$ 578	\$ 524,667
Loss allowance (Lifetime ECLs)	<u>(1,986)</u>	<u>(397)</u>	<u>(134)</u>	<u>(718)</u>	<u>(425)</u>	<u>(698)</u>	<u>(578)</u>	<u>(4,936)</u>
Amortized cost	<u>\$ 469,571</u>	<u>\$ 38,489</u>	<u>\$ 3,250</u>	<u>\$ 5,830</u>	<u>\$ 1,775</u>	<u>\$ 816</u>	<u>\$ -</u>	<u>\$ 519,731</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 4,936	\$ 3,190
Add: Net remeasurement of loss allowance	<u>-</u>	<u>1,746</u>
Balance at December 31	<u>\$ 4,936</u>	<u>\$ 4,936</u>

c. Other receivables

Other receivables consist of receivables from disposal of assets. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company continues to track the counterparty's credit rating, considers the counterparty's past default records, analyzes its current financial position in order to evaluate whether there has been a significant increase in the credit risk of other receivables since initial recognition and to measure the expected credit loss. As of December 31, 2023, the Company assessed that there is no need to recognize expected credit loss on other receivables.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
TRISTATE INTERNATIONAL CO., LTD. (Note)	\$ 795,203	\$ 656,392
MSS JAPAN CO., LTD.	206,879	54,072
MSS USA CORP.	<u>654,775</u>	<u>-</u>
	<u>\$ 1,656,857</u>	<u>\$ 710,464</u>

Note: As of December 31, 2024 and 2023, the carrying amount included the unrealized gain on disposal of property, plant and equipment of \$164,111 thousand and \$121,917 thousand, respectively. As of December 31, 2024 and 2023, the carrying amount included the unrealized gain on disposal of assets of \$9,748 thousand and \$10,992 thousand, respectively.

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
<u>Name of Subsidiary</u>	<u>2024</u>	<u>2023</u>
TRISTATE INTERNATIONAL CO., LTD.	100%	100%
MSS JAPAN CO., LTD. (Note 1)	100%	100%
MSS USA CORP. (Note 2)	100%	-

Note 1: The Company established its subsidiary, MSS JAPAN CO., LTD. on August 24 2023, and participated in MSS JAPAN CO., LTD.'s cash capital increase of \$11,070 thousand (JPY50,000 thousand), \$43,040 thousand (JPY200,000 thousand) and \$170,640 thousand (JPY800,000 thousand) in October 2023, December 2023 and December 2024, respectively.

Note 2: The Company established its subsidiary, MSS USA CORP. on May 6, 2024, and participated in MSS USA CORP.'s cash capital increase of \$258,504 thousand (US\$8,000 thousand) and \$385,320 thousand (US\$12,000 thousand) in June 2024 and October 2024, respectively.

Refer to Tables 3 and 4 for the details of the subsidiaries indirectly held by the Company.

The investment accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of the investment in subsidiaries were calculated based on the subsidiaries' financial statements in 2024 and 2023 which have been audited for the same year.

11. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Machinery and Equipment	Office Equipment	Lease Improvement	Transportation Equipment	Other Equipment	Construction in Progress and Equipment Pending Inspection	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 2,746,446	\$ 9,762	\$ 90,564	\$ -	\$ 21,604	\$ -	\$ 2,868,376
Additions	1,127,532	5,778	46,029	2,150	16,919	-	1,198,408
Reclassifications (Note)	227,803	1,582	30,154	-	1,863	65,299	326,701
Disposals	(150,715)	(4,726)	(19,874)	-	(1,734)	-	(177,049)
Balance at December 31, 2024	<u>\$ 3,951,066</u>	<u>\$ 12,396</u>	<u>\$ 146,873</u>	<u>\$ 2,150</u>	<u>\$ 38,652</u>	<u>\$ 65,299</u>	<u>\$ 4,216,436</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ 1,007,615	\$ 6,063	\$ 46,613	\$ -	\$ 8,917	\$ -	\$ 1,069,208
Depreciation expenses	554,111	2,978	22,346	209	7,309	-	586,953
Disposals	(139,161)	(4,726)	(19,874)	-	(1,734)	-	(165,495)
Balance at December 31, 2024	<u>\$ 1,422,565</u>	<u>\$ 4,315</u>	<u>\$ 49,085</u>	<u>\$ 209</u>	<u>\$ 14,492</u>	<u>\$ -</u>	<u>\$ 1,490,666</u>
Carrying amount at December 31, 2024	<u>\$ 2,528,501</u>	<u>\$ 8,081</u>	<u>\$ 97,788</u>	<u>\$ 1,941</u>	<u>\$ 24,160</u>	<u>\$ 65,299</u>	<u>\$ 2,725,770</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 2,146,668	\$ 15,064	\$ 83,294	\$ -	\$ 17,683	\$ -	\$ 2,262,709
Additions	678,241	1,369	15,821	-	6,451	-	701,882
Reclassifications (Note)	220,998	-	-	-	603	-	221,601
Disposals	(299,461)	(6,671)	(8,551)	-	(3,133)	-	(317,816)
Balance at December 31, 2023	<u>\$ 2,746,446</u>	<u>\$ 9,762</u>	<u>\$ 90,564</u>	<u>\$ -</u>	<u>\$ 21,604</u>	<u>\$ -</u>	<u>\$ 2,868,376</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ 877,722	\$ 9,192	\$ 36,554	\$ -	\$ 7,481	\$ -	\$ 930,949
Depreciation expenses	385,434	3,542	18,610	-	4,569	-	412,155
Disposals	(255,541)	(6,671)	(8,551)	-	(3,133)	-	(273,896)
Balance at December 31, 2023	<u>\$ 1,007,615</u>	<u>\$ 6,063</u>	<u>\$ 46,613</u>	<u>\$ -</u>	<u>\$ 8,917</u>	<u>\$ -</u>	<u>\$ 1,069,208</u>
Carrying amount at December 31, 2023	<u>\$ 1,738,831</u>	<u>\$ 3,699</u>	<u>\$ 43,951</u>	<u>\$ -</u>	<u>\$ 12,687</u>	<u>\$ -</u>	<u>\$ 1,799,168</u>

Note: Transferred from other non-current assets - prepayments for equipment and prepayments for construction contract.

No impairment losses were recognized or reversed for the years ended December 31, 2024 and 2023.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	3-5 years
Office equipment	2-3 years
Lease improvement	3-10 years
Transportation equipment	5 years
Other equipment	3 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amounts</u>		
Buildings	\$ 189,716	\$ 177,411
Office equipment	35	127
Transportation equipment	<u>6,234</u>	<u>3,656</u>
	<u>\$ 195,985</u>	<u>\$ 181,194</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 59,649</u>	<u>\$ 114,563</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 42,020	\$ 28,504
Office equipment	92	281
Transportation equipment	<u>2,746</u>	<u>1,867</u>
	<u>\$ 44,858</u>	<u>\$ 30,652</u>

No impairment losses were recognized or reversed for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amounts</u>		
Current	\$ 50,711	\$ 35,931
Non-current	<u>149,961</u>	<u>149,376</u>
	<u>\$ 200,672</u>	<u>\$ 185,307</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	1.22%-2.01%	1.21%-1.94%
Office equipment	1.66%	1.66%-1.67%
Transportation equipment	1.56%-2.01%	1.21%-1.94%

c. Material leasing activities and terms

The Company leases buildings for the use of plants and offices with lease term of 1-10 years, certain office equipment for the use of offices with lease terms of 5 years and transportation equipment for the use of transportation of goods with lease terms of 3 years. The Company does not have bargain purchase options to acquire the buildings, office equipment and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 4,386</u>	<u>\$ 5,603</u>
Expenses relating to low-value asset leases	<u>\$ 873</u>	<u>\$ 694</u>
Total cash outflow for leases	<u>\$ (52,637)</u>	<u>\$ (38,486)</u>

The Company leases buildings, machinery and equipment and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2024	2023
Lease commitments	<u>\$ 232,270</u>	<u>\$ -</u>

13. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2024	\$ 17,874
Additions	5,619
Disposals	<u>(8,481)</u>
Balance at December 31, 2024	<u>\$ 15,012</u>

(Continued)

	Computer Software
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 10,289
Amortization expenses	4,784
Disposals	<u>(8,481)</u>
Balance at December 31, 2024	<u>\$ 6,592</u>
Carrying amount at December 31, 2024	<u>\$ 8,420</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 11,157
Additions	6,682
Reclassifications (Note)	964
Disposals	<u>(929)</u>
Balance at December 31, 2023	<u>\$ 17,874</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 5,929
Amortization expenses	5,289
Disposals	<u>(929)</u>
Balance at December 31, 2023	<u>\$ 10,289</u>
Carrying amount at December 31, 2023	<u>\$ 7,585</u> (Concluded)

Note: Transferred from other non-current assets - prepayments for equipment.

Computer software is amortized on a straight-line basis over its estimated useful life of 3-5 years.

14. OTHER ASSETS

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Prepayments for salary	\$ 69,702	\$ 63,395
Offset against business tax payable	-	11,078
Prepaid expenses	<u>24,382</u>	<u>14,816</u>
	<u>\$ 94,084</u>	<u>\$ 89,289</u>

(Continued)

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 117,715	\$ 273,737
Prepayments for salary	83,917	71,875
Prepayments for construction contract	-	54,340
Refundable deposits (Note)	<u>22,049</u>	<u>12,132</u>
	<u>\$ 223,681</u>	<u>\$ 412,084</u>
		(Concluded)

Note: The Company considers the historical experience, the current market conditions of the debtor and forward-looking information to measure 12-month or lifetime expected credit losses. As of December 31, 2024 and 2023, the Company assessed that there was no need to recognize expected credit loss on refundable deposits.

15. BORROWINGS

Long-term Borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Secured borrowings (Note 30)</u>		
Bank borrowings	\$ 303,683	\$ 635,450
<u>Unsecured borrowings</u>		
Bank borrowings	1,273,000	302,000
Less: Unamortized discounts on government grants (Note 25)	(8,885)	(7,287)
Less: Current portion	<u>(148,268)</u>	<u>(185,349)</u>
Long-term borrowings	<u>\$ 1,419,530</u>	<u>\$ 744,814</u>

The Company's borrowings were as follows:

Financing Institution	Mortgage or Secured	Financing Period and Repayment Method	<u>December 31</u>			
			<u>2024</u>		<u>2023</u>	
			Amount	Rate %	Amount	Rate %
Hua Nan Commercial Bank Ltd. Chu Ko Branch (Note)	Machinery and equipment	2020.05.29-2027.05.15, 3 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	\$ 91,036	2.06	\$ 203,379	1.93
Hua Nan Commercial Bank Ltd. Chu Ko Branch (Note)	-	2023.09.08-2030.08.15, 3 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	327,000	2.11	55,000	1.99
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch (Note)	Machinery and equipment	2020.09.29-2027.09.15, 3 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	100,667	1.98	169,219	1.85
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch (Note)	-	2023.09.08-2030.08.15, 1 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	75,000	2.03	34,000	2.03

(Continued)

Financing Institution	Mortgage or Secured	Financing Period and Repayment Method	December 31			
			2024		2023	
			Amount	Rate %	Amount	Rate %
Mega International Commercial Bank Chu Ko Branch (Note)	Machinery and equipment	2020.11.20-2027.11.20, 3 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	\$ 111,980	2.06	\$ 222,531	1.93
Mega International Commercial Bank Chu Ko Branch (Note)	-	2024.03.08-2031.02.15, 3 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	44,000	2.14	-	-
E.Sun Commercial Bank, Ltd. Hsinchu Branch (Note)	Machinery and equipment	2020.10.21-2025.10.15, 2 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment (early repaid in December 2024)	-	-	40,321	1.90
E.Sun Commercial Bank, Ltd. Hsinchu Branch (Note)	-	2023.08.16-2030.08.15, 2 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	213,000	1.90	72,000	1.90
Bank of Taiwan Science-Based Industrial Park Branch (Note)	-	2023.06.30-2030.06.15, 3 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	446,000	1.95	123,000	1.83
Cathay United Bank Guanchian Branch (Note)	-	2023.09.12-2030.08.15, 2 years grace period, can be allocated in batches within the deadline, monthly amortization of average principal after maturity, monthly interest payment	<u>168,000</u>	1.95	<u>18,000</u>	1.83
			1,576,683		937,450	
Less: Unamortized discounts on government grants			(8,885)		(7,287)	
Less: Current portion			<u>(148,268)</u>		<u>(185,349)</u>	
			<u>\$ 1,419,530</u>		<u>\$ 744,814</u>	

(Concluded)

Note: The Company has obtained a government preferential interest rate loan from the National Development Fund (NDF), "Action Plan for Accelerated Investment by Domestic Corporations", please refer to Note 25 for the details.

The Company used machinery and equipment as collateral to acquire a loan from the bank are set out in Note 30.

16. BONDS PAYABLE

	December 31	
	2024	2023
The first domestic unsecured convertible bonds	\$ 467,898	\$ -
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 467,898</u>	<u>\$ -</u>

The first domestic unsecured convertible bonds

On May 3, 2024, the Board of Directors approved the issuance of three-year unsecured convertible bonds. The bonds were issued on August 15, 2024, on the Taipei Exchange, consisting of 5,000 units with 0% coupon rate and an issuance price of 110.28% of face value, in an aggregate principal amount of 500,000 thousand.

The following items are the primary clauses in the prospectus:

a. Term

From August 15, 2024 to August 15, 2027.

b. Repayment upon maturity

Except when bondholders apply for conversion into the company's ordinary shares, exercise the put option, or when the company redeems, repurchases, or cancels the bonds in advance, the company shall fully repay the convertible bonds at face value in cash upon maturity.

c. Conversion

1) Bondholders may request to convert these convertible bonds into the company's ordinary shares at any time from the day after the three-month anniversary of issuance (November 16, 2024) until the maturity date (August 15, 2027), except during the following restricted periods.:

- a) During the statutory suspension period for the transfer of ordinary shares;
- b) From 15 business days before the ex-rights date for stock dividends, the ex-dividend date for cash dividends, or the ex-rights date for cash capital increases, until the record date for rights distribution;
- c) From the capital reduction record date until one business day before the newly issued shares become tradable;
- d) From the start of the suspension of conversion (subscription) due to a change in stock par value until one business day before the newly issued shares begin trading, bondholders may not request conversion. Outside this period, they may convert their bonds into the company's ordinary shares at any time.

2) The initial conversion price of these convertible bonds was set at NT\$150 per share upon issuance. Starting from August 30, 2024, the conversion price was adjusted to NT\$149 per share.

d. Bondholders' Put Option

On August 15, 2026 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Company to redeem in whole or in part the principal amount of such holder's bonds in cash by filling an application with the original brokerage before 30 days prior to the base date.

e. Important redemption provisions

From the day following three months after the issuance of this convertible bond (November 16, 2024) until 40 days prior to the maturity date (July 6, 2027), if the closing price of the Company's common shares exceeds 130% of the then-applicable conversion price for 30 consecutive trading days, the Company may redeem all outstanding convertible bonds in cash at face value.

From the day following three months after the issuance of this convertible bond (November 16, 2024) until 40 days prior to the maturity date (July 6, 2027), if the outstanding balance of this convertible bond falls below 10% of the original issued amount, the Company may, at its discretion, redeem all outstanding convertible bonds in cash at face value at any time.

f. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 2.5269% per annum on initial recognition.

In 2024, convertible bonds with a face value of 100 thousand were converted, resulting in a 7 thousand increase in share capital (recorded as pre-collected share capital). Following the conversion, the originally recognized capital surplus - options decreased by 16 thousand, the discount on bonds payable decreased by 6 thousand, and the net amount exceeding the par value of the converted common shares was transferred to capital surplus - additional paid-in capital, totaling 103 thousand.

Proceeds from issuance (less transaction costs of \$4,381 thousand)	\$ 546,999
Equity component	(81,707)
Financial liabilities at fair value through profit or loss	(2,633)
Deferred tax assets	<u>876</u>
Liability component at the date of issue	463,535
Interest charged at an effective interest rate of 2.5269%	4,457
Convertible bonds converted into ordinary shares	<u>(94)</u>
 Liability component at December 31, 2024	 <u>\$ 467,898</u>

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Other payable		
Payables for purchases of equipment (Note 26)	\$ 101,600	\$ 124,840
Payables for salaries or bonuses	116,666	116,991
Payables for compensation of employees	10,797	35,552
Payables for remuneration of directors	4,050	10,666
Payables for labor and health insurance	9,276	8,207
Payables for pension	6,861	5,979
Payables for business tax	6,420	298
Others	<u>9,475</u>	<u>8,424</u>
	<u>\$ 265,145</u>	<u>\$ 310,957</u>
Deferred revenue		
Government grants (Note 25)	<u>\$ 4,044</u>	<u>\$ 3,053</u>
Other current liabilities		
Refund liabilities (Note 20)	<u>\$ 52,375</u>	<u>\$ 39,779</u>
Others		
Temporary receivables	116	250
Receipts under custody	<u>10,119</u>	<u>8,937</u>
	<u>10,235</u>	<u>9,187</u>
	<u>\$ 62,610</u>	<u>\$ 48,966</u>
<u>Non-current</u>		
Deferred revenue		
Government grants (Note 25)	<u>\$ 8,919</u>	<u>\$ 6,925</u>

18. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

19. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Shares authorized (in thousands of shares)	<u>80,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>51,781</u>	<u>46,781</u>
Shares issued and fully paid	<u>\$ 517,812</u>	<u>\$ 467,812</u>
Advance receipts for ordinary shares	<u>\$ 7</u>	<u>\$ -</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

The Company's authorized shares were changed to \$800,000 thousand, divided into 80,000 thousand shares, approved by the Ministry of Economic Affairs of the ROC. in accordance with letter No. 11233359780 on June 26, 2023.

On May 3, 2024, the Company resolved at the board of directors meeting to conduct a cash capital increase by issuing 5,000 thousand new shares at a premium issuance price of NT\$120 per share. The capital increase record date was set for August 30, 2024. After the capital increase, the paid-in capital amounted to NT\$517,812 thousand. The capital change was approved and registered by the Ministry of Economic Affairs of the ROC in accordance with letter No. 11330179260 on October 7, 2024.

On November 21, 2024, holders of the Company's convertible bonds exercised the conversion right, resulting in an increase of NT\$7 thousand in the Company's capital (recorded as advance receipts for share capital). The Board of Directors subsequently resolved to set the capital increase record date as March 6, 2025, and the registration of the change is currently in progress.

b. Capital surplus

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 1,952,018	\$ 1,385,494
<u>May not be used for any purpose</u>		
Share warrants	<u>81,691</u>	<u>-</u>
	<u>\$ 2,033,709</u>	<u>\$ 1,385,494</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit after considering tax expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit (not applicable when the legal reserve has reached the company's paid-in capital), setting aside a special reserve, cumulative net increases in fair value measurement of investment properties from prior period and cumulative net debit balance reserves from prior period. Before surplus distribution, the same amount of special reserve should be set aside from the undistributed earnings of the prior period. If there is still a deficiency, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings are not sufficient, and then any remaining profit together with the undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Company's dividend policy adopts the principle of prudence and balance, in determining the Company's dividend distribution policy; the Company's board of directors considers the current investment environment, capital needs for future expansions, and cashflow, and distributes no less than 5% of unappropriated earnings to stockholders as dividends and bonuses. Dividends are distributed in the form of cash or stock dividends, where cash dividends should not be lower than 10% of the total bonuses distributed to shareholders. However, when the accumulated unappropriated earnings are less than 5% of the paid-in capital, it may not be distributed. However, the board of directors may adjust the ratio according to the overall operating conditions and capital status of the year within the range specified above, which should be resolved in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, before and after the amendments please refer to compensation of employees and remuneration of directors in Note 21(g).

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings on June 26, 2024 and June 6, 2023, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	<u>\$ 26,128</u>	<u>\$ 28,800</u>
Special reserve	<u>\$ 11,301</u>	<u>\$ (5,276)</u>
Cash dividends	<u>\$ 210,515</u>	<u>\$ 257,297</u>
Cash dividends per share (NT\$)	\$ 4.50	\$ 5.50

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 6, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	<u>\$ 6,496</u>
Special reserve	<u>\$ (16,972)</u>
Cash dividends	<u>\$ 51,782</u>
Cash dividends per share (NT\$)	\$ 1

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on June 10, 2025.

d. Special reserve

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 5,671	\$ 10,947
Appropriations in respect of Debits to other equity items	11,301	-
Reversals:		
Reversal of the debits to other equity items	<u>-</u>	<u>(5,276)</u>
Balance at December 31	<u>\$ 16,972</u>	<u>\$ 5,671</u>

e. Other equity items

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (12,722)	\$ (1,421)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	36,674	(14,126)
Related income tax	<u>(7,335)</u>	<u>2,825</u>
Other comprehensive income (loss) recognized for the year	<u>29,339</u>	<u>(11,301)</u>
Balance at December 31	<u>\$ 16,617</u>	<u>\$ (12,722)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2024	2023
Balance at January 1	<u>\$ (4,250)</u>	<u>\$ (4,250)</u>
Balance at December 31	<u>\$ (4,250)</u>	<u>\$ (4,250)</u>

20. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Test and analysis service	<u>\$ 1,614,016</u>	<u>\$ 1,629,742</u>

a. Contract information

The customer contracts entered into by the Company are mainly for the provision of customized test and analysis services of electronic materials in the semiconductor industry, where the Company's performance obligation to issue the test and analysis reports to customers. Customers pay the consideration for the contract in accordance with the agreed credit terms and conditions upon completion of each inspection and after verification of the results of the inspection. As the time lag between the transfer of the test and analysis report and the customer's payment is less than one year, no adjustment is made to the substantial financial component of the contract.

Taking into account the discount terms of different customer contracts and past experience gained in dealing with customers, the Company estimates the discount amount based on the most probable amount and adjusts the amount of revenue and recognizes the refund liability accordingly.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable (Note 9)	\$ 2,973	\$ 429	\$ 4,610
Trade receivables (Note 9)	525,000	519,731	479,459
Trade receivables from related parties (Note 29)	<u>6,514</u>	<u>-</u>	<u>3</u>
	<u>\$ 534,487</u>	<u>\$ 520,160</u>	<u>\$ 484,072</u>
 Contract liabilities			
Test and analysis service	<u>\$ 12,756</u>	<u>\$ 28,780</u>	<u>\$ 26,003</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2024	2023
Primary geographical areas markets		
Asia	\$ 1,569,586	\$ 1,595,494
America	40,258	31,676
Others	<u>4,172</u>	<u>2,572</u>
	<u>\$ 1,614,016</u>	<u>\$ 1,629,742</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<u>For the Year Ended December 31</u>	
	2024	2023
Bank deposits	<u>\$ 4,272</u>	<u>\$ 4,444</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2024	2023
Government grant income (Note 25)	\$ 3,967	\$ 2,479
Others	<u>3,348</u>	<u>3,800</u>
	<u>\$ 7,315</u>	<u>\$ 6,279</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign exchange loss	\$ (2,812)	\$ (7,748)
Realized gain on purchase of equipment on behalf (Note 29)	-	5,267
Gain on disposal of assets (Note 29)	3,407	2,597
Gain on disposal of property, plant and equipment (Note 29)	15,199	1,330
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily as at FVTPL	154	-
Financial liabilities held for trading	<u>1,933</u>	<u>-</u>
	<u>\$ 17,881</u>	<u>\$ 1,446</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans (Note 25)	\$ 29,943	\$ 14,427
Interest on convertible bonds (Note 16)	4,457	-
Interest on lease liabilities	<u>3,094</u>	<u>1,443</u>
	<u>\$ 37,494</u>	<u>\$ 15,870</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 609,491	\$ 413,765
Operating expenses	<u>22,320</u>	<u>29,042</u>
	<u>\$ 631,811</u>	<u>\$ 442,807</u>
An analysis of amortization by function		
Operating costs	\$ 3,027	\$ 3,419
Operating expenses		
General and administrative expenses	1,736	1,702
Research and development expenses	<u>21</u>	<u>168</u>
	<u>\$ 4,784</u>	<u>\$ 5,289</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Share-based payment (Note 24)	\$ 17,421	\$ -
Defined contribution plan	25,750	22,660
Other employee benefits	<u>748,591</u>	<u>679,918</u>
Total employee benefits expense	<u>\$ 791,762</u>	<u>\$ 702,578</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 583,944	\$ 506,482
Operating expenses	<u>207,818</u>	<u>196,096</u>
	<u>\$ 791,762</u>	<u>\$ 702,578</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees and remuneration of directors at rates of no less than 10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 6, 2025 and March 1, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	10.00%	10.38%
Remuneration of directors	3.75%	3.12%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	<u>\$ 10,797</u>	<u>\$ 35,552</u>
Remuneration of directors	<u>\$ 4,050</u>	<u>\$ 10,666</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2024	2023
Foreign exchange gains	\$ 11,211	\$ 18,415
Foreign exchange losses	<u>(14,023)</u>	<u>(26,163)</u>
Net foreign exchange losses	<u>\$ (2,812)</u>	<u>\$ (7,748)</u>

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
Current tax		
In respect of the current year	\$ 4,958	\$ 35,298
Adjustments for prior years	<u>5,484</u>	<u>(1,222)</u>
	<u>10,442</u>	<u>34,076</u>
Deferred tax		
In respect of the current year	<u>17,721</u>	<u>797</u>
Income tax expense recognized in profit or loss	<u>\$ 28,163</u>	<u>\$ 34,873</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
Profit before tax from continuing operations	<u>\$ 93,126</u>	<u>\$ 296,153</u>
Income tax expense calculated at the statutory rate	\$ 18,625	\$ 59,230
Nondeductible expenses in determining taxable income	7,479	517
Investment credits	(3,425)	(23,652)
Adjustments for prior years' tax	<u>5,484</u>	<u>(1,222)</u>
Income tax expense recognized in profit or loss	<u>\$ 28,163</u>	<u>\$ 34,873</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ 7,335</u>	<u>\$ (2,825)</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Issuance of Convertible Bonds	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Refund liabilities	\$ 7,956	\$ -	\$ 2,519	\$ -	\$ 10,475
Amortization of expenses	2,079	-	488	-	2,567
Financial assets at FVTOCI	750	-	-	-	750
Unrealized foreign exchange loss	977	-	(977)	-	-
Unrealized gain on transactions with subsidiaries	26,582	-	8,190	-	34,772
Convertible bonds	-	876	(111)	-	765
Exchange differences on translating the financial statements of foreign operations	<u>3,181</u>	<u>-</u>	<u>-</u>	<u>(3,181)</u>	<u>-</u>
	<u>\$ 41,525</u>	<u>\$ 876</u>	<u>\$ 10,109</u>	<u>\$ (3,181)</u>	<u>\$ 49,329</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of profit of subsidiaries accounted for using the equity method	\$ 60,556	\$ -	\$ 27,241	\$ -	\$ 87,797
Unrealized foreign exchange gain	-	-	589	-	589
Exchange differences on translating the financial statements of foreign operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,154</u>	<u>4,154</u>
	<u>\$ 60,556</u>	<u>\$ -</u>	<u>\$ 27,830</u>	<u>\$ 4,154</u>	<u>\$ 92,540</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 4,396	\$ 3,560	\$ -	\$ 7,956
Amortization of expenses	1,270	809	-	2,079
Financial assets at FVTOCI	750	-	-	750
Exchange differences on translating the financial statements of foreign operations	356	-	2,825	3,181
Unrealized foreign exchange loss	160	817	-	977
Unrealized gain on transactions with subsidiaries	<u>3,145</u>	<u>23,437</u>	<u>-</u>	<u>26,582</u>
	<u>\$ 10,077</u>	<u>\$ 28,623</u>	<u>\$ 2,825</u>	<u>\$ 41,525</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	<u>\$ 31,136</u>	<u>\$ 29,420</u>	<u>\$ -</u>	<u>\$ 60,556</u>

d. Income tax assessments

The income tax returns through 2022 have been assessed by the tax authorities. As of December 31, 2024, there is no litigation or claim regarding the income tax assessments against the Company.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2024	2023
Basic earnings per share		
From continuing operations	<u>\$ 1.34</u>	<u>\$ 5.59</u>
Diluted earnings per share		
From continuing operations	<u>\$ 1.34</u>	<u>\$ 5.55</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Profit for the year attributable to owners of the Company	<u>\$ 64,963</u>	<u>\$ 261,280</u>
Earnings used in the computation of basic earnings per share	\$ 64,963	\$ 261,280
Effect of potentially dilutive ordinary shares:		
Convertible bonds	_____ - (Note)	_____ -
Earnings used in the computation of diluted earnings per share	<u>\$ 64,963</u>	<u>\$ 261,280</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	48,475	46,781
Effect of potentially dilutive ordinary shares:		
Convertible bonds	- (Note)	-
Compensation of employees	<u>107</u>	<u>303</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>48,582</u>	<u>47,084</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Note: Due to the anti-dilutive effect, it is not included in the calculation of diluted earnings per share.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Retain Employee Stock Subscription Through Issuance of Ordinary Shares for Cash

The Company’s board of directors resolved in their meeting on May 3, 2024 to issue new shares for public underwriting prior to the initial listing. According to the provisions of Article 267 of the Company Act, 15% of the total new shares issued totaling 750 thousand shares were reserved for employees’ subscriptions. The employee stock options are fully vested on the grant date.

The grant date of the above employee stock options on cash capital increase is August 1, 2024. The Company calculates the fair value of stock options according to the Black-Scholes-Merton option evaluation model, and the input values used are as follows:

Grant-date share price	\$142
Exercise price	\$120
Expected volatility	46.47%
Expected life (in years)	0.0952
Expected dividend yield	-
Risk-free interest rate	1.2399%
Fair value of stock options on the grant date (per share)	<u>\$23.228</u>

Compensation costs recognized were \$17,421 thousand for the year ended December 31, 2024.

25. GOVERNMENT GRANTS

As of December 31, 2024, the Company has obtained a government preferential interest rate loan of \$2,007,582 thousand from the National Development Fund (NDF), “Action Plan for Accelerated Investment by Domestic Corporations” for the purchase of machinery and equipment. The loan will be amortized by instalments within 5-7 years from the date of first use (including a grace period of 1-3 years). Based on the current market interest rate of 1.10%-2.14%, the fair value of the borrowing is estimated to be \$1,984,739 thousand. The difference between the loan amount and the fair value of the borrowing of \$22,843 thousand is due to the preferential interest rate of the government grant, and is recognized as deferred income. The deferred income will be transferred to other income in accordance with its service life when the inspection and acceptance of the machinery and equipment are completed. In 2024 and 2023, the amount transferred to other income was \$3,967 thousand and \$2,479 thousand, respectively, and the interest expense recognized on these loan was \$5,354 thousand and \$3,606 thousand, respectively.

If the Company fails to meet the key points of the project loan identification during the loan period, and the NDF suspends or stops the loan interest grant, the Company will change to the original agreed interest rate.

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows for the years ended December 31, 2024 and 2023:

- 1) The Company acquired property, plant and equipment that had not yet been paid in the amounts of \$101,600 thousand and \$124,840 thousand, which were recorded as other payables on December 31, 2024 and 2023, respectively.
- 2) The Company disposed of property, plant and equipment that had not yet been received in the amounts of \$45,689 thousand, which were recorded as other receivables from related parties on December 31, 2023.

Financial liabilities at FVTPL - current

- 3) The company issued convertible bonds on August 15, 2024, and recognized the related components as follows: A liability component of NT\$2,633 thousand (recorded under financial liabilities at FVTPL - current), an equity component of NT\$81,707 thousand (recorded under capital surplus - options), and deferred income tax assets of NT\$876 thousand.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2024

	Opening Balance	Cash Flows	Non-cash Changes					Closing Balance	
			New Leases	Liability and Equity Components of Bonds Payable	Related Tax Effect	Finance Costs	Fair Value Adjustments		Others (Note)
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,510	\$ -	\$ (2,510)	\$ -
Long-term borrowings	930,163	639,233	-	-	-	5,354	(6,952)	-	1,567,798
Lease liabilities	185,307	(44,284)	59,649	-	-	3,094	-	(3,094)	200,672
Bonds payable	-	551,380	-	(84,434)	876	4,457	-	(4,381)	467,898
	<u>\$ 1,115,470</u>	<u>\$ 1,146,329</u>	<u>\$ 59,649</u>	<u>\$ (84,434)</u>	<u>\$ 876</u>	<u>\$ 15,415</u>	<u>\$ (6,952)</u>	<u>\$ (9,985)</u>	<u>\$ 2,236,368</u>

Note: Including issuance costs related to the convertible bonds amounting to NT\$4,381 thousand.

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes			Others	Closing Balance
			New Leases	Finance Costs	Fair Value Adjustments		
Long-term borrowings	\$ 754,917	\$ 174,850	\$ -	\$ 3,606	\$ (3,210)	\$ -	\$ 930,163
Lease liabilities	101,490	(30,746)	114,563	1,443	-	(1,443)	185,307
	<u>\$ 856,407</u>	<u>\$ 144,104</u>	<u>\$ 114,563</u>	<u>\$ 5,049</u>	<u>\$ (3,210)</u>	<u>\$ (1,443)</u>	<u>\$ 1,115,470</u>

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings and bonds payables offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	<u>\$ 467,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,856</u>	<u>\$ 469,856</u>

The fair value measurement of the aforementioned Level 3 convertible bond liability component assumes that the bonds will be redeemed at maturity, with the risk discount rate based on the borrowing rates of companies within the same industry chain.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Limited partnership	\$ _____	\$ _____	\$ 21,554	\$ 21,554
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ _____	\$ _____	\$ _____	\$ _____
Financial liabilities at FVTPL				
Derivatives				
Redemption options and put options of convertible bonds	\$ _____	\$ _____	\$ 700	\$ 700

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ _____	\$ _____	\$ _____	\$ _____

There were no transfers between Levels 1 and 2 in 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

Financial Assets	Financial Assets at FVTPL
Balance at January 1, 2024	\$ -
Purchases	21,400
Recognized in profit or loss (included in other gains and losses)	<u>154</u>
Balance at December 31, 2024	<u>\$ 21,554</u>
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 154</u>

Financial Liabilities at FVTPL	Derivatives
Balance at January 1, 2024	\$ -
Additions	2,633
Recognized in profit or loss (included in other gains and losses)	<u>(1,933)</u>
Balance at December 31, 2024	<u>\$ 700</u>
Unrealized gain/(loss) for the current year included in profit or loss relating to liabilities held at the end of the year	<u>\$ 1,933</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Limited partnership	Assess fair value using the asset approach. Referencing the net value and operational conditions of the recent financial statements published by the investment targets.
Domestic unlisted shares	Market approach Reference to the financial statements and operating conditions of the Company and other similar companies.
Redeemable and puttable option of convertible bonds	Binary tree convertible bond valuation model. The duration of the bond, the stock price of the underlying convertible bond and its fluctuation, conversion price, risk-free interest rate, risk discount rate and liquidity risk of the convertible bond are also considered.

c. Categories of financial instruments

	<u>December 31</u>	
	2024	2023
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 21,554	\$ -
Financial assets at amortized cost (1)	884,881	1,013,910
<u>Financial liabilities</u>		
FVTPL		
Held for trading	700	-
Amortized cost (2)	2,173,673	1,151,104

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties) and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise accounts payable (including related parties), other payables (excluding payables for salaries and bonuses, payables for compensation of employees, payables for remuneration of directors, payables for labor and health insurance and payables for pension and payables for business tax), bonds payables and long-term borrowings.

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, investments in equity instruments, limited partnership, receivables, long-term borrowings, payables and lease liabilities and bonds payables. The financial risks relating to the operations of the Company's financial instruments include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 33.

Sensitivity analysis

The Company is mainly exposed to the exchange movements in the USD and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	\$ 398	\$ (267)
	JPY Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	\$ 20	\$ 25

The result was mainly attributable to the exposure on outstanding cash and cash equivalents, receivables and payables in USD at the end of the year; the result was mainly attributable to the exposure on outstanding cash and cash equivalents and receivables in JPY at the end of the year.

The Company's sensitivity to the USD increased during the current year mainly due to an decrease in USD denominated payables; the sensitivity to the JPY exchange rate showed no significant difference compared to the previous year.

b) Interest rate risk

The Company was exposed to interest rate risk because its bank deposits, bank loans, bond payables and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial liabilities	<u>\$ 668,570</u>	<u>\$ 185,307</u>
Cash flow interest rate risk		
Financial assets	<u>\$ 327,829</u>	<u>\$ 434,030</u>
Financial liabilities	<u>\$ 1,567,798</u>	<u>\$ 930,163</u>

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$12,400 thousand and \$4,961 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its floating-rate bank deposits and floating-rate bank loans.

There has been increased in the sensitivity to the interest rates during the current year, mainly attributable to a increase in bank loans during the period.

c) Other price risk

The Company is exposed to equity price risk due to its holdings in securities investments (domestic unlisted shares) and limited partnerships. These equity investments are not held for trading purposes but rather as strategic investments. The company does not actively trade these investments.

Sensitivity analysis

The following sensitivity analysis is based on the price exposure of equity securities and limited partnerships as of the balance sheet date.

The fair value of the company's equity securities investments (domestic unlisted shares) as of December 31, 2024, and 2023, both \$0 thousand. The Company has assessed the reasonable possible changes in relevant risk variables as of those dates, and these changes will not affect the pre-tax other comprehensive income for the years 2024 and 2023.

If the price of the limited partnership increases/decreases by 1%, the pre-tax profit or loss for the year 2024 would increase/decrease by NT\$216 thousand due to changes in the fair value of financial assets measured at fair value through profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

According to the Company's policy, the Company only dealing with creditworthy counterparties, and would secure sufficient guarantee to mitigate the risk of financial loss caused by delinquent payment, if necessary. The Company rates its mainly customers based on the customers' credit data files created by it pursuant to the regulations governing customers' credit management, and other financial information accessible to the public and both parties' past trading records. The Company continues to monitor the exposure to credit risk and counterparties' credit ratings, and controls the exposure to credit risk through credit limits granted to the counterparties that have been reviewed and approved by management.

To minimize credit risk, the Company's management appoints a dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Meanwhile, the Company reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Given this, the Company's management believes that the Company's credit risk should have been significantly reduced.

The Company's concentration of credit risk of 51% and 41% in total trade receivables as of December 31, 2024 and 2023, respectively, was related to the Company's mainly customers A company and B company (annual service revenue amounts of other customers do not exceed 10% of the Company's total revenue).

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest

time band regardless of the probability of the banks choosing to exercise this right. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 33,050	\$ 104,927	\$ -	\$ -	\$ -
Lease liabilities	4,530	9,059	40,364	108,284	50,438
Variable interest rate liabilities	11,913	23,590	136,813	1,306,000	185,234
Fixed interest rate liabilities	-	-	-	499,900	-
	<u>\$ 49,493</u>	<u>\$ 137,576</u>	<u>\$ 177,177</u>	<u>\$ 1,914,184</u>	<u>\$ 235,672</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 128,656	\$ 92,285	\$ -	\$ -	\$ -
Lease liabilities	2,660	6,264	29,669	97,232	62,259
Variable interest rate liabilities	16,419	32,714	148,390	669,503	110,211
	<u>\$ 147,735</u>	<u>\$ 131,263</u>	<u>\$ 178,059</u>	<u>\$ 766,735</u>	<u>\$ 172,470</u>

b) Financing facilities

	December 31	
	2024	2023
Secured bank loan facilities:		
Amount used	\$ 303,683	\$ 635,450
Amount unused	-	-
	<u>\$ 303,683</u>	<u>\$ 635,450</u>
Unsecured bank loan facilities:		
Amount used	\$ 1,273,000	\$ 302,000
Amount unused	2,047,000	2,288,000
	<u>\$ 3,320,000</u>	<u>\$ 2,590,000</u>

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Msscorps Co., Ltd. (Nanjing)	Subsidiary
MSS JAPAN CO., LTD.	Subsidiary

b. Operating revenue

Line Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2024	2023
Service revenue - test and analysis service	Subsidiaries	<u>\$ 20,117</u>	<u>\$ 17,541</u>

The test and analysis service prices to related parties were determined based on the market price and agreed by both parties, and the collection period for related parties was 60 days after the month-end closing. The prices to third parties were determined in accordance with mutual agreements, and the collection period for third parties was advance receipt or 30 to 180 days after the month-end closing.

c. Operating costs

Line Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2024	2023
Service costs - test and analysis service	Subsidiaries	<u>\$ 2,681</u>	<u>\$ 69,967</u>

The test and analysis service costs from related parties was determined based on the market and agreed by both parties. The payment period for related parties was 60 days after the month-end closing. The costs from third parties were determined in accordance with mutual agreements, and the payment period was 30 to 60 days after the month-end closing.

d. Receivables from related parties

Line Item	Related Party Category/Name	<u>December 31</u>	
		2024	2023
Trade receivables	Subsidiaries	<u>\$ 6,514</u>	<u>\$ -</u>
Other receivables - Disposal of equipment	Subsidiaries Msscorps Co., Ltd. (Nanjing)	\$ -	\$ 45,689
Other receivables - Receipts under custody and payment on behalf of others	Subsidiaries	<u>-</u>	<u>12</u>
		<u>\$ -</u>	<u>\$ 45,701</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment losses were recognized on receivables from related parties.

The Company occurred and recognized gain on the purchase of equipment on behalf for Msscorps Co., Ltd. (Nanjing) was \$5,267 thousand for the years ended December 31, 2023.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables	Subsidiaries Msscorps Co., Ltd. (Nanjing)	\$ <u>-</u>	\$ <u>54,422</u>

The outstanding payables from related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Subsidiaries				
Msscorps Co., Ltd. (Nanjing)	\$ <u>68,947</u>	\$ <u>163,678</u>	\$ 57,393	\$ 119,758
Add: Realized gain on disposal of property, plant and equipment			15,199	1,106
Loss: Unrealized gain on disposal of property, plant and equipment			<u>(57,393)</u>	<u>(119,534)</u>
			\$ <u>15,199</u>	\$ <u>1,330</u>

g. Disposal of assets

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Subsidiaries				
Msscorps Co., Ltd. (Nanjing)	\$ <u>1,907</u>	\$ <u>-</u>	\$ 1,907	\$ -
Add: Realized gain on disposal of assets			1,244	1,244
Loss: Unrealized gain on disposal of assets			<u>-</u>	<u>-</u>
			\$ <u>3,151</u>	\$ <u>1,244</u>

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 51,162	\$ 44,811
Compensation cost of employee share options	8,455	-
Other long-term employee benefits	3,122	2,989
Post-employment benefits	<u>501</u>	<u>540</u>
	<u>\$ 63,240</u>	<u>\$ 48,340</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2024	2023
Machinery and equipment, net	<u>\$ 496,871</u>	<u>\$ 705,987</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company at December 31, 2024 and 2023 were as follows:

a. Significant unrecognized commitments

1) Unused letters of credit were as follows:

(In Thousands of Foreign Currency)

	December 31	
	2024	2023
Acquisition of property, plant and equipment USD	<u>\$ 43</u>	<u>\$ 43</u>

2) Unrecognized commitments were as follows:

(In Thousands of Foreign Currency)

	December 31	
	2024	2023
Acquisition of property, plant and equipment		
NTD	<u>\$ 373,169</u>	<u>\$ 386,015</u>
JPY	<u>\$ -</u>	<u>\$ 239,298</u>
USD	<u>\$ 461</u>	<u>\$ 1,445</u>
EUR	<u>\$ -</u>	<u>\$ 148</u>

b. Contingencies

Significant litigations

Materials Analysis Technology Inc. filed a criminal lawsuit against the Company and the person responsible for the Company, Liu Chi Lun, in November 2019 for infringement of business secrets. The case was not prosecuted by the Hsinchu District Prosecutor's Office on October 14, 2020 for No. 830 and No. 7035 of the 2020 Annual Detail Marks. On January 5, 2021, the Company was informed that Materials Analysis Technology Inc. applied for reconsideration of the ruling, and the case was sent back by the Taiwan High Prosecutor Office for further investigation. On June 10, 2021, the case was not prosecuted by the Hsinchu District Prosecutor Office for No. 10. On July 1, 2021, the Company was informed that Materials Analysis Technology Inc. applied for reconsideration of the ruling, and the case was dismissed on July 22, 2021 by the Taiwan High Prosecutor Office with the Resolution No. 300 of the 2021 proposal. Subsequently, Materials Analysis Technology Inc. filed a petition with the Hsinchu District Court on August 5, 2021 for adjudication, and the case was rejected by the Hsinchu District Court on December 21, 2021. On January 8, 2021, Materials Analysis Technology Inc. also filed the above case as a civil case against the Company and the Company's responsible person, Liu Chi Lun, for the damages due to infringement of its business secrets and demanded a compensation of \$20,000 thousand. On February 15, 2022, the case was dismissed by the Intellectual Property and Commercial Court with the 2021 Private Court of Appeal No. 1, but Materials Analysis Technology Inc. appealed on March 11, 2022. On July 26, 2022, the Company filed a statement of application for an extension of the lawsuit, expanding the claim for damages in the amount of \$50,000 thousand. The case was finalized on February 26, 2025, when the Supreme Court dismissed Materials Analysis Technology Inc.'s appeal. The aforementioned case is still under trial. In January 2023, the Company was informed that Materials Analysis Technology Inc. filed a civil lawsuit against the Company for the infringement of its business secrets, claiming compensation of \$1,200 thousand (this case seems to be the same case as the previous one). The case was dismissed on March 12, 2024, by the Intellectual Property and Commercial Court with the 2023 Private Court of Appeal No. 1, rejecting the request of Materials Analysis Technology Inc. However, Materials Analysis Technology Inc. filed an appeal on April 2, 2024, and on July 2, 2024, applied for an extension of the lawsuit, increasing the claim for compensation to \$3,000 thousand. According to the observation of the Company's legal experts based on the current data, the Company has a high probability of winning the previous cases. The final outcome is subject to future proceedings, and this case will not have a material impact on the Company's operations.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. The Company's Board of Directors resolved on March 6, 2025, to participate in a cash capital increase of JPY950,000 thousand in its subsidiary, MSS JAPAN CO., Ltd.
- b. The Company's Board of Directors resolved on March 6, 2025, to participate in a cash capital increase of US\$10,000 thousand in its subsidiary, MSS USA CORP.
- c. The Company's Board of Directors resolved on March 6, 2025, to sell equipment to its subsidiary, Msscorps Co., Ltd. (Nanjing), for approximately \$332,085 thousand (US\$10,140 thousand) to increase its production capacity.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,188	32.785 (USD:NTD)	\$ <u>104,535</u>
JPY	9,722	0.2099 (JPY:NTD)	\$ <u>2,041</u>
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
USD	49,530	32.785 (USD:NTD)	\$ <u>1,623,837</u>
JPY	985,607	0.2099 (JPY:NTD)	\$ <u>206,879</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,973	32.785 (USD:NTD)	\$ <u>64,690</u>

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,248	30.705 (USD:NTD)	\$ <u>130,442</u>
JPY	11,716	0.217 (JPY:NTD)	\$ <u>2,545</u>
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
USD	25,706	30.705 (USD:NTD)	\$ <u>789,301</u>
JPY	248,951	0.217 (JPY:NTD)	\$ <u>54,072</u>
<u>Financial liabilities</u>			
Monetary items			
USD	5,117	30.705 (USD:NTD)	\$ <u>157,112</u>

For the years ended December 31, 2024 and 2023, net foreign exchange gains (losses) were \$(2,812) thousand and \$(7,748) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the Company.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (Note 7)

b. Information on investees (Table 3)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 4)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 5):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

- c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 6)

MSSCORPS CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares (In Thousands of Shares)	Carrying Amount (Note 1)	Percentage of Ownership (%)	Fair Value	
The Company	<u>Limited partnership</u> Innolux II Limited Partnership	-	Financial assets at FVTPL - non-current	-	\$ 21,554	-	\$ 21,554	-
	<u>Stock</u> HITEKCORPS CO., LTD.	-	Financial assets at FVTOCI - non-current	375	-	5.31	-	Note

Note: The impairment loss of the shares of HITEKCORPS CO., LTD. held by the Company has been fully recognized.

MSSCORPS CO., LTD.

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments (Note)	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
The Company	MSS USA CORP.	Investments accounted for using equity method	-	Subsidiary	-	\$ -	20,000	\$ 643,824	-	\$ -	\$ -	\$ -	\$ 10,951	20,000	\$ 654,775
	MSS JAPAN CO., LTD.	Investments accounted for using equity method	-	Subsidiary	25	54,072	80	170,640	-	-	-	-	(17,833)	105	206,879

Note: Include share of profit or loss from the investments accounted for using the equity method and other comprehensive income.

MSSCORPS CO., LTD.

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 2)		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares (In Thousands of Shares)	%	Carrying Amount			
The Company	TRISTATE INTERNATIONAL CO., LTD.	Mauritius	Investment holding	\$ 501,896 (US\$ 16,415)	\$ 501,896 (US\$ 16,415)	16,415	100	\$ 795,203	\$ 150,546	\$ 150,546	Notes 1 and 3
	MSS JAPAN CO., LTD.	Japan	Test and analysis of electronic materials	224,750 (JPY 1,050,000)	54,110 (JPY 250,000)	105	100	206,879	(13,435)	(13,435)	Note 1
	MSS USA CORP.	U.S.A.	Test and analysis of electronic materials	643,824 (US\$ 20,000)	- -	20,000	100	654,775	(906)	(906)	Note 1
TRISTATE INTERNATIONAL CO., LTD.	GOOD ACTION INT'L CORP.	Mauritius	Investment holding	501,411 (US\$ 16,400)	501,411 (US\$ 16,400)	16,400	100	968,563	150,546	150,546	Note 1

Note 1: The share of profit (loss) was recognized according to the investees' financial statements audited by the parent company's CPA in the ROC for the same year.

Note 2: The amounts were translated into foreign currencies using the exchange rate on each actual transaction date.

Note 3: The carrying amount held at the end of the period includes the unrealized gain on intercompany transactions.

Note 4: Refer to Table 4 for information on investments in mainland China.

MSSCORPS CO., LTD.

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 b.(2))	Carrying Amount as of December 31, 2024 (Note 2 b.(2))	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Msscrops Co., Ltd. (Shanghai) (Note 4)	Test and analysis of electronic materials	\$ -	b	\$ 34,039	\$ -	\$ - (Note 4)	\$ - (Note 4)	\$ (830)	-	\$ (830)	\$ -	\$ -
Msscrops Co., Ltd. (Nanjing)	Test and analysis of electronic materials	RMB 105,416 (US\$ 15,350)	b	467,372	-	-	467,372	151,535	100	151,535	953,455	-

2. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$467,372 (Notes 3 and 4)	\$501,411 (Note 3)	\$1,889,047

Note 1: The two methods of investing in mainland China are as follows:

- a. Direct investments in mainland China.
- b. Investment in mainland China through a company registered in a third region (GOOD ACTION INT'L CORP.)

Note 2: In the column of investment gain (loss)

- a. If the company is still in the preparatory stage and there is no investment gain (loss), it will be specified.
- b. The basis for recognizing investment gain (loss) is as follows:
 - 1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
 - 2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
 - 3) Others.

Note 3: The amounts were translated into foreign currencies using the exchange rate on each actual transaction date.

Note 4: The boards of directors resolved to dissolve and liquidate Msscrops Co., Ltd. (Shanghai) on March 1, 2024, and the liquidation process was completed on November 4, 2024. The remaining assets of the company have been remitted to GOOD ACTION INT'L CORP.

MSSCORPS CO., LTD.

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:
2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Msscorps Co., Ltd. (Nanjing)	Service revenue - test and analysis service	\$ 17,975	1	Note	60 days after the month-end closing	Not significantly different	\$ 4,658	-	\$ -	-
	Service costs - test and analysis service	(2,681)	-	Note	60 days after the month-end closing	Not significantly different	-	-	-	-

Note: The test and analysis service prices and costs to related parties were determined based on the market and agreed by both parties.

3. The amount of property transactions and the amount of the resultant gains or losses:

Investee Company	Transaction Type	Disposal of Property, Plant and Equipment		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Msscorps Co., Ltd. (Nanjing)	Selling of equipment	\$ 68,947	100	By contract	60 days after acceptance	Not significantly different	\$ -	-	\$ 57,393	-

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

MSSCORPS CO., LTD.**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownerships (%)
China Development Advantage Venture Capital Limited Partnership	4,234,481	8.17
Shun Investment Co., Ltd.	2,776,815	5.36

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

MSSCORPS CO., LTD.

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MSSCORPS CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash on hand and revolving funds		\$ <u>516</u>
Bank deposits		
Demand deposits		259,435
Foreign currency deposits		
USD	\$2,083 thousand @32.785	68,226
JPY	\$499 thousand @0.2099	102
RMB	\$7 thousand @4.478	31
EUR	\$1 thousand @34.140	<u>35</u>
		<u>68,394</u>
		<u>327,829</u>
		\$ <u>328,345</u>

MSSCORPS CO., LTD.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Unrelated parties		
Customer A	Test and analysis service	\$ 53,789
Customer B	Test and analysis service	218,616
Others (Note)	Test and analysis service	<u>257,531</u>
		529,936
Less: Allowance for impairment loss		<u>(4,936)</u>
		<u>\$ 525,000</u>
Related parties		
Msscorps Co., Ltd. (Nanjing)	Test and analysis service	\$ 4,658
MSS JAPAN CO., LTD.	Test and analysis service	<u>1,856</u>
		<u>\$ 6,514</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

MSSCORPS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2024		Increase in the Current Year		Decrease in the Current Year		Gain (Losses) on Investments Accounted for Using the Equity Method	Exchange Differences on Translating Foreign Operations	Balance, December 31, 2024			Market Value or Net Asset Value (Note 1)		Collateral
	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount			Number of Shares (In Thousands of Shares)	%	Amount	Unit Price (NT\$)	Total Amount	
TRISTATE INTERNATIONAL CO., LTD.	16,415	\$ 656,392	-	\$ 16,443	-	\$ (57,393)	\$ 150,546	\$ 29,215	16,415	100	\$ 795,203	59.04	\$ 969,062	None
MSS JAPAN CO., LTD.	25	54,072	80	170,640	-	-	(13,435)	(4,398)	105	100	206,879	1970.28	206,879	None
MSS USA CORP.	-	-	20,000	643,824	-	-	(906)	11,857	20,000	100	654,775	32.74	654,775	None
		<u>\$ 710,464</u>		<u>\$ 830,907</u>		<u>\$ (57,393)</u>	<u>\$ 136,205</u>	<u>\$ 36,674</u>			<u>\$ 1,656,857</u>		<u>\$ 1,830,716</u>	

Note 1: The difference between the carrying amount and the net asset value was the unrealized gain on downstream transactions - disposal of property, plant and equipment amounting to \$173,859 thousand.

Note 2: The increase in the current year included participated in MSS JAPAN CO., LTD.'s cash capital increase of \$170,640 thousand (JPY800,000 thousand), participated in MSS USA CORP.'s cash capital increase of \$643,824 thousand (US\$20,000 thousand) and recognized the realized gain on downstream transactions amounting to \$16,443 thousand for the year.

Note 3: This decrease in the current year included the unrealized gain on downstream transactions amounting to \$57,393 thousand.

MSSCORPS CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (In Thousands of New Taiwan Dollars)

Item	Buildings	Office Equipment	Transportation Equipment	Total
Cost				
Balance, January 1, 2024	\$ 289,874	\$ 1,316	\$ 6,691	\$ 297,881
Additions	54,325	-	5,324	59,649
Disposals	<u>(33,046)</u>	<u>(1,082)</u>	<u>(2,585)</u>	<u>(36,713)</u>
Balance at December 31, 2024	<u>\$ 311,153</u>	<u>\$ 234</u>	<u>\$ 9,430</u>	<u>\$ 320,817</u>
Accumulated depreciation				
Balance, January 1, 2024	\$ 112,463	\$ 1,189	\$ 3,035	\$ 116,687
Additions	42,020	92	2,746	44,858
Disposals	<u>(33,046)</u>	<u>(1,082)</u>	<u>(2,585)</u>	<u>(36,713)</u>
Balance at December 31, 2024	<u>\$ 121,437</u>	<u>\$ 199</u>	<u>\$ 3,196</u>	<u>\$ 124,832</u>
Carrying amount at December 31, 2024	<u>\$ 189,716</u>	<u>\$ 35</u>	<u>\$ 6,234</u>	<u>\$ 195,985</u>

MSSCORPS CO., LTD.

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Unrelated parties		
Supplier D	Payments	\$ 5,635
Supplier H	Payments	2,470
Supplier A	Payments	1,776
Supplier K	Payments	1,519
Supplier B	Payments	1,496
Supplier L	Payments	1,480
Others (Note)	Payments	<u>12,526</u>
		<u>\$ 26,902</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

MSSCORPS CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate	Amount
Buildings	Plants and offices	2018.2.1-2028.4.30	1.22%-2.01%	\$ 194,357
Office equipment	Photocopier	2020.9.1-2025.8.31	1.66%	36
Transportation equipment	Official car	2022.10.1-2027.11.17	1.56%-2.01%	<u>6,279</u>
				200,672
Less: Lease liabilities due within one year				<u>(50,711)</u>
				<u>\$ 149,961</u>

MSSCORPS CO., LTD.

**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Salary expense (Note 1)	\$ 479,130
Depreciation expense	609,491
Consumables	84,255
Others (Note 2)	<u>175,066</u>
	<u>\$ 1,347,942</u>

Note 1: Including salary expense, pension and Share-based payment.

Note 2: The amount of each individual item included in others does not exceed 5% of the amount.

MSSCORPS CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Salary expense (Note 1)	\$ 24,491	\$ 119,156	\$ 37,792
Depreciation expense	3,476	13,920	4,924
Insurance expense	2,159	16,485	2,112
Consumables	-	770	11,011
Traveling expense	3,640	1,889	63
Others (Note 2)	<u>8,131</u>	<u>46,485</u>	<u>4,623</u>
	<u>\$ 41,897</u>	<u>\$ 198,705</u>	<u>\$ 60,525</u>

Note 1: Including salary expense, remuneration of directors, pension and Share-based payment.

Note 2: The amount of each individual item included in others does not exceed 5% of the amount.

MSSCORPS CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
 (In Thousands of New Taiwan Dollars)

	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expenses						
Share-based payment	\$ 13,066	\$ 4,355	\$ 17,421	\$ -	\$ -	\$ -
Salary expense	459,626	170,981	630,607	416,000	159,635	575,635
Remuneration of directors	-	4,212	4,212	-	10,828	10,828
Labor and health insurance	34,957	14,719	49,676	30,646	13,244	43,890
Pension	19,504	6,246	25,750	17,052	5,608	22,660
Others	<u>56,791</u>	<u>7,305</u>	<u>64,096</u>	<u>42,784</u>	<u>6,781</u>	<u>49,565</u>
	<u>\$ 583,944</u>	<u>\$ 207,818</u>	<u>\$ 791,762</u>	<u>\$ 506,482</u>	<u>\$ 196,096</u>	<u>\$ 702,578</u>
Depreciation	<u>\$ 609,491</u>	<u>\$ 22,320</u>	<u>\$ 631,811</u>	<u>\$ 413,765</u>	<u>\$ 29,042</u>	<u>\$ 442,807</u>
Amortization	<u>\$ 3,027</u>	<u>\$ 1,757</u>	<u>\$ 4,784</u>	<u>\$ 3,419</u>	<u>\$ 1,870</u>	<u>\$ 5,289</u>

Note:

- For the years ended December 31, 2024 and 2023, the average number of the Company's employees was 555 and 498, respectively, and the number of directors who were not employees was 6 and 6, respectively. The calculation basis is consistent with the employee benefit expense.
- For the year ended December 31, 2024, the Company's average employee benefits were \$1,435 thousand. (The total amount of employee benefits of current year - the total amount of remuneration of directors ÷ the number of employees of the current year - the number of directors who were not employees)

For the year ended December 31, 2023, the Company's average employee benefits were \$1,406 thousand. (The total amount of employee benefits of the prior year - the total amount of remuneration of directors ÷ the number of employees of the prior year - the number of directors who were not employees)

- For the year ended December 31, 2024, the Company's average salary expense was \$1,149 thousand. (The total amount of salary expenses of prior year ÷ The numbers of employees of current year - The numbers of directors who were not employees)

For the year ended December 31, 2023, the Company's average salary expense was \$1,170 thousand. (The total amount of salary expenses of the prior year ÷ the number of employees of the prior year - the number of directors who were not employees)

- The percentage change in the average salary expenses was -1.79%. (The total amount of average salary expenses of the current year - the total amount of average salary expenses of the prior year ÷ the total amount of average salary expenses of the prior year)
- The remuneration of supervisors for the year ended December 31, 2024 was \$0 thousand, and the remuneration of supervisors for the year ended December 31, 2023 was \$0 thousand.
- The Company's policies on the remuneration and salary of directors were as follows:

The remuneration of directors of the Company shall not be higher than 5% according to the provisions of the Company's Articles. Remuneration of directors for business execution shall be determined in accordance with the "Regulations on the Payment of Directors and Managers' Remuneration", based on their participation in the Company's operations and the value of their contributions, and with reference to industry standards.

- The Company's policies on the compensation of managers and employees were as follows:

The Company's compensation policies for managers and employees mainly include salaries, additional allowances, severance pay, various bonuses, and employees' compensation. Salary is determined with reference to Taiwan's human resources market, other companies in the same industry, and the Company's salary and welfare policies; employees' compensation should not be less than 10% in accordance with the Company's Articles; year-end bonuses are issued according to the Company's operational performance and individual employee performance.