

# Key Ware Electronics Co., Ltd.

## Parent Company Only Financial Report and Auditor's Report For 2024 and 2023

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### Notice to Reader

*For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.*

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## **Independent Auditors' Report**

To the Board of Directors of Key Ware Electronics Co., Ltd.:

### **Opinions**

The parent company only balance sheets of Key Ware Electronics Co., Ltd. (hereinafter referred to as “Key Ware Electronics”) as of December 31, 2024 and December 31, 2023, along with the parent company only statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2024 and 2023, as well as the accompanying notes to the financial statements (including a summary of significant accounting policies), have been audited by us.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial position of Key Ware Electronics as of December 31, 2024 and 2023, as well as its financial performance and cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinions**

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under these standards are further explained in the section “Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements.” The personnel subject to independence requirements at our firm have remained independent of Key Ware Electronics in accordance with the Code of Professional Ethics for Certified Public Accountants and have fulfilled other ethical responsibilities as required by these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

Key Audit Matters refer to matters that, in our professional judgment, were of the most significance in our audit of Key Ware Electronics’ parent company only financial statements for the year 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 audit opinion. We do not provide a separate opinion on these matters.

Description of Key Audit Matters for the Parent Company Only Financial Statements of

Key Ware Electronics for the Year 2024:

Authenticity of Processing Revenue

A significant portion of Key Ware Group's revenue comes from processing service income in its drilling subcontracting division. In 2024, the group's processing revenue increased significantly compared to the previous year. We believe that management may face pressure to achieve projected business targets. Consequently, we identified the authenticity of processing revenue recognition as a key audit matter for the year 2024. For details on the revenue recognition accounting policy, please refer to Note IV of the consolidated financial statements.

Key Audit Procedures Performed for Processing Revenue Recognition:

1. Understanding and Testing Internal Controls – We assessed the design of internal controls related to processing revenue recognition and tested their operational effectiveness.
2. Verification of Processing Service Revenue Details – We obtained detailed records of processing service revenue, reviewed supporting transaction documents and payment collection status, and verified the consistency between service recipients and payment payers.

**The responsibility of management and the governance body for the parent company only financial statements**

The responsibility of management is to prepare parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to ensure their fair presentation. Management is also responsible for maintaining the necessary internal controls related to the preparation of the parent company only financial statements to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing Key Ware Electronics' ability to continue as a going concern, disclosing 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.

The governance body of Key Ware Electronics (including the Audit Committee) is responsible for overseeing the financial reporting process.

**The responsibility of the independent auditor for auditing the parent company only financial statements**

The objective of our audit of the parent company only financial statements is 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 audit report thereon.

Reasonable assurance is a high level of assurance, but an audit conducted in accordance with auditing standards does not guarantee that a material misstatement, if present, will always be detected. Misstatements may arise from fraud or error. Misstatements 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 the parent company only financial statements.

In conducting our audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following procedures:

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 audit 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 under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Key Ware Electronics' 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, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on Key Ware Electronics' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Key Ware Electronics 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 related notes), 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

the components within Key Ware Electronics to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit engagement and for the audit opinion on Key Ware Electronics.

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 identified during our audit.

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

Deloitte & Touche  
CPA, Li, Kuan-Hao

CPA, Lin, Wang-Sheng

Financial Supervisory Commission Approval  
Document No.:  
FSC Approval Document No. 1100372936

Financial Supervisory Commission Approval  
Document No.:  
FSC Approval Document No. 1060023872

March 26, 2025

Notices to Readers

*The accompanying 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.*

Key Ware Electronics Co., Ltd.  
Parent Company Only Balance Sheet  
As of December 31, 2024 and 2023

Unit: NT\$ thousand

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
<b>Current Assets</b>					
1100	Cash and cash equivalents (Notes VI)	\$ 62,944	2	\$ 51,648	2
1110	Financial assets at fair value through profit or loss - current (Note VII)	97,814	3	43,071	1
1120	Financial assets at fair value through other comprehensive income - current (Notes VIII and XXVII)	256,449	8	282,220	9
1150	Notes receivable (Notes IX)	2,364	-	2,791	-
1170	Accounts receivable (Notes IX)	117,850	4	138,748	4
1180	Accounts receivable - related parties (Notes XXVI)	81,850	2	45,221	1
1200	Other receivables (Notes IX)	175	-	12,733	-
1210	Other receivable - related parties (Notes XXVI)	7,986	-	12,883	1
130X	Inventories (Notes X)	251,237	7	216,676	7
1460	Non-current assets held for sale (Notes XI)	-	-	33,975	1
1470	Other current assets	47,364	1	36,857	1
11XX	Total current assets	<u>926,033</u>	<u>27</u>	<u>876,823</u>	<u>27</u>
<b>Non-current assets</b>					
1510	Financial assets at fair value through other c				
	omprehensive income – non current (Notes VIII)	36,501	1	40,409	1
1550	Investments accounted for using the equity method (Notes XII)	1,907,842	55	1,748,865	53
1600	Property, plant, and equipment (Notes XIII and XXVII)	527,769	15	566,950	17
1755	Right-of-use assets (XIV)	6,625	-	13,112	1
1840	Deferred tax assets (Notes XXI)	43,396	1	41,955	1
1915	Prepayment - non-current (Note XIII)	9,468	1	-	-
1920	Refundable deposits	1,189	-	1,530	-
1990	Other non-current assets	609	-	1,493	-
15XX	Total non-current assets	<u>2,533,399</u>	<u>73</u>	<u>2,414,314</u>	<u>73</u>
1XXX	Total assets	<u>\$ 3,459,432</u>	<u>100</u>	<u>\$ 3,291,137</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
2100	Short-term loans (Notes XV and XXVII)	\$ 654,157	19	\$ 451,922	14
2110	Short-term notes payable (Note XV)	-	-	24,979	1
2150	Notes and accounts payables	50,256	1	53,265	2
2180	Accounts payable - related parties (Note XXVI)	30,180	1	21,899	1
2219	Other payables (Note XVII)	28,207	1	40,210	1
2220	Other payables - related parties (Note XXVI)	10,357	-	1,105	-
2230	Current tax liabilities	-	-	9,716	-
2280	Lease liabilities - current (Notes XIV)	5,836	-	6,591	-
2190	Short-term notes payable due within one year (Notes XVI)	-	-	56,759	2
2320	Long-term borrowings due within one year (Notes XV and XXVII)	16,676	1	16,274	-
2399	Other current liabilities	7,124	-	6,700	-
21XX	Total current liabilities	<u>802,793</u>	<u>23</u>	<u>689,420</u>	<u>21</u>
<b>Non-current liabilities</b>					
2530	Corporate bonds payable (Notes XVI)	-	-	-	-
2540	Long-term loans (Notes XV and XXVII)	462,121	13	463,787	14
2570	Deferred income tax liabilities (Notes XXI)	21,838	1	3,791	-
2580	Lease liabilities - non-current (Notes XIV)	1,031	-	6,866	-
2630	Long-term deferred revenue (Note XIII)	88,502	3	87,517	3
2670	Net defined benefit liabilities (Notes XVIII)	4,660	-	17,853	1
25XX	Total non-current liabilities	<u>578,152</u>	<u>17</u>	<u>579,814</u>	<u>18</u>
2XXX	Total liabilities	<u>1,380,945</u>	<u>40</u>	<u>1,269,234</u>	<u>39</u>
<b>Equity</b>					
3100	Share capital	1,924,485	56	1,923,135	58
3200	Capital surplus	80,695	2	80,479	2
3300	Retained earnings	197,763	6	185,255	6
3400	Other equity	(124,456)	(4)	(166,966)	(5)
3XXX	Total equity	<u>2,078,487</u>	<u>60</u>	<u>2,021,903</u>	<u>61</u>
Total liabilities and equity		<u>\$ 3,459,432</u>	<u>100</u>	<u>\$ 3,291,137</u>	<u>100</u>

The notes attached hereafter are an integral part of this parent company only financial report.

Chairman: Chow, Pong-Chi

President: Chu, Tsung-Wei

Accounting Manager: Lee, Yun-Ting

Key Ware Electronics Co., Ltd.

Parent Company Only Statement of Comprehensive Income

From January 1 to December 31, 2024 and 2023

Unit: NT\$ Thousands, except for  
Earnings (Loss) per share (in  
Dollars)

Code		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes IV and XXVI)	\$ 492,883	100	\$ 488,347	100
5000	Operating costs (Notes X, XVIII, XX and XXVI)	<u>466,356</u>	<u>95</u>	<u>483,393</u>	<u>99</u>
5900	Gross profit	26,527	5	4,954	1
5920	Realized sales profit	<u>238</u>	<u>-</u>	<u>3</u>	<u>-</u>
5950	Realized gross profit	<u>26,765</u>	<u>5</u>	<u>4,957</u>	<u>1</u>
	Operating expenses (Notes IX, XVIII, and XX)				
6100	Selling expenses	13,800	3	28,358	6
6200	Administrative expenses	27,631	5	35,032	7
6300	Research and development expenses	3,971	1	3,456	1
6450	Reversal of expected credit loss	( <u>270</u> )	<u>-</u>	( <u>94</u> )	<u>-</u>
6000	Total operating expenses	<u>45,132</u>	<u>9</u>	<u>66,752</u>	<u>14</u>
6900	Net operating loss	( <u>18,367</u> )	( <u>4</u> )	( <u>61,795</u> )	( <u>13</u> )
	Non-operating income and expenses (Notes XII, XX and XXVI)				
7100	Interest income	627	-	761	-
7010	Other income	1,869	1	7,252	2
7020	Other gains and losses	( 45,121 )	( 9 )	( 94,339 )	( 19 )
7050	Finance costs	( 26,341 )	( 5 )	( 27,494 )	( 6 )
7070	Shares of profits or loss of subsidiaries and associates accounted for using equity method	<u>80,587</u>	<u>16</u>	<u>194,990</u>	<u>40</u>
7000	Total non-operating income and expenses	<u>11,621</u>	<u>3</u>	<u>81,170</u>	<u>17</u>

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Code		2024		2023	
		Amount	%	Amount	%
7900	Net income before tax	(\$ 6,746)	( 1)	\$ 19,375	4
7950	Income tax expense (profit) (Notes IV and XXI)	( 5,269)	( 1)	7,523	2
8200	Net (loss) profit for the year	( 1,477)	-	11,852	2
	Other comprehensive income				
8310	Components that will not be reclassified to profit or loss				
8311	Re-measurement of defined benefit plan (Notes IV and XVIII)	17,482	4	( 3,160)	-
8316	Unrealized gains and losses on equity investments measured at fair value through other comprehensive income (Notes IV and XIX)	( 29,679)	( 6)	( 42,889)	( 9)
8349	Income tax related to items not reclassified (Note IV and XXI)	( 3,497)	( 1)	632	-
8360	Items that may be reclassified to profit or loss in the future				
8361	Exchange differences on translation of financial statements of foreign operations (Notes IV and XIX)	90,236	18	( 30,395)	( 6)
8399	Income tax related to components that may be reclassified to profit or loss (Notes IV, XIX and XXI)	( 18,047)	( 4)	6,079	1
8300	Other comprehensive income	56,495	11	( 69,733)	( 14)
8500	Total comprehensive income	<u>\$ 55,018</u>	<u>11</u>	<u>(\$ 57,881)</u>	<u>( 12)</u>
	Earnings (loss) per share (Note XXII)				
9750	Basic	<u>(\$ 0.01)</u>		<u>\$ 0.06</u>	
9850	Diluted	<u>(\$ 0.01)</u>		<u>\$ 0.06</u>	

The notes attached hereafter are an integral part of this parent company only financial report.

Chairman:  
Chow, Pong-Chi

President:  
Chu, Tsung-Wei

Accounting Manager:  
Lee, Yun-Ting

Key Ware Electronics Co., Ltd.  
Parent Company Only Entity Statements of Changes in Equity  
From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

Code		Share capital		Retained earnings			Other equity		Total Equity
		Capital stock - common shares	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations' financial statements	Unrealized gains and losses on financial assets measured at fair value through other comprehensive income	
A1	Balance as of January 1, 2023	\$ 1,899,283	\$ 80,139	\$ 24,373	\$ 192,785	\$ 7,449	(\$ 90,493)	(\$ 17,099)	\$ 2,096,437
D1	Net income in 2023	-	-	-	-	11,852	-	-	11,852
D3	Other comprehensive income after tax in 2023	-	-	-	-	(2,528)	(24,316)	(42,889)	(69,733)
D5	Total comprehensive income in 2023	-	-	-	-	9,324	(24,316)	(42,889)	(57,881)
	Appropriation and distribution of earnings for 2022								
B1	Appropriation of legal reserve	-	-	745	-	(745)	-	-	-
B3	Reversal of special earnings reserve	-	-	-	(34,141)	34,141	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(18,993)	-	-	(18,993)
B9	Stock dividends on common stock	21,852	-	-	-	(21,852)	-	-	-
N1	Share-based payment (Note XXIII)	2,000	340	-	-	-	-	-	2,340
Q1	Disposal of equity instruments through other comprehensive income	-	-	-	-	(7,831)	-	7,831	-
Z1	Balance as of December 31, 2023	1,923,135	80,479	25,118	158,644	1,493	(114,809)	(52,157)	2,021,903
D1	Net income in 2024	-	-	-	-	(1,477)	-	-	(1,477)
D3	Other comprehensive income after tax in 2024	-	-	-	-	13,985	72,189	(29,679)	56,495
D5	Total comprehensive income in 2024	-	-	-	-	12,508	72,189	(29,679)	55,018
	Appropriation and distribution of earnings for 2023								
B1	Appropriation of legal reserve	-	-	149	-	(149)	-	-	-
B3	Appropriation of special earnings reserve	-	-	-	1,344	(1,344)	-	-	-
N1	Share-based compensation (Note XXIII)	1,350	216	-	-	-	-	-	1,566
Z1	Balance as of December 31, 2024	\$ 1,924,485	\$ 80,695	\$ 25,267	\$ 159,988	\$ 12,508	(\$ 42,620)	(\$ 81,836)	\$ 2,078,487

The notes attached hereafter are an integral part of this parent company only financial report.

Chairman: Chow, Pong-Chi

President: Chu, Tsung-Wei

Accounting Manager: Lee, Yun-Ting

Key Ware Electronics Co., Ltd.  
Parent Company Only Statement of Cash Flows  
From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

Code		2024	2023
	Cash flows from operating activities		
A10000	Pre-tax net (loss) profit	(\$ 6,746)	\$ 19,375
A20010	Income and expense items:		
A20100	Depreciation expenses	42,414	56,535
A20200	Amortization expenses	305	1,750
A20300	Reversal of expected credit loss	( 270)	( 94)
A20400	Fair value measurement gains (losses) on financial instruments through profit or loss	56,065	( 5,145)
A20900	Finance costs	26,341	27,494
A21200	Interest income	( 627)	( 761)
A21300	Dividend income	( 1,869)	( 1,342)
A22300	Shares of profits or loss of subsidiaries and associates accounted for using equity method	( 80,587)	( 194,990)
A22500	Gains on property, plant, and equipment	( 4,302)	( 2,038)
A22900	Impairment loss on non-current assets held for disposal (reversal of loss)	( 11,589)	18,000
A23700	Impairment loss on property, plant, and equipment	-	77,009
A29900	Realized gains from sales	( 238)	( 3)
A23900	Inventory write-down and obsolescence (reversal of loss) gains	( 1,001)	4,709
A24100	Unrealized foreign exchange gains	( 4,723)	( 303)
A24200	Redemption loss on convertible corporate bonds	-	431
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	427	833
A31150	Accounts receivable	25,480	83,351
A31160	Accounts receivable - related parties	( 36,792)	14,276
A31180	Other receivables	12,558	( 5,021)
A31190	Other receivables - related parties	4,902	( 5,440)
A31200	Inventories	( 33,560)	( 11,368)
A31230	Prepayments	( 11,187)	260
A31240	Other current assets	( 8,884)	( 2,891)
A32130	Notes and accounts payables	( 3,011)	( 13,027)
A32160	Accounts payable - related parties	7,051	( 3,600)
A32190	Other payables - related parties	9,252	( 12,144)
A32180	Other payables	( 12,069)	5,847
A32230	Other current liabilities	424	( 562)
A32240	Other non-current assets	792	2,483
A33000	Cash inflow (outflow) generated from operations	( 31,444)	53,624

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Code		2024	2023
A33300	Interest paid	(\$ 25,734)	(\$ 24,897)
A33100	Interest received	627	761
A33200	Dividends received	1,869	1,342
A33500	Income tax paid	( 5,888)	( 54)
AAAA	Cash inflow (outflow) from operating activities	<u>( 60,570)</u>	<u>30,776</u>
	<b>Cash flow from investment activities</b>		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	41,293
B00100	Acquisition of financial assets at fair value through profit or loss	( 425,662)	( 167,583)
B00200	Disposal of financial assets at fair value through profit or loss	314,854	181,785
B01800	Receipt of dividends from affiliates	14,140	71,975
B02800	Proceeds from disposal of property, plant, and equipment	24,938	128,195
B02600	Proceeds from the disposal of non-current assets held for sale	41,203	-
B02200	Cash outflow for the establishment of a subsidiary	( 2,243)	-
B02400	Capital reduction refund from investee under the equity method	187	18,480
B02700	Acquisition of property, plant, and equipment	( 11,022)	( 4,352)
B03800	Decrease in refundable deposits	<u>341</u>	<u>9</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>( 43,264)</u>	<u>269,802</u>
	<b>Cash flows from financing activities</b>		
C00100	Increase in short-term borrowings	2,652,930	2,153,810
C00200	Decrease in short-term borrowings	( 2,448,894)	( 2,296,336)
C00500	Decrease in short-term notes payable	( 24,979)	( 19,986)
C01300	Repayment of corporate bonds	( 57,300)	( 143,414)
C01600	Incurring long-term borrowings	20,000	-
C01700	Repayments of long-term loans	( 21,264)	( 43,368)
C04020	Repayment of the lease principal	( 6,929)	( 6,871)
C04500	Cash dividends paid	-	( 18,993)
C04800	Employees stock option exercised	<u>1,566</u>	<u>2,340</u>
CCCC	Net cash inflow (outflow) used in financing activities	<u>115,130</u>	<u>( 372,818)</u>
EEEE	Increase (decrease) in cash and cash equivalents for the year	11,296	( 72,240)
E00100	Cash and bank deposits at the beginning of the year	<u>51,648</u>	<u>123,888</u>
E00200	Cash and bank deposits at the end of the year	<u>\$ 62,944</u>	<u>\$ 51,648</u>

The notes attached hereafter are an integral part of this parent company only financial report.

Chairman:  
Chow, Pong-Chi

President:  
Chu, Tsung-Wei

Accounting Manager:  
Lee, Yun-Ting

Key Ware Electronics Co., Ltd.  
Notes to the parent company only financial statements  
From January 1 to December 31, 2024 and 2023  
(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company History

Key Ware Electronics Co., Ltd. (the "Company") was incorporated on February 27, 1997, and is mainly engaged in the design, manufacture and processing of printed circuit board materials such as electroplating solution, dry film, drill bits and copper foil substrates.

The common stock issued by the Company has been listed and traded on the Taipei Exchange since March 29, 2001.

This parent company only financial report is presented in the Company's functional currency, which is the New Taiwan Dollar (NTD).

II. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 7, 2025.

III. Application of New and Amended Standards and Interpretations

- (I) Initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "IFRS accounting standards").

The application of the IFRS accounting standards approved and issued by the FSC will not result in significant changes to the Company's accounting policies.

- (II) IFRS accounting standards approved by the Financial Supervisory Commission (FSC) applicable for the year 2025:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Amendment to IAS 21 'Lack of Exchangeability'	January 1, 2025 (Note 1)
Amendment to IFRS 9 and IFRS 7 'Amendments to Classification and Measurement of Financial Instruments' concerning the application guidance on financial asset classification	January 1, 2026 (Note 2)

Note 1: This applies to annual reporting periods beginning after January 1, 2025.

Upon initial application of the amendment, comparative periods should not be restated. The impact should be recognized in the retained earnings or equity item of foreign operations' exchange differences (as appropriate) on the initial application date, as well as in the affected assets and liabilities.

Note 2: Applicable to annual reporting periods beginning after January 1, 2026, the company may also choose to apply it early on January 1, 2025. Upon initial application of the amendment, retrospective application is required but comparative periods do not need to be restated. The impact of initial application should be recognized as of the initial application date. However, if the company is able to restate the comparative periods without the use of hindsight, it may choose to restate the comparative periods.

As of the date this financial report was approved for issuance, the Company has assessed that the amendments to other standards and interpretations will not have a significant impact on its financial position and financial performance.

(III) Standards issued by the IASB but not yet endorsed and issued into effect by the IFRS

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7: “Amendments to Classification and Measurement of Financial Instruments” concerning application guidance on derecognition of financial liabilities.	January 1, 2026
Amendments to IFRS 9 and IFRS 7: “Contracts Involving Natural-Dependent Electricity.”	January 1, 2026
Amendments to IFRS 10 and IAS 28: “Sales or Contributions of Assets between an Investor and its Associates or Joint Ventures.”	To be determined
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: Disclosure.”	January 1, 2027

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

#### IFRS 18 ‘Presentation and Disclosure in Financial Statements’

The income statement should classify revenue and expense items into operating, investing, financing, income tax, and discontinued operations categories.

The income statement should present operating income, pre-tax income before financing, as well as subtotals and totals of income and expenses. Guidance is provided to enhance aggregation and disaggregation requirements: The Company is required to identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions, and to classify and aggregate them based on similar characteristics, so that each line item presented in the primary financial statements shares at least one similar characteristic. Items with dissimilar characteristics should be separately presented in the primary financial statements and notes. The Company should label such items as ‘Other’ only when no more informative labeling can be found.

Disclosure of performance measures defined by management: When the Company communicates with financial statement users regarding its overall financial performance from a management perspective, outside of the financial statements, it must disclose in a single note the information related to management’s defined performance measures, including descriptions of the measures, how they are calculated, their reconciliation with subtotals or totals specified by IFRS accounting standards, and the tax and non-controlling interest impacts of those adjustments.

Aside from the above impacts, as of the date this parent company only financial report was approved for issuance, the Company continues to evaluate the effects of amendments to various standards and interpretations on its financial position and performance, with relevant impacts to be disclosed once the evaluation is completed.

#### IV. Summary of Significant Accounting Policies

##### (I) Compliance declaration

This parent company only financial report has been prepared in accordance with the Financial Reporting Guidelines for Securities Issuers.

##### (II) Preparation basis

Except for financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, this parent company only financial report is prepared based on the historical cost principle.

Fair value measurement is categorized into Level 1 to Level 3 based on the observability and significance of the related input values:

1. Level 1 Inputs: These are quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date (unadjusted).
2. Level 2 Inputs: These are observable inputs, either directly (e.g., prices) or indirectly (e.g., derived from prices), other than those in Level 1.
3. Level 3 Inputs: These are unobservable inputs for assets or liabilities.

In preparing this parent company only financial report, the Company applies the equity method for investments in subsidiaries, associates, or joint ventures. To ensure that the income statement, other comprehensive income, and equity in this parent company only financial report align with the consolidated financial report's income, other comprehensive income, and equity attributable to the Company's owners, adjustments are made for certain accounting treatment differences between individual and consolidated bases. These adjustments pertain to 'Investments accounted for using the equity method,' 'Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method,' 'Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method,' and related equity items.

(III) Criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and bank deposit (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities that are due for settlement within 12 months after the balance sheet date (even if long-term refinancing or payment arrangements have been completed between the balance sheet date and the approval of the financial report, these are still classified as current liabilities); and
3. Liabilities for which there is no substantive right to defer the settlement date for at least 12 months after the balance sheet date.

Any assets or liabilities that do not fall into the categories of current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currencies

When preparing the financial report, the Company records transactions in foreign currencies (other than its functional currency) by converting them into the functional currency at the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement or revaluation of monetary items are recognized in profit or loss in the period they occur.

Foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date the fair value is determined, and any exchange differences are recognized in profit or loss. However, for non-monetary items whose fair value changes are recognized in other comprehensive income, the exchange differences are recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date and are not retranslated thereafter.

When preparing the parent company only financial report, assets and liabilities of foreign operations (including subsidiaries, associates, joint ventures, or branches whose operational country or currency differs from the Company's) are translated into New Taiwan Dollars at the exchange rate on each balance sheet date. Income and expense items are translated at the average exchange rate for the period, with any resulting exchange differences recognized in other comprehensive income.

If the Company disposes of its entire interest in a foreign operation, or disposes of a portion of its interest in a foreign operation but loses control, or disposes of a joint arrangement or associate, the cumulative exchange differences related to that foreign operation are reclassified to profit or loss.

If the Company disposes of part of its interest in a foreign subsidiary without losing control, the cumulative exchange differences are proportionately included in equity transactions and are not recognized in profit or loss. In any other case of partial disposal of a foreign operation, the cumulative exchange differences are reclassified to profit or loss based on the proportion of the disposal.

(V) Inventories

Inventory includes raw materials, finished goods, and work in progress. Inventory is measured at the lower of cost and net realizable value. When comparing cost and net realizable value, this is done on an individual item basis, except for inventories of the same type. Net realizable value refers to the estimated selling price in the ordinary

course of business, less the estimated costs to complete and the estimated costs to make the sale. The cost of inventory is calculated using the weighted average method.

(VI) Investments in subsidiaries

The Company applies the equity method to investments in subsidiaries. A subsidiary is an entity controlled by the Company

Under the equity method, the investment is initially recognized at cost, and the carrying amount is adjusted for the Company's share of the subsidiary's profit or loss, other comprehensive income, and dividend distributions. In addition, any changes in the Company's share of other equity interests in the subsidiary are recognized proportionally.

When the change in the Company's ownership interest in a subsidiary does not result in the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized in equity.

When the Company's share of the subsidiary's losses equals or exceeds its interest in the subsidiary (including the carrying amount of the investment and any other long-term equity interests that constitute the Company's net investment in the subsidiary), the losses are recognized to the extent of the investment.

Any excess of the acquisition cost over the fair value of identifiable assets and liabilities of a subsidiary acquired on the acquisition date is recognized as goodwill. This goodwill is included in the carrying amount of the investment and is not amortized. Any excess of the fair value of identifiable assets and liabilities over the acquisition cost is recognized as income in the period of acquisition.

The Company evaluates impairment by considering the overall cash-generating unit in the financial report and comparing its recoverable amount to its carrying amount. If the recoverable amount of an asset increases after impairment, the reversal of the impairment loss is recognized as income, but the carrying amount of the asset after impairment reversal should not exceed the carrying amount that would have been determined if no impairment loss had been recognized. Impairment losses on goodwill cannot be reversed in subsequent periods.

When the Company loses control over a subsidiary, the remaining investment in the former subsidiary is measured at fair value on the loss of control date. The difference between the fair value of the remaining investment and any proceeds from disposal,

compared to the carrying amount of the investment on the date of loss of control, is recognized in the current period's profit or loss. Additionally, all amounts related to the subsidiary recognized in other comprehensive income will be accounted for based on the same treatment required for the direct disposal of assets or liabilities by the Company.

Unrealized gains or losses on transactions between the Company and its subsidiaries are eliminated in the parent company only financial report. Unrealized gains or losses from upstream and downstream transactions between the Company and its subsidiaries are only recognized in the parent company only financial report to the extent that they do not relate to the Company's interests in the subsidiary.

(VII) Investments in associates

An associate is an entity in which the Company has significant influence, but is not a subsidiary or a joint venture.

The Company applies the equity method to investments in associates.

Under the equity method, the investment in an associate is initially recognized at cost, and the carrying amount is adjusted for the Company's share of the associate's profit or loss, other comprehensive income, and dividend distributions. Additionally, changes in the Company's share of the equity interests in the associate are recognized proportionally.

Any excess of the acquisition cost over the fair value of identifiable assets and liabilities of an associate acquired on the acquisition date is recognized as goodwill. This goodwill is included in the carrying amount of the investment and is not amortized. Any excess of the fair value of identifiable assets and liabilities over the acquisition cost is recognized as income in the period of acquisition.

When the associate issues new shares, if the Company does not subscribe to them in proportion to its ownership interest, resulting in a change in the ownership percentage, the net equity of the investment will increase or decrease. The adjustment is made to the capital surplus – changes in the net equity of associates and joint ventures recognized under the equity method. However, if the non-proportional subscription results in a reduction in the Company's ownership interest in the associate, any amounts previously recognized in other comprehensive income related to the associate will be reclassified in proportion to the reduction. The accounting treatment will follow the basis required for the direct disposal of assets or liabilities related to the associate. If the adjustment requires a debit to capital surplus, and the

capital surplus generated by the equity-method investment is insufficient, the difference will be debited to retained earnings.

When the Company's share of the losses of an associate equals or exceeds its interest in the associate (including the carrying amount of the investment and any other long-term equity interests that constitute the Company's net investment in the associate), further losses are not recognized. The Company will only recognize additional losses and liabilities to the extent of its legal obligations, implied obligations, or amounts already paid on behalf of the associate.

When evaluating impairment, the Company treats the overall carrying amount of the investment (including goodwill) as a single asset and compares its recoverable amount with its carrying amount to conduct an impairment test. Any impairment loss recognized is part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent of an increase in the recoverable amount of the investment.

When the Company no longer has significant influence over an associate, it ceases applying the equity method. The retained interest in the former associate is measured at fair value on the date the equity method is discontinued. The difference between the fair value of the retained interest and the carrying amount of the investment on that date is recognized in profit or loss. Additionally, any amounts previously recognized in other comprehensive income related to the associate will be accounted for based on the same treatment required for the direct disposal of assets or liabilities related to the associate. If the investment in the associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues applying the equity method without re-measuring the retained interest.

Unrealized gains or losses from transactions between the Company and its associates, whether upstream, downstream, or lateral, are only recognized in the parent company only financial report to the extent that they do not relate to the Company's interest in the associate.

(VIII) Property, plant, and equipment

Real estate, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for land, which is not depreciated, real estate, plant, and equipment are depreciated on a straight-line basis over their estimated useful life, with depreciation

being applied to each significant part separately. The Company reviews the estimated useful life, residual value, and depreciation method at least at the end of each year and defers the impact of changes in accounting estimates.

When real estate, plant, and equipment are disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Impairment of real estate, plant and equipment, right-of-use assets, intangible assets (excluding goodwill), and contract cost-related assets

The company evaluates at each balance sheet date whether there are any indications that real estate, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of fair value less selling costs and its value in use. If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount is adjusted down to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined if no impairment loss had been recognized in prior years (less accumulated amortization or depreciation). The reversal of an impairment loss is recognized in profit or loss.

(X) Non-current assets held for sale

The carrying amount of non-current assets is classified as held for sale when it is expected to be primarily recovered through a sale transaction rather than continued use. Non-current assets that meet this classification must be available for immediate sale in their present condition, and the sale must be highly probable. When appropriate management has committed to a plan to sell the asset, and the sale transaction is expected to be completed within one year from the classification date, the sale is considered highly probable.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the company becomes a party to the contractual terms of the instrument.

When initially recognizing financial assets and financial liabilities, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any directly attributable transaction costs incurred in acquiring or issuing the financial asset or financial liability. Transaction costs directly attributable to acquiring or issuing financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

The routine transactions of financial assets are recognized and derecognized based on the trade date accounting method.

(1) Types of measurement

The types of financial assets held by the company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those that are mandatory to be measured at fair value through profit or loss and those designated as measured at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated to be measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, with dividends and interest recognized as other income. Any subsequent gains or losses from remeasurement are recognized as other gains and losses. The method of determining fair value is detailed in Note XXV.

B. Financial assets at amortized cost

If the company's financial asset investments meet the following two conditions, they are classified as financial assets measured at

amortized cost:

- a. The asset is held under a particular business model whose objective is to hold financial assets to collect contractual cash flows; and
- b. The contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and bank deposits, notes receivable measured at amortized cost, accounts receivable, accounts receivable – related parties, other receivables, and other receivables – related parties, etc.) are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. Any foreign exchange gains or losses are recognized in profit or loss.

#### C. Equity Investments Measured at Fair Value Through Other Comprehensive Income

The company may, at initial recognition, make an irrevocable election to classify equity investments that are not held for trading and not held by the company for business acquisition purposes or for consideration, as financial assets measured at fair value through other comprehensive income.

Equity investments measured at fair value through other comprehensive income are initially recognized at fair value, with subsequent fair value changes reported in other comprehensive income and accumulated in other equity. Upon disposal of the investment, the accumulated gains or losses are directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends on equity investments measured at fair value through other comprehensive income are recognized in profit or loss when the company's right to receive the dividends is established, unless the dividend clearly represents a recovery of part of the investment's cost.

#### (2) Impairment of financial assets

The company evaluates expected credit losses for financial assets measured at amortized cost (including notes receivable and accounts receivable) on each balance sheet date.

Notes receivable and accounts receivable are recognized with an allowance for losses based on the expected credit losses over their entire lifespan. For other financial assets, the company first evaluates whether the credit risk has significantly increased since initial recognition. If the credit risk has not significantly increased, an allowance for losses is recognized based on 12-month expected credit losses. If the credit risk has significantly increased, an allowance for losses is recognized based on the expected credit losses over the entire lifespan.

Expected credit loss is the weighted average credit loss, with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss resulting from potential defaults within the next 12 months after the reporting date, while the lifetime expected credit loss represents the expected credit loss resulting from all potential defaults during the expected lifetime of the financial instrument.

For internal credit risk management purposes, the company determines that a financial asset has defaulted if there is internal or external information indicating that the debtor is no longer likely to repay the debt, excluding any consideration of collateral held.

The impairment loss for all financial assets is recognized by reducing the carrying amount through an allowance account.

(3) Derecognition of financial assets

The company only derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the financial asset has been transferred and almost all of the risks and rewards of ownership of the asset have been transferred to another entity. When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an equity instrument investment measured at fair value through other comprehensive income is derecognized in its entirety, the accumulated gains or losses are directly transferred to retained earnings and are not reclassified to profit or loss.

2. Equity instruments

The company's issued debt and equity instruments are classified as financial

liabilities or equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the company are recognized at the amount received, less direct issuance costs.

When the company repurchases its own equity instruments, they are recognized and deducted under equity. Purchases, sales, issuances, or cancellations of the company's own equity instruments are not recognized in profit or loss.

### 3. Financial liabilities

#### (1) Subsequent measurement

All financial liabilities are assessed at amortized cost using the effective interest method.

#### (2) Derecognition of financial liabilities

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

### 4. Convertible bonds

The convertible bonds issued by the company are classified into financial liabilities and equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments at the time of initial recognition.

At initial recognition, the fair value of the liability component is estimated using the market interest rate for similar non-convertible instruments, and the amortized cost is calculated using the effective interest method until conversion or maturity. The liability component that contains embedded non-equity derivatives is measured at fair value.

The conversion option classified as equity is the remaining amount of the fair value of the entire compound instrument, after subtracting the fair value of the liability component determined separately, and is recognized as equity after deducting the tax effects. This amount is not remeasured thereafter. When the conversion option is exercised, the related liability component and the amount recognized in equity are transferred to share capital and capital surplus—issuance premium. If the conversion option is not exercised by the maturity date, the amount recognized in equity will be transferred to capital

surplus—issuance premium.

The transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the liability carrying amount) and equity components (included in equity) based on their proportional share of the total consideration.

## (XII) Revenue recognition

After identifying the performance obligations in customer contracts, the company allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

### 1. Sales revenue of commodities

Revenue from sales of goods comes from the sale of drill bits. The company recognizes revenue and accounts receivable when the customer has established a price for the goods and the right to use them, and when the customer assumes the primary responsibility for resale and bears the risk of obsolescence of the goods.

Revenue is not recognized during material processing because the control of ownership of the processed products has not yet been transferred at the time of processing.

### 2. Processing revenue

Processing revenue comes from mechanical drilling services. As the company provides mechanical drilling processing services, the customer simultaneously obtains and consumes the benefits of the performance. The related revenue is recognized when the service is provided.

## (XIII) Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

### 1. Where the Company is a lessor:

When the lease terms transfer almost all the risks and rewards incidental to the ownership of an asset to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under operating leases, lease payments, after deducting lease incentives, are recognized as revenue on a straight-line basis over the relevant lease term. Direct initial costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense on a

straight-line basis over the lease term.

2. Where the Company is a lessee:

Except for leases of low-value assets and short-term leases that qualify for recognition exemptions, lease payments are recognized as expenses on a straight-line basis over the lease term. For all other leases, right-of-use assets and lease liabilities are recognized on the lease commencement date.

The right-of-use asset is initially measured at cost, which includes the initial measurement amount of the lease liability, initial direct costs, and estimated costs to restore the underlying asset. Subsequently, it is measured at cost less accumulated depreciation and impairment losses, with adjustments made for any remeasurements of the lease liability. The right-of-use asset is presented separately on the parent company only balance sheet.

The right-of-use asset is depreciated on a straight-line basis from the commencement date of the lease to the earlier of the asset's useful life or the lease term.

The lease liability is initially measured at the present value of lease payments, including fixed payments. If the lease's implicit interest rate is readily determinable, lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, and interest expenses are allocated over the lease term. If changes in the lease term, residual value guarantees, or changes in the index or rate used to determine lease payments result in changes to future lease payments, the company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining remeasurement amount is recognized in profit or loss. The lease liability is presented separately on the parent company only balance sheet.

(XIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits-related liabilities are measured at the expected amount to be paid in exchange for employee services, without discounting.

2. Retirement benefits

The retirement benefits for defined contribution retirement plans are

recognized as an expense in the amount that should be contributed during the period in which the employee provides services.

For defined benefit retirement plans, the defined benefit cost (including service cost, net interest, and remeasurements) is actuarially determined using the projected unit credit method. Service costs (including current service costs) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expenses when incurred. Remeasurements (including actuarial gains or losses and returns on plan assets, excluding interest) are recognized in other comprehensive income when they occur and are included in retained earnings, with no subsequent reclassification to profit or loss.

The net defined benefit liability (asset) represents the plan's shortfall (surplus) of contributions. The net defined benefit asset cannot exceed the present value of any future contributions expected to be refunded from the plan or reduce future contributions.

(XV) Share-based payment arrangements

Employee stock options are recognized as an expense on a straight-line basis over the vesting period, based on the fair value of the equity instruments granted on the grant date and the best estimate of the expected number of options to be vested. If the options are immediately vested on the grant date, the entire expense is recognized on that date.

The company adjusts the estimate of the expected number of employee stock options to be vested as of each balance sheet date. If the original estimate is revised, the effect of the revision is recognized in profit or loss, so that the cumulative expense reflects the revised estimate, and the capital surplus – employee stock options is adjusted accordingly.

(XVI) Income Tax

Income tax expenses are the sum of the tax in the current period and deferred income tax.

1. Current income tax

The company determines the current income (loss) based on the regulations established by the tax authorities in each tax jurisdiction, and calculates the income tax payable (recoverable) accordingly.

The income tax levied on undistributed earnings, calculated in accordance with the tax laws of our country, is recognized in the year in which the shareholders'

meeting makes the decision.

Adjustments to income tax payable from previous years are included in the current period's income tax.

## 2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities and their tax bases for calculating taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is likely that there will be taxable income available to offset temporary differences or carryforward losses.

For taxable temporary differences related to investments in subsidiaries and associates, deferred tax liabilities are recognized, except when the company can control the timing of the reversal of the temporary differences and it is likely that the differences will not reverse in the foreseeable future. For deductible temporary differences related to such investments, deferred tax assets are recognized only when it is likely that there will be sufficient taxable income to realize the temporary differences and the reversal is expected within the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted downward if it is no longer likely that sufficient taxable income will be available to recover all or part of the asset. Deferred tax assets that were not previously recognized are also reviewed at each balance sheet date, and the carrying amount is increased if it is likely that taxable income will be generated in the future to recover all or part of the asset.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to the period when the liability is settled or the asset is realized, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the expected tax consequences of how the company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

## 3. Current and deferred income taxes for the year

Current and deferred income taxes are recognized in profit or loss, except for those related to items recognized in other comprehensive income or directly in

equity, in which case the current and deferred income taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When adopting accounting policies, the management must make relevant judgments, estimates, and assumptions based on historical experience and other pertinent factors for information that is not easily obtained from other sources. Actual results may differ from these estimates.

Management will continuously review the estimates and underlying assumptions. If the revision of an estimate affects only the current period, it will be recognized in the current period's accounting estimate. If the revision affects both the current and future periods, it will be recognized in the current and future periods.

VI. Cash and bank deposits

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 311	\$ 309
Checks and demand deposits in banks	<u>62,633</u>	<u>51,339</u>
	<u>\$ 62,944</u>	<u>\$ 51,648</u>

VII. Financial Instruments at Fair Value through Profit or Loss

Financial assets - current

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Mandatorily measured at fair value through profit or loss</u>		
Domestic listed (OTC) and emerging stocks	\$ 79,516	\$ 33,049
Foreign listed stocks	<u>18,298</u>	<u>10,022</u>
	<u>\$ 97,814</u>	<u>\$ 43,071</u>

VIII. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic listed (OTC) stocks	<u>\$ 256,449</u>	<u>\$ 282,220</u>
<u>Non-current</u>		
Domestic unlisted (OTC) stocks	\$ 17,634	\$ 19,469
Foreign unlisted (OTC) stocks	<u>18,867</u>	<u>20,940</u>
	<u>\$ 36,501</u>	<u>\$ 40,409</u>

The company invests in equity instruments for medium- to long-term strategic purposes, with the expectation of generating profits through long-term investments. The management believes that including the short-term fair value fluctuations of these investments in profit or loss would be inconsistent with the aforementioned long-term investment strategy. Therefore, the company has chosen to designate these investments as fair value through other comprehensive income.

In the year 2023, the company adjusted its investment positions to diversify risk, selling part of its equity instrument investments for 33,293 thousand at fair value. The related unrealized loss of 7,831 thousand on other equity—fair value through other comprehensive income financial assets—was transferred to retained earnings.

For information on the pledged equity instrument investments measured at fair value through other comprehensive income (Note XXVII).

IX. Notes Receivables, Accounts Receivables, and Other Receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Due to operation	\$ 2,364	\$ 2,791
Less: Loss allowances	<u>-</u>	<u>-</u>
	<u>\$ 2,364</u>	<u>\$ 2,791</u>
 <u>Accounts receivable</u>		
Due to operation	\$ 118,781	\$ 139,949
Less: Loss allowances	( <u>931</u> )	( <u>1,201</u> )
	<u>\$ 117,850</u>	<u>\$ 138,748</u>
 <u>Other receivables</u>		
Receivable from disposal of investments	\$ -	\$ 12,559
Others	<u>175</u>	<u>174</u>
	<u>\$ 175</u>	<u>\$ 12,733</u>

To minimize credit risk the management of the Company has delegated operational personnel to follow up on amounts past due to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the management concludes that the credit risk of the Company is significantly reduced.

The Company's credit period for commodity sales averages 120~150 days, and no interest was charged on accounts receivable.

The Company applies the simplified approach of IFRS 9 to recognize expected credit

losses on accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which references historical average recovery rates for different customer groups across various age intervals, as well as customers' past default records, current financial conditions, industry economic conditions, and considers GDP forecasts and industry outlooks. A provision for expected losses is recognized based on a certain percentage of possible loss rates.

If evidence indicates that the counterparty is experiencing severe financial difficulties and the Company cannot reasonably expect to recover the amount due, the related accounts receivable are written off directly. However, the Company continues its collection efforts, and any amounts subsequently recovered are recognized in profit or loss.

Loss allowances for notes and accounts receivable based on the provision matrix are as follows:

	December 31, 2024		December 31, 2023	
	Expected Credit Loss Rate (%)	Carrying Amount	Expected Credit Loss Rate (%)	Carrying Amount
Not Overdue	0.01	\$ 120,260	0.01	\$ 141,564
0~90 Days	0.23	-	1.52	-
91~180 Days	0.81	-	3.30	-
181~270 Days	2.89	-	7.40	-
271~360 Days	25	-	40	-
Over 360 Days	100	855	100	1,176
Total Carrying Amount		121,145		142,740
Less: Allowance for Losses (Lifetime Expected Credit Loss)		( 931)		( 1,201)
Amortized Cost		<u>\$ 120,214</u>		<u>\$ 141,539</u>

The changes in the allowance for doubtful notes and accounts receivable are as follows:

	2024	2023
Beginning balance	\$ 1,201	\$ 1,295
Reversal of impairment loss for the year	( 270)	( 94)
Ending balance	<u>\$ 931</u>	<u>\$ 1,201</u>

The Company's accounts receivable as of December 31, 2024 and 2023 are significantly concentrated in major customers and are subject to credit risk (Note XXV).

## X. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raw material	\$ 6,084	\$ 11,003
Work in process	58,829	27,717
Finished products	<u>186,324</u>	<u>177,956</u>
	<u>\$ 251,237</u>	<u>\$ 216,676</u>

The cost of goods sold related to inventory for the company in 2024 and 2023 was 339,020 thousand and 397,476 thousand, respectively, which includes inventory write-down and obsolescence reversal gains (losses) of 1,001 thousand and (4,709) thousand.

## XI. Non-Current Assets Held for Sale

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Machinery and equipment held for sale	<u>\$ -</u>	<u>\$ 33,975</u>

In November of 2023, the company decided to sell part of its machinery and equipment, as certain production capacities became idle due to a reduction in market demand. As a result, the machinery and equipment were reclassified as non-current assets held for sale. The expected sale price of these non-current assets in 2023 was lower than the carrying amount of the related net assets, resulting in an impairment loss of 18,000 thousand, which was recognized in other income and losses.

The fair value measurement was based on the evaluation results from an independent appraisal expert, using both the cost method and market approach, classified as a Level 3 fair value measurement.

In November of 2024, after reconsidering the current economic conditions and reassessing reasonable operational capacity, the company decided to cease the sale plan for the assets held for disposal and reversed their classification from non-current assets held for sale.

## XII. Investments Accounted for Using the Equity Method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investments in subsidiaries	\$ 1,907,842	\$ 1,735,727
Investments in associates	<u>-</u>	<u>13,138</u>
	<u>\$ 1,907,842</u>	<u>\$ 1,748,865</u>

### (I) Investments in subsidiaries

<u>Name of Subsidiary</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>Equity %</u>	<u>Amount</u>	<u>Equity %</u>
Key Ware International Limited (Key Ware)	\$ 1,878,967	100.00	\$ 1,715,264	100.00
KEY WARE ELECTRONICS (THAILAND) CO. LTD. (KEY WARE THAILAND)	1,698	100.00	-	-

Name of Subsidiary	December 31, 2024		December 31, 2023	
	Amount	Equity %	Amount	Equity %
Key De Precise Industries Co., Ltd (Key De)	23,849	51.00	23,765	51.00
Laserware Laser Technology Co., Ltd (Laserware Laser)	967	99.99	965	99.99
Jia Chi Co., Ltd (Jia Chi)	1,753	83.63	( 4,871 )	83.63
Hui Peng Technology Co., Ltd (Hui Peng)	<u>608</u>	60.00	<u>604</u>	60.00
	<u>\$ 1,907,842</u>		<u>\$ 1,735,727</u>	

In March 2024, the company's board of directors passed a resolution to establish a subsidiary, KEY WARE THAILAND. The registration has been completed, and a capital injection of THB\$2,500 thousand was made in March 2024.

In March 2024, the company's board of directors also passed a resolution to establish a subsidiary, Hubei Laserware, with Kunshan Key Ware investing CNY\$13,500 thousand and acquiring 100% ownership. The registration has been completed.

(II) Investments in associates

Name of Investee	December 31, 2024		December 31, 2023	
	Amount	Equity %	Amount	Equity %
Non-significant associates				
Rong Pei Wisdom Co., Ltd. (Rong Pei)	<u>\$ -</u>	-	<u>\$ 13,138</u>	22.73

Aggregated financial information about the Company's associates is as follows:

	2024	2023
The Company's share of:		
Continuing operations net (loss) profit for the year	<u>(\$ 7)</u>	<u>\$ 23,153</u>
Other comprehensive income	<u>\$ -</u>	<u>\$ -</u>

Rong Pei obtained the approval letter for dissolution registration in May 2024 and completed the liquidation process in January 2025.

XIII. Property, plant, and equipment

	Self-owned Land	Housing and Construction	Machinery	Office Equipment	Transportation equipment	Other Equipment	Lease Improvements	Total
Cost								
Balance as of January 1, 2023	\$ 113,167	\$ 169,021	\$ 1,248,146	\$ -	\$ 14,712	\$ 16,352	\$ 141,528	\$ 1,702,926
Addition	-	100	2,008	-	69	2,175	-	4,352
Disposals	-	-	( 60,233 )	-	( 9 )	-	-	( 60,242 )
Reclassified as held for sale	-	-	( 77,985 )	-	-	-	-	( 77,985 )
Reclassifications	-	-	56,473	-	-	675	( 44,813 )	12,335
Balance as of December 31, 2023	<u>\$ 113,167</u>	<u>\$ 169,121</u>	<u>\$ 1,168,409</u>	<u>\$ -</u>	<u>\$ 14,772</u>	<u>\$ 19,202</u>	<u>\$ 96,715</u>	<u>\$ 1,581,386</u>

	Self-owned Land	Housing and Construction	Machinery	Office Equipment	Transportation equipment	Other Equipment	Lease Improvements	Total
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2023	\$ -	\$ 50,742	\$ 832,080	\$ -	\$ 12,454	\$ 9,610	\$ 20,663	\$ 925,549
Disposals	-	-	( 11,754)	-	( 7)	-	-	( 11,761)
Reclassified as held for sale	-	-	( 26,010)	-	-	-	-	( 26,010)
Reclassifications	-	-	5,953	-	-	9	( 5,962)	-
Recognition of impairment losses	-	-	19,297	-	448	-	57,264	77,009
Depreciation expenses	-	3,344	40,470	-	147	1,061	4,627	49,649
Balance as of December 31, 2023	\$ -	\$ 54,086	\$ 860,036	\$ -	\$ 13,042	\$ 10,680	\$ 76,592	\$ 1,014,436
Net as of December 31, 2023	\$ 113,167	\$ 115,035	\$ 308,373	\$ -	\$ 1,730	\$ 8,522	\$ 20,123	\$ 566,950
<u>Cost</u>								
Balance as of January 1, 2024	\$ 113,167	\$ 169,121	\$ 1,168,409	\$ -	\$ 14,772	\$ 19,202	\$ 96,715	\$ 1,581,386
Addition	-	59	1,227	1,687	82	383	7,584	11,022
Disposals	-	-	( 185,793)	-	-	( 2,083)	-	( 187,876)
Reclassified as held for sale	-	-	77,985	-	-	-	-	77,985
Reclassifications	-	-	-	-	-	-	675	675
Balance as of December 31, 2024	\$ 113,167	\$ 169,180	\$ 1,061,828	\$ 1,687	\$ 14,854	\$ 17,502	\$ 104,974	\$ 1,483,192
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2024	\$ -	\$ 54,086	\$ 860,036	\$ -	\$ 13,042	\$ 10,680	\$ 76,592	\$ 1,014,436
Disposals	-	-	( 114,689)	-	-	( 744)	-	( 115,433)
Reclassified as held for sale	-	-	32,421	-	-	-	-	32,421
Reversal of impairment loss	-	-	( 11,589)	-	-	-	-	( 11,589)
Depreciation expenses	-	3,347	27,238	187	91	1,143	3,582	35,588
Balance as of December 31, 2024	\$ -	\$ 57,433	\$ 793,417	\$ 187	\$ 13,133	\$ 11,079	\$ 80,174	\$ 955,423
Net as of December 31, 2024	\$ 113,167	\$ 111,747	\$ 268,411	\$ 1,500	\$ 1,721	\$ 6,423	\$ 24,800	\$ 527,769

(I) The Company assessed that certain machinery and leasehold improvements were idle due to decreased market demand, and the recoverable amount was lower than the carrying amount. Therefore, an impairment loss of 77,009 thousand was recognized from January 1 to December 31 of the year 2023, recorded under other gains and losses.

In 2024, due to a rebound in market demand, the Company assessed that the future economic benefits of certain machinery had increased, resulting in a recoverable amount higher than the carrying amount. Consequently, a reversal of impairment loss of 11,589 thousand was recognized and recorded under other gains and losses.

The consolidated company used value in use as the recoverable amount for the machinery, with a discount rate of 8.278%.

(II) Depreciation of property, plant and equipment is calculated on a straight-line basis according to the following durable years:

Housing and Construction	50 years
Machinery	2 to 13 years
Transportation Equipment	3 years
Office Equipment	3 to 8 years

- |  |                    |               |
|--|--------------------|---------------|
|  | Other Equipment    | 3 to 20 years |
|  | Lease Improvements | 3 to 10 years |
- (III) In year 2018, the Company sold machinery and equipment to its wholly-owned subsidiary, Wuhan Laserware Laser Technology Co., Ltd., at which the Group holds 100% ownership. The difference between the net disposal proceeds and the carrying amount of the asset has been deferred (recognized as long-term deferred income). In year 2024, a gain on disposal of assets of 1,655 thousand was recognized based on the asset's useful life (recorded in other income and expenses). An unrealized gain of 6,532 thousand remains.
- (IV) In year 2023, the Company sold machinery and equipment to its wholly-owned subsidiary, Kunshan Key Ware Electronics Co., Ltd., at which the Group holds 100% ownership. The difference between the net disposal proceeds and the carrying amount of the asset has been deferred (recognized as long-term deferred income). In year 2024, a gain on disposal of assets of 2,605 thousand was recognized based on the asset's useful life (recorded in other income and expenses). An unrealized gain of 76,725 thousand remains.
- (V) In year 2024, the Company sold machinery and equipment to its wholly-owned subsidiary, Kunshan Key Ware Electronics Co., Ltd., at which the Group holds 100% ownership. The difference between the net disposal proceeds and the carrying amount of the asset has been deferred (recognized as long-term deferred income). In year 2024, a gain on disposal of assets of 42 thousand was recognized based on the asset's useful life (recorded in other income and expenses). An unrealized gain of 5,245 thousand remains.
- (VI) For the amount of property, plant, and equipment pledged as collateral (Note XXVII).

XIV. Lease Agreements

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Buildings	\$ 6,547	\$ 12,346
Transportation Equipment	<u>78</u>	<u>766</u>
	<u>\$ 6,625</u>	<u>\$ 13,112</u>
	<u>2024</u>	<u>2023</u>
Addition of Right-of-Use Assets	<u>\$ 339</u>	<u>\$ -</u>
Depreciation of Right-of-Use		

	<u>2024</u>	<u>2023</u>
Assets		
Buildings	\$ 5,799	\$ 5,799
Transportation Equipment	<u>1,027</u>	<u>1,087</u>
	<u>\$ 6,826</u>	<u>\$ 6,886</u>
(II) Lease liabilities		
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 5,836</u>	<u>\$ 6,591</u>
Non-current	<u>\$ 1,031</u>	<u>\$ 6,866</u>
Ranges of discount rates for lease liabilities are as follows:		
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	1.89%	1.89%
Transportation Equipment	1.56% ~ 1.89%	1.56% ~ 1.61%
(III) Major lease activities and terms		
The Company leases certain plants and vehicles for business use for a period of 3 to 5 years. At the end of the lease term, the lease agreements do not contain renewal or off-take provisions.		
(IV) Other lease information		
	<u>2024</u>	<u>2023</u>
Short-term lease expenses	<u>\$ 613</u>	<u>\$ 323</u>
Low-value asset lease expense	<u>\$ 13</u>	<u>\$ 19</u>
Total cash flows on lease	<u>(\$ 7,742)</u>	<u>(\$ 7,523)</u>
XV. <u>Loans</u>		
(I) Short-term loans		
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Unsecured loans</u>		
Credit line loans	\$ 551,157	\$ 380,922
<u>Secured loans</u>		
Bank loans	<u>103,000</u>	<u>71,000</u>
	<u>\$ 654,157</u>	<u>\$ 451,922</u>
The interest rates on revolving bank loans as of December 31, 2024 and 2023 are as follows:		
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
NTD	2.23% ~ 2.85%	2.08% ~ 2.78%
JPY	1.10% ~ 1.77%	1.16% ~ 1.49%

(II) Short-term notes and bills payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Commercial paper payable	\$ -	\$ 25,000
Less: Discount on short-term notes and bills payable	<u>-</u>	<u>21</u>
	<u>\$ -</u>	<u>\$ 24,979</u>

The outstanding short-term bills payable as of the balance sheet date are as follows:

December 31, 2023

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying amount</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Carrying amount of collaterals</u>
<u>Commercial paper payable</u>						
Mega Bills	<u>\$ 25,000</u>	<u>\$ 21</u>	<u>\$ 24,979</u>	1.81%	-	<u>\$ -</u>

(III) Long-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured loans</u>		
Bank loans	\$ 478,797	\$ 480,061
Less: Classified as due within 1 year	<u>16,676</u>	<u>16,274</u>
	<u>\$ 462,121</u>	<u>\$ 463,787</u>

On May 24, 2021, the Company entered into a secured loan agreement with the Bank of Panhsin for a total amount of 105,000 thousand and allocated 60,000 thousand, 10,000 thousand and 30,000 thousand on July 27, 2021, September 29, 2021 and October 29, 2021, respectively, for a period of five years, with monthly repayments based on the fixed annuity method. The loan interest rate is based on Bank of Panhsin's fixed deposit interest rate index plus 0.81%.

On January 26, 2022, the Company entered into a secured loan agreement with Shin Kong Bank for a total credit line of 440,000 thousand, and drew down the full amount on March 7, 2022. The loan maturity date was set for January 26, 2025. On March 22, 2024, the Company amended the terms of the aforementioned credit facility, increasing the credit line to 450,000 thousand and again fully drawing down the amount. The revised loan maturity date is March 6, 2027, with the outstanding balance to be repaid at maturity. The loan interest rate is determined through individual negotiations with the bank every three months.

On April 25, 2022, the Company entered into a secured loan agreement with the First Commercial Bank for a total amount of 10,200 thousand and allocated 10,200 thousand on May 25, 2022 for a period of five years, with monthly repayments based on the fixed annuity method. The loan interest rate is based on First Commercial

Bank's fixed deposit interest rate index plus 0.73%.

As of December 31, 2024 and 2023, the effective annual interest rates ranged from 2.42% to 2.63% and from 2.42% to 2.70%, respectively.

Please refer to Note XXVII for the secured bank loans.

XVI. Corporate bonds payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The third unsecured convertible corporate bonds issued in 2021	\$ -	\$ 56,759
Less: Classified as current portion due within 1 year	<u>-</u>	<u>( 56,759)</u>
	<u>\$ -</u>	<u>\$ -</u>

On April 21, 2021, the FSC approved the issuance of the third domestic unsecured convertible bonds of 200,000 thousand, with a face value of 100 thousand each and a coupon rate of 0%, with a maturity of 3 years. The repayment or conversion method is as follows:

- (I) Upon maturity, the Company shall redeem the bonds at par value.
- (II) If the conditions are fulfilled, the Company may redeem the bonds in cash at the face value of the bonds from 3 months after the issuance date to 40 days before the issuance date.
- (III) After three months from the date of issuance to the maturity date of the bonds, except for the period when the transfer is suspended by law, the bondholders may request the Company to convert the bonds into shares of the Company's common stock at the then prevailing conversion price at any time. According to the issuance and conversion rules of the Company's bonds, the original conversion price was NT\$21. The conversion price is adjusted to NT\$19.8 as of October 5, 2021, which is the base date of the cash capital increase.
- (IV) The date on which the convertible bonds expire 2 years after issuance is the base date for bondholders to redeem the bonds. The bondholders can request the Company to redeem the bonds held by the bondholders at face value plus interest compensation within 30 days prior to the redemption date.

The above convertible bonds consist of liability and equity components. The equity component is recorded as capital surplus - stock options, and the liability component is originally recognized with an effective interest rate of 2.68%. The repurchase option is measured at fair value through profit or loss. Information on the components of liabilities and equity are as follows:

Issuance proceeds (less transaction costs of 4,634 thousand)	\$ 195,366
Equity components	( 8,556)
Repurchase option	( <u>1,140</u> )
Included in liabilities on issuance date (excluding transaction costs amortized to liabilities of 4,456 thousand)	185,670
Redemption rights on corporate bonds payable	( 197,243)
Interest calculated at an effective rate of 2.68%	<u>11,573</u>
Liability components as of December 31, 2024	<u>\$ -</u>

In May 2023, the holders of the Company's second domestic unsecured convertible corporate bonds exercised their put option to redeem bonds with a face value of 142,700 thousand (including interest compensation of 714 thousand). This resulted in a bond redemption loss of 431 thousand (included under other gains and losses). The capital surplus—equity component of convertible bonds—was reclassified to capital surplus—expired stock options in the amount of 6,104 thousand. The remaining face value of 57,300 thousand was fully redeemed at maturity in May 2024.

XVII. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries Payable	\$ 11,242	\$ 12,298
Labor Insurance, Health Insurance, and Pension Payable	2,477	2,579
Service Fees Payable	3,860	4,886
Equipment Payable	84	2,789
Taxes Payable	123	1,176
Utilities Payable	4,200	2,453
Interest Payable	1,188	1,122
Others	<u>5,033</u>	<u>12,907</u>
	<u>\$ 28,207</u>	<u>\$ 40,210</u>

XVIII. Post-retirement Benefit Plan

(I) Defined contribution plans

The Company's applicable pension system under the "Labor Pension Act" is a government-managed defined contribution plan. Under this plan, the Company contributes 6% of each employee's monthly salary to the employee's individual pension account with the Bureau of Labor Insurance.

In 2024 and 2023, the Company recognized total expenses of 4,595 thousand and 4,514 thousand, respectively, in the statements of comprehensive income in accordance with the contribution rates specified in the defined contribution plan.

(II) Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 2% of employees' monthly salaries

respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. If the estimated balance of the special account before the end of the year is not enough to pay for the workers who are expected to reach retirement in the following year, the difference shall be withdrawn in one lump sum by the end of March of the following year. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amount of the obligation arising from the defined benefit plan recognized in the parent company only balance sheet is presented as follows.:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation contributed	(\$ 32,364)	(\$ 42,373)
Fair value of plan assets	<u>27,704</u>	<u>24,520</u>
Balance of contribution	( <u>4,660</u> )	( <u>17,853</u> )
Pension payable (recognized as other non-current liabilities)	( <u>\$ 4,660</u> )	( <u>\$ 17,853</u> )

The changes in net defined benefit (liabilities) assets are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit (liabilities) assets</u>
January 1, 2023	( \$ 36,640 )	\$ 24,430	( \$ 12,210 )
Service costs for the current period	( 3,077 )	-	( 3,077 )
Interest (expenses) income	( 549 )	366	( 183 )
Recognized in profit or loss	( <u>3,626</u> )	<u>366</u>	( <u>3,260</u> )
Remeasurements			
Planned asset remuneration (excluding amounts included in net interest)	-	41	41
Actuarial losses - changes in demographic assumptions	( 1,479 )	-	( 1,479 )
Actuarial losses - changes in financial assumptions	( 8,160 )	-	( 8,160 )
Actuarial gains - experience adjustment	<u>6,438</u>	<u>-</u>	<u>6,438</u>
Recognized in other comprehensive income	( <u>3,201</u> )	<u>41</u>	( <u>3,160</u> )
Contribution by the employer	-	777	777
Benefit paid	<u>1,094</u>	( <u>1,094</u> )	<u>-</u>
December 31, 2023	( <u>\$ 42,373</u> )	<u>\$ 24,520</u>	( <u>\$ 17,853</u> )
January 1, 2024	( \$ 42,373 )	\$ 24,520	( \$ 17,853 )
Service costs for the current period	( 4,733 )	-	( 4,733 )
Interest (expenses) income	( 619 )	358	( 261 )
Recognized in profit or loss	( <u>5,352</u> )	<u>358</u>	( <u>4,994</u> )
Remeasurements			
Planned asset remuneration (excluding amounts included in net interest)	\$ -	\$ 2,121	\$ 2,121
Actuarial losses - changes in	( 1,705 )	-	( 1,705 )

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (liabilities) assets
demographic assumptions			
Actuarial losses - changes in financial assumptions	1,796	-	1,796
Actuarial gains - experience adjustment	<u>15,270</u>	<u>-</u>	<u>15,270</u>
Recognized in other comprehensive income	<u>15,361</u>	<u>2,121</u>	<u>17,482</u>
Contribution by the employer	-	705	705
Benefit paid	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2024	( \$ <u>32,364</u> )	\$ <u>27,704</u>	( \$ <u>4,660</u> )

The Company has the following risks owing to the implementation of the pension system under the Labor Standards Act:

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.
2. Interest rate risk: The decrease in the interest rate will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.73%	1.46%
Expected salary increase rate	4.00%	4.00%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase by 0.5%	( \$ <u>3,131</u> )	( \$ <u>4,383</u> )
Decrease by 0.5%	<u>\$ 3,554</u>	<u>\$ 4,995</u>

Expected salary increase rate

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Increase by 0.5%	<u>\$ 3,454</u>	<u>\$ 4,840</u>
Decrease by 0.5%	<u>(\$ 3,081)</u>	<u>(\$ 4,302)</u>

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected amount of contribution within 1 year	<u>\$ 704</u>	<u>\$ 776</u>
Average duration of defined benefit obligations	21 years	22 years

XIX. Equity

(I) Capital stock

Common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized capital	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Authorized shares (in thousands of shares)	<u>250,000</u>	<u>250,000</u>
Issued capital	<u>\$ 1,924,485</u>	<u>\$ 1,923,135</u>
Issued shares (in thousands of shares)	<u>192,448</u>	<u>192,313</u>
Publicly issued common stock	\$ 1,751,133	\$ 1,749,783
Privately placed common stock	<u>173,352</u>	<u>173,352</u>
Issued capital	<u>\$ 1,924,485</u>	<u>\$ 1,923,135</u>

Each issued common share has a par value of NT\$10, enjoys one voting right per share, and has the right to receive dividends.

In 2024, the company issued stock options for employees amounting to 1,566 thousand, resulting in the issuance of 135 thousand common shares, with a subscription price of 11.6 per share. The registration for the change was completed on November 26, 2024.

In 2023, the company issued stock options for employees amounting to 2,340 thousand, resulting in the issuance of 200 thousand common shares, with a subscription price of 11.7 per share. The registration for the change was completed on October 25, 2023.

At the company's shareholders' annual meeting on June 16, 2023, it was resolved to capitalize earnings and issue 2,185 thousand new shares. The aforementioned free issuance of new shares was approved and became effective on August 1, 2023, by the Financial Supervisory Commission's Securities and Futures Bureau. The capital increase record date was set for September 18, 2023.

(II) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset losses, distribute cash, or allocate to capital</u> (Note)		
Stock Issuance Premium	\$ 65,574	\$ 65,212
Expired Employee Stock Options	559	559
Expired Convertible Bond Stock Options	8,556	6,104
<u>Not to be Used for Any Purpose</u>		
Employee Stock Options	6,006	6,152
Convertible Bond Stock Options	-	2,452
	<u>\$ 80,695</u>	<u>\$ 80,479</u>

Note: This type of capital reserve can be used to offset losses. Additionally, if the company has no losses, it can be used to distribute cash or convert to share capital. However, when converting to share capital, it is limited to a certain percentage of the paid-in capital each year.

(III) Retained earnings and dividend policy

In accordance with the provisions of the Company's earnings distribution policy, if the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the Company's policy on employee and director remuneration distribution in the Articles of Incorporation, please refer to Note XX.

Since the Company's business is growing, the dividend distribution policy is based on the Company's current and future investment environment, capital requirements, domestic and international competition and capital budget, taking into account shareholders' rights and interests, balanced dividends and the Company's long-term financial planning, etc. The Board of Directors prepares the distribution plan annually in accordance with the law and submits it to the shareholders' meeting. For the current year's stock dividends, cash dividends shall be distributed at a rate of not less than 10%

of the total dividends distributed.

The legal reserve shall be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the Official Letter No. 1010012865, Official Letter No. 1010047490, Official Letter No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

Our company held annual shareholders' meetings on June 21, 2024, and June 16, 2023, where the following profit distribution plans for the years 2023 and 2022 were respectively approved:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 149	\$ 745		
Special reserve	1,344	( 34,141 )		
Cash dividends	-	18,993	\$ -	\$ 0.100
Stock Dividends	-	21,852	-	0.115

On March 7, 2025, the Board of Directors proposed the distribution of earnings for the year 2024 as follows:

	2024
Legal surplus reserve	\$ 1,251
Special surplus reserve	( \$ 1,344 )
Cash dividends	\$ 12,601
Stock Dividends	\$ -
Cash dividend per share (in dollars)	\$ 0.065
Stock dividend per share (in dollars)	\$ -

The profit distribution plan for the year 2024 is yet to be decided, and is expected to be resolved at the shareholders' meeting scheduled for June 19, 2025.

(IV) Special reserve

When the company first adopted IFRS accounting standards, the cumulative translation adjustment amount transferred to retained earnings was 158,644 thousand, and the same amount was allocated to special surplus reserves.

The special surplus reserve resulting from exchange differences in the financial statements of foreign operations will be reversed based on the company's disposal ratio. When the company loses significant influence, the entire reserve will be

reversed. Upon dividend distribution, any difference between the net amount of other shareholders' equity deductions at the end of the reporting period and the special surplus reserve recognized when IFRS was first adopted must be reallocated to the special surplus reserve. Subsequently, when any remaining balance of other shareholders' equity deductions is reversed, the reversed portion may be used for dividend distribution.

(V) Other equity items

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

	<u>2024</u>	<u>2023</u>
Beginning balance	(\$ 114,809)	(\$ 90,493)
Incurrd this year		
Exchange differences of foreign operating entities	90,236	( 30,395)
Income taxes effect	( 18,047)	<u>6,079</u>
Ending balance	<u>(\$ 42,620)</u>	<u>(\$ 114,809)</u>

2. Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Beginning balance	(\$ 52,157)	(\$ 17,099)
Incurrd this year		
Unrealized gain or loss - equity instruments	( 29,679)	( 42,889)
Cumulative gains or losses from the disposal of equity instruments transferred to retained earnings	<u>-</u>	<u>7,831</u>
Ending balance	<u>(\$ 81,836)</u>	<u>(\$ 52,157)</u>

XX. Net income of continuing operations

Net income of continuing operations includes the following items:

(I) Interest income

	<u>2024</u>	<u>2023</u>
Bank deposits	<u>\$ 627</u>	<u>\$ 761</u>

(II) Other income

	<u>2024</u>	<u>2023</u>
Rental income	\$ -	\$ 5,910
Dividend income	<u>1,869</u>	<u>1,342</u>
	<u>\$ 1,869</u>	<u>\$ 7,252</u>

(III) Other gains and losses

	<u>2024</u>	<u>2023</u>
Net gain or loss on financial instruments at fair value through profit or loss	(\$ 56,065)	\$ 5,145
Gains on property, plant, and equipment	4,302	2,038
Net foreign exchange gains	6,032	8,014
Depreciation expense on rental equipment	( 8,218)	( 13,729)
Reversal of impairment loss on property, plant, and equipment (Impairment loss)	11,589	( 77,009)
Impairment Loss on Non-Current Assets Held for Sale	-	( 18,000)
Others	( <u>2,761</u> )	( <u>798</u> )
	( <u>\$ 45,121</u> )	( <u>\$ 94,339</u> )

(IV) Finance costs

	<u>2024</u>	<u>2023</u>
Interest on bank loans	\$ 25,613	\$ 24,393
Interest on corporate bonds	541	2,791
Interest on lease liabilities	<u>187</u>	<u>310</u>
	<u>\$ 26,341</u>	<u>\$ 27,494</u>

(V) Employee benefits and depreciation and amortization expenses

	<u>2024</u>			<u>2023</u>		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	\$ 76,234	\$ 20,761	\$ 96,995	\$ 76,520	\$ 31,037	\$ 107,557
Employee insurance expenses	9,192	2,115	11,307	8,765	2,369	11,134
Pension expenses	4,049	5,540	9,589	3,872	3,902	7,774
Remuneration						
Paid to Directors	-	960	960	-	960	960
Other employee benefits	2,737	113	2,850	2,754	372	3,126
Depreciation expenses	32,877	1,319	34,196	41,191	1,615	42,806
Amortization expenses	39	266	305	1,457	293	1,750

Depreciation expense on equipment leased to others (recorded as machinery and equipment) amounted to 8,218 thousand and 13,729 thousand in 2024 and 2023, respectively (recognized as other gains and losses).

For 2024 and 2023, the average number of employees of the Company is 146 and 158, respectively, of which the average number of directors who are not also employees is 8.

1. The average employee benefits expense for the current year is 875 thousand (“Total employee benefit expenses for the current year - Total Directors' remuneration” / “Number of employees for the current year - Number of

Directors who do not concurrently serve as employees”) The average employee benefits expense for the previous year is 864 thousand (“Total employee benefit expenses for the previous year - Total Directors’ remuneration” / “Number of employees for the previous year - Number of Directors who do not concurrently serve as employees”)

2. The average employee salary expense for the current year is 703 thousand (Total employee salary expenses for the current year / “Number of employees for the current year - Number of Directors who do not concurrently serve as employees”) The average employee salary expense for the previous year was 717 thousand (Total salary expense for the previous year / “Number of employees in the previous year - Number of Directors who do not concurrently serve as employees”).
3. Change in average employee salary expense is 1.90% (“Average employee salary expense of the current year - Average employee salary expense of the previous year” / Average employee salary expense of the previous year).

4. Salary and remuneration policy

The remuneration to directors is based on the results of the operation of the Company and the performance evaluation of the Board of Directors, and is reasonable; The remuneration to the managers is in accordance with the Company's current policies, systems, standards and structure for salary and compensation, and the performance evaluation and evaluation of the reasonableness of the remuneration are submitted to the Salary and Compensation Committee and the Board of Directors for review and approval; The performance evaluation and salary compensation of employees are based on the salary payment standards, and the performance of individuals is evaluated by considering their time, responsibilities, and achievement of goals.

The Company has established the Audit Committee to replace supervisors.

(VI) Employee compensation and director remuneration

According to the company’s Articles of Association, employee and director remuneration is allocated based on pre-tax profits for the year, excluding amounts distributed as employee and director compensation, with 1% to 10% for employee remuneration and no more than 1% for director remuneration. However, if the company has accumulated losses, these must be offset first.

For the year 2024, the company had a pre-tax net loss, so no employee remuneration was estimated. For the year 2023, employee remuneration was estimated at 1%, amounting to 195 thousand.

If there are any changes to the amounts after the approval date of the annual consolidated financial report, they will be treated according to accounting estimates and adjusted in the next year.

The actual amounts of employee remuneration allocated in 2023 and 2022 did not differ from the amounts recognized in the consolidated financial reports for those years.

For information on employee and director remuneration as resolved by the company's board of directors, please refer to the "Market Observation Post System" on the Taiwan Stock Exchange website.

XXI. Income tax on continuing operations

(I) Major components of income tax (benefit) expense recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Current income tax		
Incurred this year	\$ -	\$ 9,770
Adjustments from previous years	( <u>331</u> )	<u>-</u>
	( <u>331</u> )	<u>9,770</u>
Deferred income tax		
Incurred this year	( 4,938 )	( 2,247 )
Adjustments from previous years	<u>-</u>	<u>-</u>
	( <u>4,938</u> )	( <u>2,247</u> )
Income tax (benefit) expense recognized in profit or loss	( <u>\$ 5,269</u> )	<u>\$ 7,523</u>

Reconciliation between accounting income and current income tax (benefit) expenses is as follows:

	2024	2023
Pre-tax net profit (loss) from continuing operations	( <u>\$ 6,746</u> )	<u>\$ 19,375</u>
Income tax expense on net income before tax at statutory rate (20%)	( \$ 1,349 )	\$ 3,875
Fees that cannot be deducted from taxes	867	2,743
Tax-exempted income	( 15,399 )	( 31,201 )
Unrecognized deductible temporary differences and loss carryforwards	10,943	32,106
Adjustment of prior years' current income tax in the current year	( <u>331</u> )	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	( <u>\$ 5,269</u> )	<u>\$ 7,523</u>

(II) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
<u>Deferred income tax</u>		
Incurring this year		
Exchange differences of foreign operations	(\$ 18,047)	\$ 6,079
Remeasurements of defined benefit plans	( <u>3,497</u> )	<u>632</u>
Income tax gain recognized in other comprehensive income	( <u>\$ 21,544</u> )	<u>\$ 6,711</u>

(III) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Allowance for bad debts	\$ 163	( \$ 11 )	\$ -	\$ 152
Defined benefit plans	3,644	-	( 3,497 )	147
Deferred long-term income	17,503	197	-	17,700
Unrealized impairment losses	14,221	( 2,167 )	-	12,054
Impairment of non-current assets held for sale	3,600	( 3,600 )	-	-
Others	<u>2,824</u>	<u>10,519</u>	-	<u>13,343</u>
	<u>\$ 41,955</u>	<u>\$ 4,938</u>	( <u>\$ 3,497</u> )	<u>\$ 43,396</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Exchange differences on translation of foreign operations	( <u>\$ 3,791</u> )	<u>\$ -</u>	( <u>\$ 18,047</u> )	( <u>\$ 21,838</u> )

2023

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Allowance for bad debts	\$ 32,537	( \$ 32,374 )	\$ -	\$ 163
Defined benefit plans	2,515	497	632	3,644
Deferred long-term income	1,968	15,535	-	17,503
Unrealized impairment losses	-	14,221	-	14,221
Impairment of non-current assets held for sale	-	3,600	-	3,600
Others	<u>2,056</u>	<u>768</u>	-	<u>2,824</u>
	<u>\$ 39,076</u>	<u>\$ 2,247</u>	<u>\$ 632</u>	<u>\$ 41,955</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Exchange differences on translation of foreign operations	( <u>\$ 9,870</u> )	<u>\$ -</u>	<u>\$ 6,079</u>	( <u>\$ 3,791</u> )

(IV) Deductible temporary differences and unused loss carryforwards for which deferred tax assets have not been recognized in the individual balance sheet

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loss carryforward		
Expires in the year 123	\$ 54,748	\$ -
Deductible temporary differences		
Allowance for loss	\$ 192,066	\$ 192,066
Other	2,766	2,766
	<u>\$ 194,832</u>	<u>\$ 194,832</u>

(V) Aggregate amount of temporary differences related to investments for which deferred tax liabilities have not been recognized

As of December 31, 2024 and December 31, 2023, the taxable temporary differences related to investments in subsidiaries for which deferred tax liabilities have not been recognized were 1,046,174 thousand and 903,080 thousand, respectively

XXII. Earnings (loss) per Share

	Unit: NT\$ Per Share	
	<u>2024</u>	<u>2023</u>
Basic earnings (loss) per share		
From continuing operations	( \$ <u>0.01</u> )	\$ <u>0.06</u>
Diluted earnings (loss) per share		
From continuing operations	( \$ <u>0.01</u> )	\$ <u>0.06</u>

The (loss) earnings and the weighted average number of common shares used to calculate earnings (loss) per share are as follows:

Net (loss) income for the period

	<u>2024</u>	<u>2023</u>
Net (loss) income used to calculate basic earnings (loss) per share	( \$ <u>1,477</u> )	\$ <u>11,852</u>
Net (loss) income used to calculate diluted earnings (loss) per share	( \$ <u>1,477</u> )	\$ <u>11,852</u>

Number of shares

	Unit: Thousand shares	
	<u>2024</u>	<u>2023</u>
Weighted average number of common shares used to calculate basic earnings (loss) per share	192,383	190,644
Effect of potentially dilutive common shares:		
Employee compensation	-	<u>18</u>
Weighted average number of common shares used to calculate diluted earnings (loss) per share	<u>192,383</u>	<u>190,662</u>

If the company chooses to compensate employees with either stock or cash, diluted earnings per share calculation assumes that employee compensation will be in the form of stock, and the weighted average number of outstanding shares will include the potential common shares that have a dilutive effect. When calculating diluted earnings per share before the decision to issue employee compensation shares in the following

year, the dilutive effect of such potential common shares continues to be considered.

The convertible bonds outstanding and employee stock options of the company for the year 2023, if converted, have an exercise price higher than the average market price of the shares from January 1 to December 31, 2023. As a result, they have an anti-dilutive effect and are therefore not included in the calculation of diluted earnings per share.

### XXIII. Share-based payment arrangements

The company granted employee stock options of 1,700 thousand units and 985 thousand units in November 2019 and February 2021, respectively, with each unit entitling the holder to purchase 1,000 common shares. The recipients include employees of the company and its subsidiaries who meet certain conditions. The term of the stock options is 6 years, and from the second anniversary of the issuance date, the option holders can exercise a certain percentage of the granted stock options. The exercise price of the stock options is the closing price of the company's common stock on the issuance date. After the issuance, if there are changes to the company's common stock, the exercise price will be adjusted according to a specified formula.

Here is the relevant information regarding the issued employee stock options:

	2024		2023	
	Unit	Weighted	Unit	Weighted
	(Thousand)	average	(Thousand)	average
		exercise		exercise
		price		price
		(NT\$)		(NT\$)
<u>Employees stock option</u>				
Outstanding at the beginning of the year	2,335	\$ 13.6	2,535	\$13.18
Exercised during the year	( <u>135</u> )	11.6	( <u>200</u> )	11.70
Outstanding at the end of the year	<u>2,200</u>	13.3	<u>2,335</u>	13.30
Exercisable at the end of the year	<u>2,200</u>		<u>1,843</u>	

The company uses the Black-Scholes option pricing model to calculate its fair value, and the input values used in the pricing model on the grant date are as follows:

	<u>Employee stock options</u>
Grant date stock price	\$16.85 per share
Exercise price	\$14.6 per share
Expected volatility	44.89%
Expected life	25 days
Expected dividend yield	3.41%
Risk-free interest rate	0.22%
Fair value of stock options	\$2.3 per share

XXIV. Capital Risk Management

The Company conducts capital management to ensure its ability to continue as a going concern and to maximize shareholder returns by optimizing the balance of debt and equity. The Company's capital structure is composed of equity attributable to the owners of the Company, which includes share capital, capital surplus, retained earnings, and other equity items.

The Company reviews its capital structure on a quarterly basis, taking into consideration the cost and associated risks of various types of capital. Based on the recommendations of senior management, the Company seeks to balance its overall capital structure through the payment of dividends, issuance of new shares, repurchase of shares, and the issuance or repayment of debt.

XXV. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

Except as indicated in the table below, the Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values:

	December 31, 2024		December 31, 2023	
	Carrying amount	Level 3 Fair value	Carrying amount	Level 3 Fair value
<u>Financial liabilities</u>				
Bonds payable	\$ -	\$ -	\$ 56,759	\$ 56,910

The fair value measurement of Level 3 is based on the binary tree convertible bond valuation model, taking into consideration the duration of the bonds, the stock price of the underlying convertible bonds and its fluctuation, the conversion price, the risk-free interest rate, the risk discount rate and the liquidity risk of the convertible bonds.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value level

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Non-derivative financial assets				
– Domestic OTC stocks	\$ -	\$ -	\$ 11,720	\$ 11,720
– Domestic listed (OTC) stocks	67,796	-	-	67,796
– Foreign listed stocks	18,298	-	-	18,298
Total	<u>\$ 86,094</u>	<u>\$ -</u>	<u>\$ 11,720</u>	<u>\$ 97,814</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
– Domestic				
OTC-listed stocks	\$ 256,449	\$ -	\$ -	\$ 256,449
– Domestic and foreign unlisted (OTC) stocks	<u>-</u>	<u>-</u>	<u>36,501</u>	<u>36,501</u>
Total	<u>\$ 256,449</u>	<u>\$ -</u>	<u>\$ 36,501</u>	<u>\$ 292,950</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Non-derivative financial assets				
– Domestic OTC stocks	\$ -	\$ -	\$ 12,954	\$ 12,954
– Domestic listed stocks	20,095	-	-	20,095
– Foreign listed stocks	<u>10,022</u>	<u>-</u>	<u>-</u>	<u>10,022</u>
Total	<u>\$ 30,117</u>	<u>\$ -</u>	<u>\$ 12,954</u>	<u>\$ 43,071</u>

Financial assets at fair value through other comprehensive income

Investments in equity instruments				
– Domestic				
OTC-listed stocks	\$ 282,220	\$ -	\$ -	\$ 282,220
– Domestic and foreign unlisted (OTC) stocks	<u>-</u>	<u>-</u>	<u>40,409</u>	<u>40,409</u>
Total	<u>\$ 282,220</u>	<u>\$ -</u>	<u>\$ 40,409</u>	<u>\$ 322,629</u>

In 2024 and 2023, there was no transfer between Level 1 and Level 2 fair value measurement.

2. Reconciliation of financial instruments measured at fair value in Level 3

Financial instruments at fair value through profit or loss

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 12,954	\$ 7,928
Purchase	-	-
Recognized in profit or loss (other gains and losses)	( 1,234)	1,986
Disposal/Settlement	<u>-</u>	<u>3,040</u>
Ending balance	<u>\$ 11,720</u>	<u>\$ 12,954</u>

Financial assets at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 40,409	\$ 52,765
Capital reduction refund of capital	-	( 8,000)
Recognized in other comprehensive income	( 3,908)	( 4,356)
Ending balance	<u>\$ 36,501</u>	<u>\$ 40,409</u>

3. Valuation techniques and inputs of Level 3 fair value measurement

<u>Category of Financial Instruments</u>	<u>Valuation Technique and Inputs</u>
Domestic and foreign unlisted (OTC) and emerging stocks	The total value of the individual assets and individual liabilities covered by the valuation targets is evaluated on a balance sheet basis, and the market approach is appropriately applied to the nature of the individual valuation targets, taking into account the liquidity discount and the control discount, to reflect the overall value of the enterprise or business.
Domestic Over-the-Counter Stocks	Valuation is conducted using the OTC price adjustment method. These values have already taken into account liquidity discounts.
Convertible bond put option	Binary tree convertible bond valuation model: Consider the duration of the bonds, the stock price of the underlying convertible bonds and its fluctuation, the conversion price, the risk-free interest rate, the risk discount rate and the liquidity risk of the convertible bonds.

If the valuation parameters of the company decrease by 5%, the change in other comprehensive income for the years 2024 and 2023, attributable to the fair value fluctuations of equity instrument investments classified as Level 3, will decrease by 1,209 thousand and 1,347 thousand, respectively.

(III) Category of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 97,814	\$ 43,071
Financial assets at fair value through other comprehensive income	292,950	322,629
Financial assets at amortized cost (Note 1)	274,358	265,554
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,251,677	1,129,043

Note 1: The balance includes cash and bank deposits, notes receivable, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, and pledged deposits, all of which are measured at amortized cost.

Note 2: The balance includes short-term borrowings, short-term commercial paper payable, notes and accounts payable, accounts payable – related parties, long-term borrowings due within one year, certain other payables, other payables – related parties, certain other current liabilities, bonds payable, and long-term borrowings, all of which are measured at amortized cost.

(IV) Financial risk management objectives and policies

The company's financial risk management objective is to manage exchange rate risk, credit risk, and liquidity risk associated with its operations. To mitigate these financial risks, the company is committed to identifying, assessing, and avoiding market uncertainties to reduce the potential adverse impact of market fluctuations on the company's financial performance.

The company's significant financial activities are reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution of financial plans, the company must strictly adhere to the financial operating procedures regarding overall financial risk management and the allocation of responsibilities.

1. Market risk

The main financial risk the Company is exposed in the business activities are foreign exchange risk.

(1) Foreign exchange risk

The carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been written off in the parent company only financial statements) are shown in Note XXVIII.

The company is primarily affected by fluctuations in the USD and JPY exchange rates, resulting in significant amounts of assets and liabilities denominated in foreign currencies. Although gains and losses from foreign currency transactions offset each other due to market exchange rate fluctuations, there is a notable difference between the amounts of

foreign currency assets and liabilities, exposing the company to foreign exchange risk. When the USD depreciates by 3% against the TWD, the pre-tax net profit for the years 2024 and 2023 will decrease by 1,953 thousand and 3,449 thousand, respectively. Similarly, when the JPY appreciates by 3% against the TWD, the pre-tax net profit for the years 2024 and 2023 will decrease by 952 thousand and 519 thousand, respectively.

(2) Interest rate risk

Interest rate risk arises because entities within the Company engage in borrowing at both fixed and floating rates. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating rates.

The carrying amounts of financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows :

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subject to fair value interest rate risk	\$ -	\$ 56,759
Subject to cash flow interest rate risk	1,132,954	956,962

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding at the reporting date.

If interest rates increase by 1%, with all other variables held constant, the Company's net income before income taxes would decrease by 9,570 thousand and 11,677 thousand in 2024 and 2023, respectively.

(3) Equity securities price risk

Market risk of equity securities includes individual risk arising from changes in the market price of individual equity securities and general market risk arising from changes in the overall market price.

If the Company's equity price decreases by 10%, the net income before income tax for 2024 and 2023 would decrease by 9,781 thousand and 4,307 thousand, respectively, due to the change in fair value of financial assets measured at fair value through profit or loss. Other comprehensive

income in 2024 and 2023 would decrease by 29,295 thousand and 32,263 thousand, respectively, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

## 2. Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's maximum exposure to credit risk (without considering collaterals or other credit enhancement instruments and the maximum amount of irrevocable exposure) that could result in financial loss due to the counter-parties' failure to perform their obligations and the Company's provision of financial guarantees was mainly from the carrying amount of financial assets recognized in the parent company only balance sheet.

The Company's policy is to transact only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial losses arising from defaults.

To minimize credit risk, the Company reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the management concludes that the credit risk of the Company is significantly reduced.

The counter-parties to the liquidity and derivative financial instruments are banks with high credit ratings from international credit rating agencies, so the credit risk is not significant.

Accounts receivable are due from a wide range of customers in various geographic locations. The Company continuously evaluates its accounts receivable customers' financial condition, credit rating agencies, the Company's internal credit rating, historical transaction history, and other factors that may affect customers' ability to pay. The Company also uses measures such as sales on a prepayment basis to reduce the credit risk of specific customers.

As of December 31, 2024 and 2023, the percentages of accounts receivable from the top ten customers to the Company's accounts receivable balances were 91% and 86%, respectively. The credit concentration risk of the remaining accounts receivable was relatively insignificant.

### 3. Liquidity risk

The Company supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and bank deposit. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

Bank loans are an important source of liquidity for the Company. As of December 31, 2024 and 2023, the Company had unused short-term banking facilities of 290,932 thousand and 391,982 thousand, respectively, and the Company had unused long-term banking facilities of 86,403 thousand and 70,139 thousand, respectively.

#### Liquidity and interest rate risk tables

The following table details the analysis of the remaining contractual maturities of the Company's non-derivative financial liabilities with contractual repayment periods, which are based on the earliest possible date on which the Company could be required to make repayment, and is prepared using the undiscounted cash flows of the financial liabilities, which include cash flows of interest and principal.

The maturity analysis of the Company's non-derivative financial liabilities is prepared based on the contractual repayment dates.

#### December 31, 2024

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 654,157	\$ -	\$ 654,157
Notes and accounts payable	50,256	-	50,256
Accounts payable - related parties	30,180	-	30,180
Other payables	28,207	-	28,207
Other payables - related parties	10,357	-	10,357
Lease liabilities	5,904	1,032	6,936
Other current liabilities	7,124	-	7,125
Long-term loans	16,676	462,121	478,797

December 31, 2023

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 451,922	\$ -	\$ 451,922
Short-term notes and bills payable	25,000	-	25,000
Notes and accounts payables	53,265	-	53,265
Accounts payable - related parties	22,423	-	22,423
Other payables	40,210	-	40,210
Other payables - related parties	581	-	581
Lease liabilities	6,776	6,935	13,711
Other current liabilities	6,677	-	6,677
Long-term loans	16,274	463,787	480,061
Corporate bonds payable	57,300	-	57,300

XXVI. Related Party Transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

(I) Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Chow, Pong-Chi	The Chairman of the Company
Jia Chi Co., Ltd (hereinafter referred to as "Jia Chi")	Subsidiaries
Key De Precise Industries Co., Ltd (hereinafter referred to as "Key De Precise")	Subsidiaries
Kunshan Key Ware Electronics Co., Ltd (hereinafter referred to as "Key Ware Electronics ")	Subsidiaries
Wuhan Laserware Laser Technology Co., Ltd (hereinafter referred to as "Wuhan Laserware")	Subsidiaries
Kunshan Laserware Laser Technology Co., Ltd (hereinafter referred to as "Kunshan Laserware ")	Subsidiaries

(II) Operating revenue

<u>Type of Related Party</u>	<u>2024</u>	<u>2023</u>
Subsidiaries		
Key Ware Electronics	\$ 59,275	\$ 37,564
Jia Chi	<u>116,052</u>	<u>35,443</u>
	<u>\$ 175,327</u>	<u>\$ 73,007</u>

(III) Purchase of goods

<u>Type of Related Party</u>	<u>2024</u>	<u>2023</u>
Subsidiaries		
Key Ware Electronics	\$ 54,246	\$ 38,029
Others	<u>7</u>	<u>98</u>
	<u>\$ 54,253</u>	<u>\$ 38,127</u>

The purchase and sale of goods to related parties are based on cost, and both parties negotiate prices with reference to market conditions.

(IV) Accounts receivable – Related Parties

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
Key Ware Electronics	\$ 13,266	\$ 12,963
Jia Chi	<u>68,584</u>	<u>32,258</u>
	<u>\$ 81,850</u>	<u>\$ 45,221</u>

The transaction terms for the Company's sales of drill bits and raw materials to Key Ware Electronics are monthly settlement with 120-day payment terms. For drilling subcontracting services to Jia Chi, the terms are monthly settlement with 180-day payment terms. For non-related parties, general domestic customers are on monthly settlement with 90 to 150-day terms, while general foreign customers are on 60 to 165-day terms.

(V) Other receivables- Related party

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
Key Ware Electronics	\$ -	\$ 901
Jia Chi	7,984	11,976
Other	<u>2</u>	<u>6</u>
	<u>\$ 7,986</u>	<u>\$ 12,883</u>

These are amounts paid by the Company on behalf of Jia Chi and Key Ware Electronics for the procurement of machinery and equipment, as well as funds lent to Jia Chi.

(VI) Accounts payable

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
Key Ware Electronics	<u>\$ 30,180</u>	<u>\$ 21,899</u>

The trading terms for the purchase of drill bits and slotting tools from subsidiaries are net 120 days and net 90 to 120 days for general non-related parties.

(VII) Other payables- Related party

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
Key Ware Electronics	\$ 9,395	\$ -
Jia Chi	<u>962</u>	<u>1,105</u>
	<u>\$ 10,357</u>	<u>\$ 1,105</u>

The amount represents the purchase of machinery and equipment from Key Ware Electronics and the maintenance of the machinery and equipment by Jia Chi on behalf of the Company.

(VIII) Loans to related parties

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
Jia Chi	<u>\$ 7,800</u>	<u>\$ 11,976</u>

The Company obtained board approval in November of both 2024 and 2023 for loans to Jia Chi to provide short-term financing.

(IX) Endorsements/Guarantees

Endorsement and Guarantee for Others

<u>Type of Related Party</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Total Credits</u>	<u>Credit in Force</u>	<u>Total Credits</u>	<u>Credit in Force</u>
Subsidiaries	<u>\$ 291,654</u>	<u>\$ 40,000</u>	<u>\$ 230,000</u>	<u>\$ 36,000</u>

Obtain Endorsements and Guarantees

<u>Type of Related Party</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Total Credits</u>	<u>Credit in Force</u>	<u>Total Credits</u>	<u>Credit in Force</u>
Subsidiaries	<u>\$ 75,253</u>	<u>\$ 75,253</u>	<u>\$ -</u>	<u>\$ -</u>

(X) Guarantees

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Chairman of the Board		
Guaranteed Amount	<u>\$ 365,000</u>	<u>\$ 521,000</u>
Actual Amount Drawn (Recorded as Short-Term Borrowings)	<u>\$ 296,000</u>	<u>\$ 266,000</u>

(XI) Remuneration to the management

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 4,709</u>	<u>\$ 8,071</u>
Retirement benefits	<u>108</u>	<u>107</u>
	<u>\$ 4,817</u>	<u>\$ 8,178</u>

XXVII. Pledged Assets

The following assets were provided as collateral for the Company's bank loans and performance guarantees:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant, and equipment		
Land	\$ 113,167	\$ 113,167
Housing and Construction	111,747	115,035
Machinery	85,577	162,024
Financial assets at fair value through other comprehensive income - current		
Domestic OTC stocks	225,420	180,723

## XXVIII. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is presented in foreign currencies other than the Company's functional currency. The disclosed exchange rates refer to the rates used to translate those foreign currencies into the functional currency. Significant foreign currency-denominated assets and liabilities are as follows:

Unit: Various currencies/ NT\$ thousand

	December 31, 2024			December 31, 2023		
	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD
<u>Monetary items of financial assets</u>						
USD	\$ 1,986	32.785	\$ 65,110	\$ 3,745	30.71	\$ 114,990
JPY	232,779	0.2154	50,145	104,147	0.2183	22,733
<u>Non-monetary items of financial assets</u>						
USD	575	32.785	18,866	683	30.71	20,974
<u>Monetary items of financial liabilities</u>						
USD	-	32.785	-	-	30.71	-
JPY	380,073	0.2154	81,875	183,381	0.2183	40,028

Please refer to Note XX for the Company's foreign currency exchange gains and losses (realized and unrealized) for the years 2024 and 2023. Due to the large number of foreign currency transactions, it is not possible to disclose the exchange gains and losses by foreign currency for each material effect.

## XXIX. Supplementary Disclosures

### (I) Information on Significant Transactions:

1. Loans provided for others. (Table 1)
2. Endorsements/Guarantees Provided for Others. (Table 2)
3. Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures). (Table 3)
4. Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 million or 20% of Paid-in Capital or More. (None)
5. Acquisition of Real Estate Amounting to NT\$300 million or 20% of the Paid-in Capital or More. (None)
6. Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more. (None)
7. Purchases or Sales with Related Parties Amounting to NT\$100 million or 20% of Paid-up Capital or More. (Table 4)
8. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more. (None)
9. Derivatives transactions. (None)

(II) Information on investee companies (Table 4)

(III) Information on Investments in Mainland China:

1. Information on any investee company in mainland China (name, main business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table 5)
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:
  - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 6)
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)
  - (3) The amount of property transactions and the amount of the resultant gains or losses. (None)
  - (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. (Table 1)
  - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)

(IV) Information on Major Shareholders: Name, amount and percentage of shareholding of shareholders with 5% or more of the shares. (Table 8)

XXX. Segment Information

The Company's segment information is disclosed in the 2024 consolidated financial statements.

Key Ware Electronics Co., Ltd. and its investee companies

Loans provided for others

2024

Table 1

Unit: NT\$ thousand

No.	Financing Company	Counterparty	Transaction Item or Nature of Transaction	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Actual Amount Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)
													Item	Value		
0	The Company	4 Companies including Kunshan Key Ware	Other receivables - related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	Short-term Financing	\$ -	Operations turnover	\$ -	-	\$ -	\$ 207,849	\$ 831,395
0	The Company	Jia Chi	Other receivables - related parties	Yes	30,000	30,000	7,800	-	Short-term Financing	-	Operations turnover	-	-	-	207,849	831,395
0	The Company	Laserware Laser	Other receivables - related parties	Yes	40,000	40,000	-	-	Short-term Financing	-	Operations turnover	-	-	-	207,849	831,395
0	The Company	KEY WARE THAILAND	Other receivables - related parties	Yes	40,000	40,000	-	-	Short-term Financing	-	Operations turnover	-	-	-	207,849	831,395

Note 1: According to the Company's "Procedures for Lending Funds to Others," the total amount of funds lent to others shall not exceed 40% of the Company's net worth as shown in the most recent financial statements audited or reviewed by a certified public accountant. For entities with financing needs, the amount of an individual loan shall not exceed 10% of the net worth of the lending company.

Note 2: This amount was approved by a resolution of the Board of Directors

Key Ware Electronics Co., Ltd. and its investee companies  
Endorsements/Guarantees Provided for Others  
2024

Table 2

Unit: NT\$ thousand

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for Single Entity (Note 1)	Maximum Endorsement/ Guarantee Balance	Ending Balance of Endorsements and Guarantees	Actual Amount Drawn	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements	Maximum Limit of Endorsements and Guarantees (Note 1)	Endorsements and guarantees provided by the parent company to its subsidiaries	Endorsements and guarantees provided by the subsidiary to the parent company	Endorsements and guarantees provided to Mainland China
		Name of Company	Relationship										
0	The Company	KEY WARE THAILAND	subsidiaries	\$ 415,697	\$ 61,654 THB 30,000 & USD 1,000	\$ 61,654 THB 30,000 & USD 1,000	\$ -	\$ -	2.97	\$ 1,247,092	Y	N	N
0	The Company	Jia Chi	subsidiaries	415,697	30,000	30,000	20,000	-	1.44	1,247,092	Y	N	N
0	The Company	Key De Precise	subsidiaries	415,697	200,000	200,000	20,000	-	9.62	1,247,092	Y	N	N
1	Kunshan Key Ware	The Company	parent	372,346	75,936 RMB 16,500	75,253 RMB 16,500	75,253 RMB 16,500	75,253	4.04	1,117,039	N	Y	N
1	Kunshan Key Ware	Kunshan Laserware Laser	subsidiaries	372,346	44,181 RMB 9,600	43,784 RMB 9,600	22,804 RMB 5,000	-	2.35	1,117,039	N	N	Y

Note 1: According to the Company's "Procedures for Endorsements and Guarantees," the total cumulative amount of external endorsements and guarantees shall not exceed 60% of the Company's net worth as stated in the most recent financial statements audited or reviewed by a certified public accountant. The amount of endorsements and guarantees for any single entity shall not exceed 20% of the aforementioned net worth.

Note 2: The total cumulative amount of external endorsements and guarantees by Kunshan Key Ware shall not exceed 60% of Kunshan Key Ware's net worth as stated in the most recent financial statements audited or reviewed by a certified public accountant. The amount of endorsements and guarantees for any single entity shall not exceed 20% of the aforementioned net worth.

Note 3: This amount was approved by a resolution of the Board of Directors.

Key Ware Electronics Co., Ltd. and its investee companies  
Securities Held at End of Period  
December 31, 2024

Table 3

Unit: NT\$ thousand

Securities Holding Company	Marketable Securities and Name	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Number of Shares (in Thousands)	Carrying amount	Shareholding Ratio (%)	Market Value/Net Equity Value	
The Company	<u>Domestic listed and emerging stocks</u>							
	Savior Lifetec Corp.	—	Financial assets at fair value through profit or loss - current	3,082	\$ 62,873	0.97	\$ 62,873	
	Unimicron Technology Corp.	—	Financial assets at fair value through profit or loss - current	20	2,820	-	2,820	
	Compeq Manufacturing Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	30	2,103	-	2,103	
	Qbic Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	483	11,720	2.14	11,720	
	Savior Lifetec Corp.	—	Financial assets at fair value through other comprehensive income - current	12,571	256,449	3.96	256,449	Note 1
	<u>Domestic unlisted (OTC) stocks</u>							
	Han Yu Entrepreneurship Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	3,200	17,634	8.89	17,634	
	<u>Foreign unlisted (OTC) stocks</u>							
	Concord Venture Capital Group Limited	—	Financial assets at fair value through other comprehensive income - non-current	-	10,018	13.57	10,018	
	Kirana Inc.	—	Financial assets at fair value through other comprehensive income - non-current	1,809	8,849	1.73	8,849	
	<u>Foreign listed (OTC) stocks</u>							
Sana Biotechnology, Inc.	—	Financial assets at fair value through profit or loss - current	319	17,058	0.14	17,058		
Silicon Motion Technology Corp.	-	Financial assets at fair value through profit or loss - current	1	1,240	-	1,240		
Kunshan Key Ware	<u>Renminbi financial products</u>							
	Huaxia Bank – Huaxia Wealth Management Fixed Income Product No. 1 (Daily Open)	—	Financial assets at fair value through profit or loss - current	-	22,029 CNY 4,830	-	22,029 CNY 4,830	

Note 1: The Company provided 11,050 thousand shares of Savior Lifetec Corporation to financial institutions as a collateral for financing.

Key Ware Electronics Co., Ltd. and its investee companies

The amount of purchases from or sales to related parties reaches NT\$100 million or more, or exceeds 20% of the paid-in capital.

December 31, 2024

Table 4

Unit: NT\$ thousand

Purchasing (Selling) Company	Counterparty	Relationship	Transaction Details				Circumstances and Reasons for Transaction Terms Differing from General Transactions		Notes and Accounts Receivable/Payable		Remark
			Sales and Purchases	Amount	Percentage of Total Purchases (Sales)	Credit Term	Unit Price	Credit Term	Balance	Percentage of Total Notes and Accounts Receivable/Payable	
The Company	Jia Chi	Subsidiary	Sales	(\$116,052)	(10%)	Monthly settlement with 180-day terms	\$ -	Typically 120 days	(\$68,854)	(13%)	
Key De Precise	Wenxiang	Substantive Related Party	Purchases	125,897	12%	Monthly settlement with 120-day terms	-	Typically 90~120 days	25,512	21%	—

Note 1: Intercompany transactions between the parent and subsidiary have been eliminated in the preparation of the consolidated financial statements.

Key Ware Electronics Co., Ltd. and its investee companies  
Name of investee company, location and other related information  
2024

Table 5

Unit: NTD/USD

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Income (Loss) Recognized for the Period	Remark
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares (in Thousands)	Shareholding (%)	Carrying amount			
The Company	Key Ware	British Virgin Islands	General investment	\$ 777,562	\$ 777,562	23,717	100	\$ 1,878,967	\$ 73,233	\$ 73,371	—
	Key De Precise	Taiwan	Wholesale and processing of electronic parts and components	USD 23,717	USD 23,717	612	51	23,849	CNY 16,200	CNY 16,231	—
	Laserware Laser	Taiwan	General investment	1,000	1,000	100	99.99	967	2	2	—
	Rong Pei	Taiwan	General investment	-	18,667	-	-	-	( 35 )	( 7 )	Note 2
	Jia Chi	Taiwan	Wholesale and processing of electronic parts and components	49,500	49,500	2,972	83.63	1,753	7,846	6,624	—
	Hui Peng	Taiwan	General investment	600	600	60	60	608	7	4	—
	KEY WARE THAILAND	Thailand	Drilling subcontracting	2,500	2,500	250	100	1,698	( 687 )	( 687 )	—
				THB 2,406	THB 2,406				( THB 735 )	( THB 735 )	—
Key Ware	Advisor	British Virgin Islands	General investment	326,539	326,539	9,960	100	858,018	33,456	33,456	—
	Module	Cayman Islands	General investment	USD 9,960	USD 9,960			CNY 188,128	CNY 7,401	CNY 7,401	—
				USD 424,795	USD 424,795	12,957	100	1,015,695	CNY 39,893	CNY 39,893	—
			USD 12,957	USD 12,957			CNY 222,700	CNY 8,825	CNY 8,825	—	

Note 1: The investment income (loss) recognized in the current period has already considered the impact of unrealized gains and losses from intercompany transactions.

Note 2: Rong Pei Wisdom Co., Ltd. was dissolved in May 2024, with the dissolution reference date set as May 3, 2024, and the liquidation process was completed in January 2025.

Key Ware Electronics Co., Ltd. and its investee companies  
Information on Investments in Mainland China  
2024

Table 6

Unit: NTD/USD/CNY thousand

Mainland Investee Company Name	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Current Period Profit or Loss of the Investee Company	The Company's Direct or Indirect Ownership	Investment Profit (Loss) Recognized for the Period (Note 1)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Kunshan Key Ware	Drilling tools, hand tools	\$ 792,315 USD 24,167	Investment in Mainland China through companies registered in a third region	\$ 708,385 USD 21,607	\$ -	\$ -	\$ 708,385 USD 21,607	\$ 73,697 CNY 16,303	100	\$ 73,697 CNY 16,303	\$ 1,861,731 CNY 408,201	\$ 56,563 CNY 13,000
Kunshan Laserware Laser	Drilling subcontracting	31,926 CNY 7,000	Investment in Mainland China Company through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	1,767 CNY 391	100	1,767 CNY 391	7,603 CNY 1,667	-
King Ware	Wholesale of electronic components	4,561 CNY 1,000	Investment in Mainland China Company through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	660 CNY 146	100	660 CNY 146	7,206 CNY 1,580	-
Wuhan Laserware Laser	Drilling subcontracting	177,872 CNY 39,000	Investment in Mainland China Company through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	9,556 CNY 2,114	100	9,556 CNY 2,114	183,277 CNY 40,185	-
Shenzhen Laserware Laser	Drilling subcontracting	28,551 CNY 6,260	Investment in Mainland China Company through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	(72) (CNY 16)	100	(72) (CNY 16)	10,992 CNY 2,410	-
Hubei Laserware Laser	Drilling subcontracting	61,571 CNY 13,500	Investment in Mainland China Company through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	3,065 CNY 678	100	3,065 CNY 678	64,663 CNY 14,178	-

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.
\$ 726,417 ( USD 22,157 )	\$ 794,282 ( USD 24,227 )	\$ 1,258,480 ( Note 2 )

Note 1: The Company's financial statements were recognized on the basis of the investee's audited financial statements for 2024.

Note 2: According to the "Principles for Examination of Investment or Technical Cooperation in Mainland China", the accumulated amount of the investor's investment in Mainland China shall not exceed 60% of the net value or the combined net value, whichever is higher.

Key Ware Electronics Co., Ltd. and its investee companies

Major transactions and related information, including prices, payment terms, unrealized gains or losses, and other relevant details, that occurred directly or indirectly through a third region with the Mainland investee company

2024

Table 7

Unit: NT\$ thousand

Investee Company	Type of Transaction	Sales and Purchases		Price	Transaction Term		Notes and Accounts Receivable (Payable)		Unrealized gains (losses)	Remark
		Amount	Percentage (%)		Payment Terms	Difference with General Transactions	Amount	Percentage (%)		
Kunshan Key Ware	Sales	\$ 59,275	12%	No material difference from the general account	Net 120 to 180 days	No material difference from the general transaction	\$ 13,670	7%	\$ 237	-
	Purchase	101,785	18%	No material difference from the general account	Net 180 days	No material difference from the general transaction	( 48,676 )	53%	-	-
	Disposal of Machinery and Equipment	77,059	-	No material difference from the general account	Net 120 days	Due to differences in product specifications and characteristics, there is no basis for comparison	-	-	5,245	-
	Purchase of machinery and equipment	9,395	-	No material difference from the general account	Net 180 days	Due to differences in product specifications and characteristics, there is no basis for comparison	( 9,395 )	10%	-	-
Kunshan Laserware Laser	Sales	8,960	3%	No material difference from the general account	Net 180 days	No material difference from the general transaction	13,316	6%	-	-
Wuhan Laserware Laser	Sales	36,816	11%	No material difference from the general account	Net 180 days	No material difference from the general transaction	1,294	1%	-	-

Key Ware Electronics Co., Ltd.  
Information on Major Shareholders  
December 31, 2024

Table 8

Name of Major Shareholders	Shareholding	
	Number of shares held (shares)	Shareholding ratio (%)
Qing Yu Investment Co., Ltd.	14,201,709	7.37
Jia Ju Investment Co., Ltd.	11,169,353	5.80

Note: The information in this table regarding major shareholders is provided by the Taiwan Depository & Clearing Corporation (TDCC) based on the last business day of the quarter, calculating shareholders who hold 5% or more of the company's issued dematerialized common shares. The share capital reported in the company's consolidated financial statements may differ from the actual number of dematerialized shares delivered, due to differences in the basis of preparation or calculation methods.

## § STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS§

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Key Ware Electronics Co., Ltd.  
Statement of Notes and Accounts Receivable  
December 31, 2024

Statement 1:

Unit: NT\$ thousand

Name of Customer	Amount
Notes receivable	
Speedy Circuits Co., Ltd.	\$ 1,631
Changder Technology Co., Ltd.	224
Giant Blue Co., Ltd.	179
Others (Note)	<u>330</u>
Subtotal	<u>2,364</u>
Accounts receivable	
Gold Circuit Electronics Ltd.	29,273
Anhui Cong Shuo	24,108
Hanyoung Corp.	11,959
Zhuhai Xin Sheng Imports & Exports Ltd.	10,564
King Construction Technology Co., Ltd.	10,120
Hannstar Board Corporation	8,625
Others (Note)	<u>24,132</u>
Subtotal	<u>118,781</u>
Less: Loss allowances	<u>931</u>
Net amount	<u>\$ 120,214</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statements of Financial Assets at Fair Value through Profit or Loss  
2024

Statement 2:

Unit: NT\$ thousand

Item	Beginning balance		Increase in this year		Decrease in this year		Unrealized valuation gains	Ending balance	
	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount		Number of Shares (in Thousands)	Amount
Current									
Qbic Technology Co., Ltd.	418	\$ 12,954	66	\$ -	-	\$ -	(\$ 1,234)	483	11,720
Sana Biotechnology Inc	80	10,022	252	62,790	13	3,296	( 52,458)	319	17,058
Savior Lifetec Corporation.	-	-	3,097	68,059	15	335	( 4,851)	3,082	62,873
Others (Note)	350	<u>20,095</u>	2,347	<u>294,813</u>	2,646	<u>306,833</u>	<u>( 1,912)</u>	51	<u>6,163</u>
Total		<u>\$ 43,071</u>		<u>\$ 425,662</u>		<u>\$ 310,464</u>	<u>(\$ 60,455)</u>		<u>\$ 97,814</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statements of Financial Assets at Fair Value through Other Comprehensive Income  
From January 1, 2024 to December 31, 2024

Statement 3:

Unit: NT\$ thousand

Item	Beginning balance		Increase in this year		Decrease in this year		Others	Unrealized valuation gains and losses	Ending balance		
	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount			Number of Shares (in Thousands)	Percentage of Ownership	Amount
Current											
Savior Lifetec Corporation	12,571	\$ 282,220	-	\$ -	-	\$ -	\$ -	(\$ 25,771)	12,571	3.96%	\$ 256,449
Non-current											
Han Yu Venture Capital Co., Ltd.	3,200	19,469	-	-	-	-	-	( 1,835)	3,200	8.89%	17,634
Concord Venture Capital Group Limited	-	10,972	-	-	-	-	-	( 954)	-	13.57%	10,018
Kinara Inc.	1,809	9,968	-	-	-	-	-	( 1,119)	1,809	1.73%	8,849
		<u>40,409</u>		<u>-</u>		<u>-</u>		<u>( 3,908)</u>	-		<u>36,501</u>
Total		\$ 322,629		\$ -		\$ -	\$ -	(\$ 29,679)	-		\$ 292,950

Key Ware Electronics Co., Ltd.  
Statement of Inventories  
December 31, 2024

Statement 4:

Unit: NT\$ thousand

Item	Amount	
	Cost	Market value (Note)
Raw material	\$ 6,084	\$ 6,084
Work in process	58,829	58,286
Finished products	<u>186,324</u>	<u>241,858</u>
Total	<u>\$ 251,237</u>	<u>\$ 306,228</u>

Note: Market value is the net realizable value.

Key Ware Electronics Co., Ltd.  
Statement of Changes in Investments Accounted for Using the Equity Method  
From January 1, 2024 to December 31, 2024

Statement 5:

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

	Beginning balance		Increase in this year		Decrease in this year (Note1)		Investment income or loss	Others (Note 2)	Exchange differences on translation of financial statements of foreign operations	Ending balance			Guarantee provided	Remark	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Shareholding %	Amount			Net Equity Value
Unlisted companies															
Key Ware International Ltd.	23,717	\$ 1,715,264	-	\$ -	-	\$ -	\$ 73,371	\$ 238	\$ 90,094	23,717	100.00	\$ 1,878,967	\$ 1,881,951	—	Note 3
KEY WARE ELECTRONICS (THAILAND) Co., Ltd.	-	-	2,500	2,243	-	-	( 687 )	-	142	2,500	100.00	1,698	1,698	—	—
Key De Precise Industries Co., Ltd	612	23,765	-	-	-	-	1,280	( 1,196 )	-	612	51.00	23,849	13,902	—	Note 4
Rong Pei Wisdom Co., Ltd.	1,866	13,138	-	-	1,866	187	( 7 )	( 12,944 )	-	-	-	-	-	—	—
Laserware Laser Technology Co., Ltd	100	965	-	-	-	-	2	-	-	100	99.99	967	967	—	—
Hui Peng Technology Co., Ltd	60	604	-	-	-	-	4	-	-	60	60.00	608	608	—	—
Jia Chi Co., Ltd	2,972	( 4,871 )	-	-	-	-	6,624	-	-	2,972	83.63	1,753	2,261	—	Note 5
		<u>\$ 1,748,865</u>		<u>\$ 2,243</u>		<u>\$ 187</u>	<u>\$ 80,587</u>	<u>( \$ 13,902 )</u>	<u>\$ 90,236</u>	-		<u>\$ 1,907,842</u>	<u>\$ 1,901,387</u>		

Note 1: Represents the return of capital from investees due to capital reduction during the current period, totaling NT\$187 thousand.

Note 2: Includes unrealized gross profit amortization of NT\$238 thousand and cash dividends received from investees amounting to NT\$14,140 thousand.

Note 3: The difference between the carrying amount and the equity method investee's net equity is attributable to unrealized gross profit of NT\$901 thousand from transactions with associates and unrealized gains of NT\$2,083 thousand from asset transactions.

Note 4: The difference between the carrying amount and the equity method investee's net equity is due to intangible assets of NT\$9,947 thousand arising from the investment.

Note 5: The difference between the carrying amount and the equity method investee's net equity is attributable to unrealized gains of NT\$508 thousand from intercompany asset transactions among associates.

Key Ware Electronics Co., Ltd.  
Statement of Changes in Right-of-use Assets  
2024

Statement 6:

Unit: NT\$ thousand

Item	Beginning balance	Increase in this year	Decrease in this year	Ending balance	Remark
Cost					
Building and Construction	\$ 28,994	\$ -	\$ -	\$ 28,994	
Transportation Equipment	<u>9,294</u>	<u>339</u>	<u>9,075</u>	<u>9,633</u>	
	<u>38,288</u>	<u>339</u>	<u>9,075</u>	<u>38,627</u>	
Accumulated depreciation					
Building and Construction	16,648	5,799	-	22,447	
Transportation Equipment	<u>8,528</u>	<u>1,027</u>	<u>9,075</u>	<u>9,555</u>	
	<u>25,176</u>	<u>6,826</u>	<u>9,075</u>	<u>32,002</u>	
Net amount	<u>\$ 13,112</u>	( <u>\$ 6,487</u> )	<u>\$ -</u>	<u>\$ 6,625</u>	

Key Ware Electronics Co., Ltd.  
Statement of Other Assets  
December 31, 2024

Statement 7:

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Current	
Supplies Inventory	\$ 27,596
Prepayments for goods	13,918
Prepaid Salaries	3,429
Others (Note)	<u>2,421</u>
	<u>\$ 47,364</u>
Non-current	
Intangible Assets	\$ 609
Prepayment - non-current	<u>9,468</u>
	<u>\$ 10,077</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statement of Long-term and Short-term Loans  
December 31, 2024

Statement 8:

Unit: NT\$ thousand

Types of Loans and Creditors	Ending balance	Contract Period	Annual Interest Rate (%)	Line of credit	Pledge or Guarantee
<b>Long-term loans</b> (including due within one year)					
Bank of Panhsin	\$ 23,710	110.07.27~115.10.29	2.54	\$ 105,000	Pledge of equipment
Taiwan Shin Kong Commercial Bank	450,000	113.03.06~116.03.06	2.42	450,000	Pledge of land and equipment
First Commercial Bank	<u>5,087</u>	111.05.25~116.05.25	2.625	<u>10,200</u>	Pledge of equipment
Less: Classified as due within 1 year	<u>16,676</u>			-	
	<u>462,121</u>			<u>565,200</u>	
<b>Short-term loans</b>					
Taishin International Bank	50,000	113.12.31~114.08.31	2.78	50,000	—
Taishin International Bank	31,000	113.12.31~114.08.31	2.67	35,000	Pledge of stocks
Taiwan Cooperative Bank	46,000	113.08.27~114.08.27	2.628	46,000	—
Entie Commercial Bank	43,413	113.12.27~114.12.27	2.85	50,000	—
Bank of Panhsin	-	113.09.30~114.09.30	—	50,000	—
Taichung Commercial Bank	23,571	113.08.23~114.08.23	1.6268~2.30	30,000	—
Taiwan Shin Kong Commercial Bank	83,819	113.03.06 ~114.03.06	1.25~2.57	100,000	—
Yuanta Commercial Bank	80,000	113.12.05~114.12.04	2.76	80,000	—
Chang Hwa Bank	20,000	112.12.31~113.12.31	2.585	50,000	—
Land Bank of Taiwan	35,000	113.02.20~114.02.20	2.71	50,000	—
Bank Sinopac	50,000	113.07.19~114.07.31	2.5634	50,000	Pledge of stocks
Bank Sinopac	32,000	113.07.19~114.07.31	2.105	50,000	—
KGI Bank	50,000	113.10.28~114.10.28	2.78578	50,000	—
Cathay United Bank	8,998	113.11.30~114.11.30	1.1	45,899	—

(Continued on the next page)

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Types of Loans and Creditors	Ending balance	Contract Period	Annual Interest Rate (%)	Line of credit	Pledge or Guarantee
Mega International Commercial Bank	15,041	113.08.30~114.08.29	1.50106~2.78264	42,620	—
First Commercial Bank	14,425	113.12.17~114.12.17	1.46~2.625	60,000	—
Sunny Bank	40,000	113.08.30~114.08.30	2.66	40,000	Pledge of stocks
Cathay United Bank	<u>30,890</u>	113.11.30~114.11.30	1.1	<u>65,570</u>	Outbound loans with domestic guarantees
	654,157			945,089	
Total	<u>\$ 1,116,278</u>			<u>\$ 1,510,289</u>	

Key Ware Electronics Co., Ltd.  
Statement of Notes and Accounts Payable  
December 31, 2024

Statement 9:

Unit: NT\$ thousand

<u>Manufacturer Name</u>	<u>Amount</u>
Non-related party	
Honour Top Investment Limited	\$ 7,249
CREATING NANO TECHNOLOGIES INC. STSIP BRANCH	6,245
Jing Jian Technology Co., Ltd.	4,868
Hong Han International co., Ltd.	2,787
Tai Yu Sheng Co., Ltd.	2,573
Others (Note)	<u>32,108</u>
	<u>\$ 50,256</u>

Note: The balance of each manufacturer does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statement of Other Current Liabilities  
December 31, 2024

Statement 10:

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Prepayment	\$ 42
Receipts under custody	<u>7,082</u>
	<u>\$ 7,124</u>

Key Ware Electronics Co., Ltd.  
Statement of Lease liabilities  
December 31, 2024

Statement 11:

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Lease period</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Remark</u>
Building and Construction	Plant	109.12.01~114.11.30	1.89%	\$ 2,707	
		110.05.16~115.05.15	1.89%	4,080	
Transportation Equipment	Vehicle Leasing	111.05.30~114.05.30	1.61%	<u>80</u>	
				6,867	
Less: Due within one year				<u>5,836</u>	
				<u>\$ 1,031</u>	

Key Ware Electronics Co., Ltd.  
Statement of Operating Revenue  
2024

Statement 12:

Unit: NT\$ thousand

Item	Quantity (thousands units)	Amount
Operating revenue		
Drill Bits	62,507	\$ 196,237
End Mills	2,649	24,078
Tungsten Carbide	56,588	156,498
Drilling Foundry	-	118,153
Others (Note)	2,267	<u>3,054</u>
Subtotal		<u>498,020</u>
Less: Sales returns and discounts		( <u>5,137</u> )
Net operating revenue		<u>\$ 492,883</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statement of Operating Costs  
2024

Statement 13:

Unit: NT\$ thousand

Item	Amount
Operating costs	
Direct raw materials	
Raw materials at the beginning of the period	\$ 11,003
Add: Purchase	189,548
Less: Raw materials at the end of the period	( 6,084 )
Conversion of raw materials to commodities for sale	( <u>157,379</u> )
Material consumption for the period	37,088
Director labor	42,745
Manufacturing Expenses	<u>213,844</u>
Manufacturing Expenses	293,677
Add: Work in Progress at Beginning	27,717
Add: Work in Progress at Beginning	( <u>58,829</u> )
Cost of Finished Goods	262,565
Add: Finished Goods at Beginning (including goods in transit)	177,956
Purchases of Finished Goods	88,484
Raw Materials Transferred for Sale as Goods	157,379
Less: Finished Goods at End (including goods in transit)	( 186,324 )
Used by Other Departments and Adjustments	( <u>33,704</u> )
Total	<u>\$ 466,356</u>

Key Ware Electronics Co., Ltd.  
Statement of Selling and Marketing Expenses  
2024

Statement 14:

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Entertainment fee	\$ 3,826
Salaries	3,965
Shipping cost	3,098
Others (Note)	<u>2,911</u>
Total	<u>\$ 13,800</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statement of General and Administrative Expenses  
2024

Statement 15:

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Salaries	\$ 13,706
Service charge	3,330
Pensions	5,106
Others (Note)	<u>5,489</u>
Total	<u>\$ 27,631</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.  
Statement of Research and Development Expenses  
2024

Statement 16:

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Salaries	\$ 3,090
Pensions	186
Labor and health insurance	348
Others (Note)	<u>347</u>
Total	<u>\$ 3,971</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Key Ware Electronics Co., Ltd.

Statement of Employee Benefits and Depreciation and Amortization Expenses by Function

For 2024 and 2023

Statement 17:

Unit: NT\$ thousand

	2024			2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expenses	\$ 76,234	\$ 20,761	\$ 96,995	\$ 76,520	\$ 31,037	\$ 107,557
Employee insurance expenses	9,192	2,115	11,307	8,765	2,369	11,134
Pension expenses	4,049	5,540	9,589	3,872	3,902	7,774
Remuneration Paid to Directors	-	960	960	-	960	960
Other employee benefits	<u>2,737</u>	<u>113</u>	<u>2,850</u>	<u>2,754</u>	<u>372</u>	<u>3,126</u>
Total	<u>\$ 92,212</u>	<u>\$ 29,489</u>	<u>\$ 121,701</u>	<u>\$ 91,911</u>	<u>\$ 38,640</u>	<u>\$ 130,551</u>
Depreciation expenses	<u>\$ 32,877</u>	<u>\$ 1,319</u>	<u>\$ 34,196</u>	<u>\$ 41,191</u>	<u>\$ 1,615</u>	<u>\$ 42,806</u>
Amortization expenses	<u>\$ 39</u>	<u>\$ 266</u>	<u>\$ 305</u>	<u>\$ 1,457</u>	<u>\$ 293</u>	<u>\$ 1,750</u>

Note 1: For 2024 and 2023, the average number of employees of the Company is 146 and 158, respectively, of which the average number of directors who are not also employees is 8.

Note 2: For companies whose shares are listed on the TPEX, the following information should also be disclosed:

- (1) The average employee benefit expenses for the current and prior years were NT\$875 thousand and NT\$864 thousand, respectively.
- (2) The average employee salary expenses for the current and prior years were NT\$703 thousand and NT\$717 thousand, respectively.
- (3) The change in average employee salary cost adjustment is (1.90%).

- (4) The Company has established an audit committee and the remuneration to the independent directors has been consolidated and disclosed in the directors' remuneration.
- (5) The Company's salary and remuneration policy (including directors, managers and employees)
1. Director: Remuneration is based on the results of the Company's operations and the Board of Directors' performance evaluation, and reasonable remuneration is given.
  2. Managerial officers: Remuneration is based on the Company's current salary and remuneration related policies, systems, standards and structures, and the related performance appraisals and salary reasonableness assessments are submitted to the Remuneration Committee and the Board of Directors for review and approval.
  3. Employees: Salary performance evaluation and salary compensation are based on salary payment standards, and the performance of individuals is evaluated by taking into account their time, responsibilities, and achievement of goals.
  4. Employee compensation and director remuneration: In accordance with the Company's Articles of Incorporation, the Company sets aside 1% to 10% and not more than 1% of the pre-tax benefit before employee and director remuneration distributions for the year, respectively, for employee compensation and director remuneration.