

ThinTech Materials Technology
Co., Ltd. and Its Subsidiaries

Consolidated Financial Statements
and Independent Auditor's Report
Three Months Ended March 31, 2024 and 2023

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Independent Auditor's Report

To ThinTech Materials Technology Co., Ltd.,

Introduction

We have reviewed the accompanying consolidated balance sheets of ThinTech Materials Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC.

The engagement partners on the reviews resulting in this independent auditors' review report are Wang, Chao-Chun and Kuo, Li-Yua.

Deloitte &
Touche Taipei,
Taiwan Republic
of China

May 7, 2024

Notice to Readers

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

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Balance sheets
March 31, 2024 and 2023

Unit: NT\$ thousand

Code	Assets	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6)	\$ 245,191	13	\$ 156,980	9	\$ 455,244	22
1110	Financial assets at fair value through profit or loss - current (Notes 7)	7,834	-	7,236	-	2,273	-
1139	Financial assets for hedging - current (Notes 28)	15,753	1	14,007	1	-	-
1150	Notes payable (Notes 9)	783	-	1,018	-	1,683	-
1170	Accounts receivable, net (Notes 9 and 29)	266,396	14	277,004	15	228,181	11
1200	Other receivables (Note 9)	11,613	1	8,384	1	11,644	1
1220	Current income tax assets	233	-	35	-	1,737	-
130X	Inventory (Notes 10)	726,096	39	655,059	36	810,925	40
1410	Prepayments (Note 11 and 29)	48,790	3	61,230	3	22,955	1
1476	Other financial assets - current (Notes 12 and 30)	12,190	1	121,326	7	20,972	1
1479	Other current assets	5,744	-	4,464	-	1,590	-
11XX	Total current assets	<u>1,340,623</u>	<u>72</u>	<u>1,306,743</u>	<u>72</u>	<u>1,557,204</u>	<u>76</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	34,635	2	33,422	2	43,563	2
1550	Investments using the equity method (Notes 14)	35,609	2	33,688	2	32,156	2
1600	Property, plant and equipment (Notes 15 and 30)	261,867	14	266,756	15	238,545	12
1755	Right-of-use assets (Notes 16)	121,785	6	117,774	6	123,053	6
1801	Computer software	4,776	-	1,406	-	177	-
1840	Deferred tax assets	40,435	2	43,166	2	42,889	2
1920	Guarantee deposits paid (Note 29)	10,291	1	3,312	-	3,490	-
1975	Net defined benefit assets (Notes 4)	16,076	1	16,021	1	11,356	-
1990	Other non-current assets (Note 9)	921	-	1,152	-	1,218	-
15XX	Total non-current assets	<u>526,395</u>	<u>28</u>	<u>516,697</u>	<u>28</u>	<u>496,447</u>	<u>24</u>
1XXX	Total assets	<u>\$ 1,867,018</u>	<u>100</u>	<u>\$ 1,823,440</u>	<u>100</u>	<u>\$ 2,053,651</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 17 and 30)	\$ 139,345	8	\$ 130,892	7	\$ 146,223	7
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	585	-
2126	Financial liabilities for hedging - current (Notes 28)	82,071	4	81,032	5	225,833	11
2130	Contract liabilities - current (Notes 22)	54,364	3	25,319	1	55,784	3
2170	Accounts payable (Note 29)	17,008	1	18,342	1	17,558	1
2219	Other payables (Notes 19 and 29)	43,048	2	56,777	3	56,012	3
2230	Current tax liabilities	8,980	1	8,980	1	-	-
2280	Lease liabilities - current (Notes 16)	5,920	-	5,671	-	5,667	-
2321	Current portion of bonds payable (Notes 18)	190,844	10	-	-	-	-
2399	Other current liabilities	1,259	-	1,357	-	1,299	-
21XX	Total current liabilities	<u>542,839</u>	<u>29</u>	<u>328,370</u>	<u>18</u>	<u>508,961</u>	<u>25</u>
	Non-current liabilities						
2530	Bonds payable(Notes 18)	-	-	189,728	10	186,510	9
2570	Deferred tax liabilities	3,912	-	3,693	-	2,696	-
2580	Lease liabilities - non-current (Notes 16)	107,085	6	103,319	6	107,574	5
2630	Long-term unearned revenue (Notes 26)	2,709	-	2,676	-	2,794	-
25XX	Total non-current liabilities	<u>113,706</u>	<u>6</u>	<u>299,416</u>	<u>16</u>	<u>299,574</u>	<u>14</u>
2XXX	Total liabilities	<u>656,545</u>	<u>35</u>	<u>627,786</u>	<u>34</u>	<u>808,535</u>	<u>39</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Ordinary share capital	735,012	39	735,012	41	734,980	36
3200	Capital surplus	352,020	19	352,020	19	351,958	17
	Retained earnings						
3310	Legal reserve	43,142	2	43,142	3	34,666	2
3320	Special reserve	-	-	-	-	3,660	-
3350	Undistributed earnings	73,101	4	60,830	3	104,645	5
3300	Total retained earnings	<u>116,243</u>	<u>6</u>	<u>103,972</u>	<u>6</u>	<u>142,971</u>	<u>7</u>
	Other equity						
3410	Exchange differences arising from the translation of the financial statements of foreign operations	(3,066)	-	(4,012)	-	(2,653)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	10,264	1	8,662	-	17,860	1
3400	Total other equity	<u>7,198</u>	<u>1</u>	<u>4,650</u>	<u>-</u>	<u>15,207</u>	<u>1</u>
3XXX	Total equity	<u>1,210,473</u>	<u>65</u>	<u>1,195,654</u>	<u>66</u>	<u>1,245,116</u>	<u>61</u>
	Total liabilities and equity	<u>\$ 1,867,018</u>	<u>100</u>	<u>\$ 1,823,440</u>	<u>100</u>	<u>\$ 2,053,651</u>	<u>100</u>

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

Unit: In NT\$ thousand, except for earnings per share in NT\$

		For the Three Months Ended March 31			
		2024		2023	
Code		Amount	%	Amount	%
4000	Operating revenue, net (Notes 22 and 29)	\$547,895	100	\$549,032	100
5000	Operating costs (Notes 10, 23, and 29)	<u>505,410</u>	<u>92</u>	<u>505,929</u>	<u>92</u>
5900	Gross profit	<u>42,485</u>	<u>8</u>	<u>43,103</u>	<u>8</u>
	Operating expenses (Notes 9, 23, and 29)				
6100	Selling expenses	9,683	2	8,617	2
6200	Administrative expenses	21,636	4	18,906	3
6300	R&D expenses	9,290	1	7,312	1
6450	Expected credit impairment losses (gain on reversal)	<u>229</u>	<u>-</u>	<u>(240)</u>	<u>-</u>
6000	Total operating expenses	<u>40,838</u>	<u>7</u>	<u>34,595</u>	<u>6</u>
6900	Net operating income	<u>1,647</u>	<u>1</u>	<u>8,508</u>	<u>2</u>
	Non-operating income and expenses (Notes 23 and 26)				
7100	Interest income	1,369	-	255	-
7010	Other income	95	-	6,300	1
7020	Other gains and losses	13,722	3	(779)	-
7050	Financial costs	(3,200)	(1)	(3,852)	(1)
7060	Share of profit or loss on affiliates using the equity method	<u>(81)</u>	<u>-</u>	<u>7</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>11,905</u>	<u>2</u>	<u>1,931</u>	<u>-</u>
7900	Net income before tax	13,552	3	10,439	2

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		For the Three Months Ended March 31			
		2024		2023	
Code		Amount	%	Amount	%
7950	Income tax expense (Notes 4 and 24)	\$ 2,950	1	\$ 2,108	1
8200	Net income for the period	10,602	2	8,331	1
	Other comprehensive income (Notes 21)				
8310	Items not reclassified to profit or loss				
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	1,213	-	11,836	2
8321	Remeasurements of defined benefit plans of affiliates	-	-	2	-
8326	Unrealized gains or losses on affiliates' investment in equity instruments at fair value through other comprehensive income	2,058	1	3,168	1
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	946	-	306	-
8300	Other comprehensive income for this year (net of tax)	4,217	1	15,312	3
8500	Total comprehensive income for the period	\$ 14,819	3	\$ 23,643	4
8600	Net income for the period attributable to:				
8610	Owners of the Company	\$ 10,602	2	\$ 8,331	2
8700	Total comprehensive income for the period attributable to:				
8710	Owners of the Company	\$ 14,819	3	\$ 23,643	4
	Earnings per share (Note 25)				
9750	Basic	\$ 0.14		\$ 0.11	
9850	Diluted	0.14		0.11	

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2024 and 2023

Unit: NT\$ thousand

		Equity attributable to owners of the Company					Other equity items		Total equity
Code		Ordinary share capital	Capital surplus	Retained earnings		Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	
				Legal reserve	Special reserve				
A1	Balance as of January 1, 2024	<u>\$ 735,012</u>	<u>\$ 352,020</u>	<u>\$ 43,142</u>	<u>\$ -</u>	<u>\$ 60,830</u>	<u>(\$ 4,012)</u>	<u>\$ 8,662</u>	<u>\$ 1,195,654</u>
D1	Net income for the three months ended March 31, 2024	-	-	-	-	10,602	-	-	10,602
D3	Other comprehensive income after tax for the three months ended March 31, 2024	-	-	-	-	-	946	3,271	4,217
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	10,602	946	3,271	14,819
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	1,669	-	(1,669)	-
Z1	Balance as of March 31, 2024	<u>\$ 735,012</u>	<u>\$ 352,020</u>	<u>\$ 43,142</u>	<u>\$ -</u>	<u>\$ 73,101</u>	<u>(\$ 3,066)</u>	<u>\$10,264</u>	<u>\$ 1,210,473</u>
A1	Balance as of January 1, 2023	<u>\$ 734,980</u>	<u>\$ 324,681</u>	<u>\$ 34,666</u>	<u>\$ 3,660</u>	<u>\$ 95,623</u>	<u>(\$ 2,959)</u>	<u>\$ 3,545</u>	<u>\$ 1,194,196</u>
C5	Equity component of convertible bonds issued by the Company (Note 18)	-	27,277	-	-	-	-	-	27,277
D1	Net income for the three months ended March 31, 2023	-	-	-	-	8,331	-	-	8,331
D3	Other comprehensive income after tax for the three months ended March 31, 2023	-	-	-	-	2	306	15,004	15,312
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	8,333	306	15,004	23,643
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	689	-	(689)	-
Z1	Balance as of March 31, 2023	<u>\$ 734,980</u>	<u>\$ 351,958</u>	<u>\$ 34,666</u>	<u>\$ 3,660</u>	<u>\$ 104,645</u>	<u>(\$ 2,653)</u>	<u>\$17,860</u>	<u>\$ 1,245,116</u>

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

Unit: NT\$ thousand

Code		For the Three Months Ended March 31	
		2024	2023
	Cash flows from operating activities		
A10000	Net income before tax for the period	\$ 13,552	\$ 10,439
A20010	Income and expense items		
A20100	Depreciation expenses	8,904	8,869
A20200	Amortization expenses	510	580
A20300	Expected credit impairment losses (gain on reversal)	229	(240)
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(3,534)	31
A20900	Financial costs	3,200	3,852
A21200	Interest income	(1,369)	(255)
A22300	Gain on disposal of property, plant and equipment	81	(7)
A23800	Losses on inventory valuation loss (gains on inventory value recovery)	(2,635)	2,103
A29900	Others	(17)	(18)
A30000	Net movements in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	(330)	(47)
A31130	Notes receivable	235	11,019
A31150	Accounts receivable	10,378	(7,902)
A31180	Other receivables	(3,985)	(3,034)
A31200	Inventory	(68,503)	30,650
A31230	Prepayments	19,940	9,375
A31240	Other current assets	(1,280)	(155)
A31990	Net defined benefit assets	(55)	(470)
A32120	Financial liabilities for hedging	1,039	(13,227)
A32125	Contract liabilities	29,045	10,281
A32150	Accounts payable	(1,334)	(2,207)
A32180	Other payables	(8,727)	(7,401)
A32230	Other current liabilities	(98)	(150)
A33000	Cash inflow (outflow) from operations	(4,754)	52,086
A33500	Paid tax returned	(198)	(391)
AAAA	Net cash inflow (outflow) from operating activities	(4,952)	51,695

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Code		For the Three Months Ended March 31	
		2024	2023
	Cash flows from investing activities		
B01600	Proceeds from Financial assets for hedging	\$ 1,520	\$ -
B02000	Increase in Prepayment of investment	(7,500)	-
B02700	Acquisition of property, plant and equipment	(6,446)	(3,301)
B03700	Increase in guarantee deposits paid	(6,979)	-
B03800	Decrease in guarantee deposits paid	-	52
B04500	Acquisition of computer software	(3,644)	-
B06500	Increase in other financial assets	-	(76)
B06600	Decrease in other financial assets	109,136	-
B07500	Interest received	<u>2,125</u>	<u>299</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>88,212</u>	<u>(3,026)</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	47,396	36,854
C00200	Decrease in short-term borrowings	(41,453)	(41,294)
C01200	Proceed from bonds payable	-	214,263
C04020	Repayment of lease principal	(1,485)	(1,435)
C05600	Interest paid	(<u>2,084</u>)	(<u>3,506</u>)
CCCC	Net cash inflow from financing activities	<u>2,374</u>	<u>204,882</u>
DDDD	Effect of movements in exchange rates on cash and cash equivalents	<u>2,577</u>	<u>778</u>
EEEE	Net increase in cash and cash equivalents	88,211	254,329
E00100	Opening balance of cash and cash equivalents	<u>156,980</u>	<u>200,915</u>
E00200	Ending balance of cash and cash equivalents	<u>\$245,191</u>	<u>\$455,244</u>

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(In NT\$ thousand, unless otherwise specified)

I. Company history

ThinTech Materials Technology Co., Ltd. (hereinafter referred to as "the Company") was incorporated in March 2000 and mainly engages in the processing and sales of a variety of thin film sputtering targets and precious metals, as well as trading of general metals.

The Company's stock has been listed on the Taipei Exchange for trading since November 20, 2012.

The consolidated financial statements are presented in the Company's functional currency, i.e., New Taiwan dollar (NTD).

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were published after being approved by the Board of Directors on May 7, 2024.

III. Application of New and Revised Standards and Interpretation

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the IFRSs endorsed and issued into effect by the FSC will not cause a material change in the Group's accounting policies.

- (II) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

(II) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

1. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.

3. Level 3 inputs: Unobservable inputs for assets or liabilities.
- (III) Basis of consolidation

See Note 13 and Tables 5 and 6 for more information on subsidiaries' statements shareholding ratios, and main business).

- (IV) Other significant accounting policies

Except for the following, refer to the summary of significant accounting policies and basis of preparation in the consolidated financial statements for the year ended December 31, 2023.

1. Criteria for Distinguishing 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 from the balance sheet date; and
- (3) cash and cash equivalents (other than those restricted from being used to exchange or settle liabilities for more than 12 months after the balance sheet date).

Current liabilities include:

- (1) Liabilities held primarily for trading purposes;
- (2) liabilities due for settlement within 12 months after the balance sheet date (which are current liabilities even if a long-term refinancing or rescheduling of a payment agreement has been completed after the balance sheet date and before the adoption of the financial statements), and
- (3) liabilities for which there is no substantive right at the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

Liabilities that are not classified as current assets or liabilities as described above are classified as non-current assets or non-current liabilities. If the terms of a liability may be settled by transferring an equity instrument of the Consolidated Company at the option of the counterparty, such terms do not affect the classification of the liability as current or noncurrent if the Group classify the option as an equity instrument.

2. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Group adopts accounting policies, the management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The management will continue to review the estimates and basic assumptions. If a revision of an estimate affects only the current year, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current year and future periods, it is recognized in the year in which it is revised and in the future periods.

The accounting policies, estimates and underlying assumptions used by the Group have been evaluated by the management of the Group and there are no significant accounting judgments, estimates and assumptions that are uncertain.

VI. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and working capital	\$ 412	\$ 537	\$ 530
Demand deposits in banks	129,792	115,336	339,675
Cash equivalents			
Bank demand deposits with initial duration of more than 3 months	104,987	41,107	66,029
Bonds with repurchase agreements	10,000	-	49,010
	<u>\$ 245,191</u>	<u>\$ 156,980</u>	<u>\$ 455,244</u>

VII. Financial instruments at fair value through profit or loss

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets - current			
Mandatorily at fair value through profit or loss			
Derivatives (not designated for hedging)			
Precious metals futures contracts	\$ -	\$ -	\$ 2,257
Forward exchange agreements	-	214	16
Convertible bonds call options and put options,net (Note 18)	640	80	-
	<u>640</u>	<u>294</u>	<u>2,273</u>
Domestic emerging market shares	<u>7,194</u>	<u>6,942</u>	-
	<u>\$ 7,834</u>	<u>\$ 7,236</u>	<u>\$ 2,273</u>
Financial liabilities - current			
Financial liabilities held for trading			
Derivatives (not designated for hedging)			
Convertible bonds call options and put options,net (Note 18)	\$ -	\$ -	\$ 585

The Company's trading of precious metals futures contracts mainly aims to cope with the risks arising from changes in international precious metal prices. The Company's financial hedging strategy is to cope with most of the changes in fair values. Gains and losses on assets arising from the absence of hedge recognized in the financial assets at fair value through profit or loss and liabilities. As of December 31, 2023, all precious metals futures contracts have been due and settled. For unexpired precious metal futures contracts applicable to hedging accounting, please refer to Note 28.

The trading of the Company's forward exchange agreements mainly aims to hedge the risks of foreign-currency assets and liabilities due to exchange rate fluctuations. Due to the failure to adopt hedge accounting, losses of NT\$544 thousand and NT\$31 thousand for the three months ended March 31, 2023 and 2022,, respectively, recognized in the financial assets at fair value through profit or loss and liabilities. As of March 31, 2024, all forward exchange agreements have been due and settled.

At the consolidated balance sheet date, the outstanding forward exchange agreements are as follows:

December 31, 2023	Currency	Due period	Contract amount (in thousands of dollars)
Forward exchange agreements	From USD to NTD	112.04	USD150/NTD4,576

VIII. Financial assets at fair value through other comprehensive income

	March 31, 2024	December 31, 2023	March 31, 2023
Non-current			
Domestic investment			
Emerging market shares	<u>\$ 34,635</u>	<u>\$ 33,422</u>	<u>\$ 43,563</u>

The Company invests in the domestic stocks in alignment with the medium- and long-term strategic purposes and anticipates to make profits through long-term investment. The Company's management believes that if the short-term fair value fluctuations of such investments are recognized in profit or loss, it is inconsistent with the afore-mentioned long-term investment strategy, so it has chosen to designate such investments as at fair value through other comprehensive income.

IX. Notes and accounts receivable and other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable (from operations)			
At amortized cost	<u>\$ 783</u>	<u>\$ 1,018</u>	<u>\$ 1,683</u>
Accounts receivable			
At amortized cost			
Total carrying amount	\$ 266,819	\$ 277,197	\$ 228,184
Less: Allowance for losses	<u>423</u>	<u>193</u>	<u>3</u>
	<u>\$ 266,396</u>	<u>\$ 277,004</u>	<u>\$ 228,181</u>

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	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables			
Business tax refund	\$ 11,477	\$ 7,499	\$ 11,530
Others	<u>136</u>	<u>885</u>	<u>114</u>
	<u>\$ 11,613</u>	<u>\$ 8,384</u>	<u>\$ 11,644</u>
Overdue receivables collected (recognized in other non-current assets)			
At amortized cost			
Total carrying amount	\$ 15,132	\$ 14,855	\$ 15,299
Less: Allowance for losses	<u>15,132</u>	<u>14,855</u>	<u>15,299</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(I) Notes and accounts receivable

The Group's average credit periods for the sales and the production of silver materials are net 7-10 days and 30-120 days after the end of each month, respectively.

The Group prudently assesses its clients, which are companies or institutions with good credit ratings and without significant credit risk expected. However, the Group has an issue of significant client concentration, so the credit concentration risk is high.

To mitigate credit risk, the Group's management assigns a team dedicated to determining and approving clients' credit lines and carrying out other monitoring procedures to ensure that appropriate actions have been taken to recover overdue account receivables. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Group's management believes that its credit risk has been significantly reduced.

The Group recognizes an allowance for losses on accounts receivable on the basis of lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, and industry outlook. Based on the Group's history of credit losses, as there was no significant difference in the loss patterns among different groups of clients, the groups of clients were not further differentiated in the provision matrix, and only expected credit loss ratio was set based on the number of days for which accounts receivable was past due.

When there was evidence indicating that the counterparty was in severe financial difficulty and the Group could not reasonably expect the amount to be recovered, the Group would write off relevant accounts receivable and continued to collect the overdue receivables. The receivable recovered was recognized in profit or loss.

The table below shows the allowance for losses on notes and accounts receivable based on the Group's provision matrix:

March 31, 2024

	Not past due	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-180 days	Identified individually	Total
Total carrying amount	\$ 259,895	\$ 3,573	\$ 887	\$ 3,247	\$ -	\$ 267,602
Allowance for losses (lifetime expected credit losses)	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>(323)</u>	<u>-</u>	<u>(423)</u>
Amortized cost	<u>\$ 259,895</u>	<u>\$ 3,573</u>	<u>\$ 787</u>	<u>\$ 2,924</u>	<u>\$ -</u>	<u>\$ 267,179</u>

December 31, 2023

	Not past due	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-180 days	Identified individually	Total
Total carrying amount	\$ 265,056	\$ 3,443	\$ 9,716	\$ -	\$ -	\$ 278,215
Allowance for losses (lifetime expected credit losses)	-	-	(193)	-	-	(193)
Amortized cost	<u>\$ 265,056</u>	<u>\$ 3,443</u>	<u>\$ 9,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,022</u>

March 31, 2023

	Not past due	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-180 days	Identified individually	Total
Total carrying amount	\$ 224,887	\$ 4,854	\$ 116	\$ 10	\$ -	\$ 229,867
Allowance for losses (lifetime expected credit losses)	-	-	(2)	(1)	-	(3)
Amortized cost	<u>\$ 224,887</u>	<u>\$ 4,854</u>	<u>\$ 114</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 229,864</u>

Movements in the allowance for losses on accounts receivable and overdue receivables are as follows

	For the Three Months Ended March 31			
	2024		2023	
	Accounts receivable	Overdue receivables	Accounts receivable	Overdue receivables
Opening balance	\$ 193	\$ 14,855	\$ 154	\$ 15,308
Provision (reversal) during this year	229	-	(151)	(89)
Foreign currency translation difference	1	277	-	80
Ending balance	<u>\$ 423</u>	<u>\$ 15,132</u>	<u>\$ 3</u>	<u>\$ 15,299</u>

(II) Other receivables

The Group's allowance for losses is provided by estimating the amount that cannot be recovered based on the historical experience, clients' past default records, and their current financial position. As of March 31, 2024 and December 31 and March 31, 2023, there was no balance of an allowance for losses provided.

X. Inventory

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials and supplies	\$ 463,497	\$ 393,184	\$ 540,594
Work in progress	32,355	41,434	24,094
Semi-finished goods	185,984	179,512	209,295
Finished goods	28,581	25,310	29,442
Merchandise	11,670	6,964	7,128
Inventory in transit	<u>4,009</u>	<u>8,655</u>	<u>372</u>
	<u>\$ 726,096</u>	<u>\$ 655,059</u>	<u>\$ 810,925</u>

The costs of inventories recognized as operating costs for the three months ended March 31, 2024 and 2023 were NT\$505,410 thousand and NT\$505,929 thousand , respectively, included an inventory valuation a gain on inventory value recoveries of NT\$2,635 thousand and loss of NT\$2,103 thousand. The increase in net realizable value of inventories was due to the increase

in selling prices of inventories in specific markets and the reversal of losses on inventories for which a decline in value had been recorded.

XI.	<u>Prepayments</u>	March 31, 2024	December 31, 2023	March 31, 2023
	Prepayments to suppliers	\$ 32,206	\$ 48,717	\$ 14,408
	Prepaid expenses	9,084	12,513	8,547
	Prepayment of investment	7,500	-	-
		<u>\$ 48,790</u>	<u>\$ 61,230</u>	<u>\$ 22,955</u>
XII.	<u>Other Financial Assets - Current</u>	March 31, 2024	December 31, 2023	March 31, 2023
	Time deposits with the initial duration of more than 3 months	\$ -	\$ 92,115	\$ -
	Pledged time deposits (Note 30)	4,069	21,090	20,972
	Deposits for projects	8,121	8,121	-
		<u>\$ 12,190</u>	<u>\$ 121,326</u>	<u>\$ 20,972</u>

XIII. Subsidiary

Entities covered by the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Nature of business	Shareholding (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	Thintech Global Limited (TTGL)	An investment holding company	100	100	100
TTGL	Taichang TCMC, Ltd. (Taichang TCMC)	Manufacturing and sales of metal targets	100	100	100

In order to strengthen the group's operating synergy and resource integration, the company passed the shareholders' meeting resolution in June 2023 to acquire 70% equity of Changzhou China Steel Precision Materials Co., Ltd. (CSPM), a subsidiary of China Steel Corporation (CSC). The acquisition consideration is as follows:

(1) The company plans to acquire a 35% stake in CSPM from China Steel Asia Pacific Holdings Pte. Ltd., a subsidiary of CSC, for US\$23,168 thousand.

(2) The company plans to issue 27,471 thousand new shares of common stock and conduct a share exchange with OmniGains Investment Corporation (OmniGains), a subsidiary of Gains Investment Co. The share exchange ratio is 1.18571427 common shares of the company for every 1 share of OmniGains common stock. The company will indirectly acquire 35% equity of CSPM.

The above acquisitions were reported effective March 2024 upon receipt of the TPEx approval letter.

XIV. Investments Using the Equity Method

Investments in affiliates

	March 31, 2024	December 31, 2023	March 31, 2023
Individually immaterial affiliates	<u>\$ 35,609</u>	<u>\$ 33,688</u>	<u>\$ 32,156</u>

The Company's total shareholdings in the investees valued using the equity method and the parent company, China Steel Corporation, and its sister companies reach 20% or more, so they are valued using the equity method.

The share of profit or loss and other comprehensive income of associates for the three months ended March 31, 2023 and 2022, were calculated based on the reviewed financial statements. The Corporation's management considered the use of unreviewed financial statements as acceptable and will not have material impact on both the investments and income accounted for using the equity method.

XV. Property, plant and equipment

For the three months ended March 31 2024

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
<u>Cost</u>							
Balance as of January 1, 2024	\$ 380,602	\$ 446,677	\$ 20,214	\$ 26,461	\$ 68,068	\$ 47,806	\$ 989,828
Additions	140	260	-	685	154	205	1,444
Disposal	-	(418)	-	-	-	-	(418)
Net exchange difference	<u>1,333</u>	<u>1,003</u>	<u>50</u>	<u>43</u>	<u>353</u>	<u>-</u>	<u>2,782</u>
Balance as of March 31, 2024	<u>382,075</u>	<u>447,522</u>	<u>20,264</u>	<u>27,189</u>	<u>68,575</u>	<u>48,011</u>	<u>993,636</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2024	216,156	405,310	17,867	21,932	61,807	-	723,072
Depreciation	3,396	2,381	340	582	479	-	7,178
Disposal	-	(418)	-	-	-	-	(418)
Net exchange difference	<u>790</u>	<u>751</u>	<u>32</u>	<u>40</u>	<u>324</u>	<u>-</u>	<u>1,937</u>
Balance as of March 31, 2024	<u>220,342</u>	<u>408,024</u>	<u>18,239</u>	<u>22,554</u>	<u>62,610</u>	<u>-</u>	<u>731,769</u>
Net amount as of December 31, 2023	<u>\$ 164,446</u>	<u>\$ 41,367</u>	<u>\$ 2,347</u>	<u>\$ 4,529</u>	<u>\$ 6,261</u>	<u>\$ 47,806</u>	<u>\$ 266,756</u>
Net amount as of March 31, 2024	<u>\$ 161,733</u>	<u>\$ 39,498</u>	<u>\$ 2,025</u>	<u>\$ 4,635</u>	<u>\$ 5,965</u>	<u>\$ 48,011</u>	<u>\$ 261,867</u>

For the three months ended March 31 2023

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
<u>Cost</u>							
Balance as of January 1, 2023	\$ 373,689	\$ 439,011	\$ 20,264	\$ 25,622	\$ 66,780	\$ 26,181	\$ 951,547
Additions	146	1,453	-	-	-	3,022	4,621
Disposal	-	-	-	-	(15)	-	(15)
Net exchange difference	<u>377</u>	<u>293</u>	<u>15</u>	<u>12</u>	<u>100</u>	<u>-</u>	<u>797</u>
Balance as of March 31, 2023	<u>374,212</u>	<u>440,757</u>	<u>20,279</u>	<u>25,634</u>	<u>66,865</u>	<u>29,203</u>	<u>956,950</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2023	203,587	408,550	16,532	20,019	62,049	-	710,737
Depreciation	3,242	2,674	342	532	391	-	7,181
Disposal	-	-	-	-	(15)	-	(15)
Net exchange difference	<u>196</u>	<u>199</u>	<u>7</u>	<u>11</u>	<u>89</u>	<u>-</u>	<u>502</u>
Balance as of March 31, 2023	<u>207,025</u>	<u>411,423</u>	<u>16,881</u>	<u>20,562</u>	<u>62,514</u>	<u>-</u>	<u>718,405</u>
Net amount as of March 31, 2023	<u>\$ 167,187</u>	<u>\$ 29,334</u>	<u>\$ 3,398</u>	<u>\$ 5,072</u>	<u>\$ 4,351</u>	<u>\$ 29,203</u>	<u>\$ 238,545</u>

Based on the business strategy plan, as the recoverable amount of the Company's equipment for producing silver powder and conductive adhesive was lower than its book value, it was recognized in impairment losses. As of March 31, 2024, the cumulative impairment of the equipment was NT\$1,615 thousand.

The Group's property, plant and equipment are depreciated on a straight-line basis over the useful lives below:

Buildings	2 to 35 years
Machinery equipment	2 to 16 years
Transportation equipment	4 to 8 years
Office equipment	2 to 5 years
Other equipment	2 to 11 years

Please refer to Note 16 for the information on the locations of the Group's plants leased from the government.

Please refer to Note 30 for the amount of property, plant and equipment provided by the Company as collateral for borrowings.

XVI. Lease agreements

(I) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of right-of-use assets			
Land	\$ 121,661	\$ 117,599	\$ 122,696
Transportation equipment	94	135	256
Office equipment	30	40	101
	<u>\$ 121,785</u>	<u>\$ 117,774</u>	<u>\$ 123,053</u>
	For the Three Months Ended March 31		
	2024	2023	
Additions to right-of-use assets	<u>\$ 5,500</u>	<u>\$ -</u>	
Right-of-use asset depreciation expenses			
Land	\$ 1,676		\$ 1,597
Transportation equipment	40		70
Office equipment	10		21
	<u>\$ 1,726</u>		<u>\$ 1,688</u>

In addition to the additions and those recognized in depreciation expenses above, the Group's right-of-use assets were not significantly subleased or impaired for the three months ended March 31, 2024 and 2023.

(II) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 5,920</u>	<u>\$ 5,671</u>	<u>\$ 5,667</u>
Non-current	<u>\$ 107,085</u>	<u>\$ 103,319</u>	<u>\$ 107,574</u>

The range of discount rates for lease liabilities is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.6007	1.6007	1.6007
Transportation equipment	0.6487	0.6487~0.7616	0.6487~0.7616
Office equipment	5.774	5.774~6.071	5.774~6.071

(III) Major lease activities and terms

The Company has leased land from the government in the Kaohsiung Industrial Park in the Southern Taiwan Science Park. The lease term will expire in May 2027. According to the lease agreement, the Company may sign a new agreement with the government when the lease term ends, but the government may adjust the rent when the assessed present value increases and may terminate the lease under certain conditions.

The land use right acquired by the Company's subsidiary, Taicang TCMC, in September 2012 in mainland China, with a useful life of 50 years will expire in September 2062.

(IV) Other lease information

	March 31, 2024	March 31, 2023
Short-term lease and low-value asset lease expenses	\$ 93	\$ 84
Total cash outflows from leases	\$ 2,034	\$ 1,977

The Group has elected to apply the recognition exemptions to the leases of buildings, transportation equipment and other equipment that qualify as short-term and low-value asset leases and does not recognize such leases in relevant right-of-use assets and lease liabilities.

XVII. Short-term Borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank borrowings	\$ 127,223	\$ 118,993	\$ 137,361
Unsecured bank borrowings	<u>12,122</u>	<u>11,899</u>	<u>8,862</u>
	<u>\$ 139,345</u>	<u>\$ 130,892</u>	<u>\$ 146,223</u>
Annual rate of interest (%)			
Secured borrowings	3.75~4.31	3.8~4.49	3.77~3.8
Unsecured borrowings	3.8	3.8	4.1

XVIII. Bonds Payable

	March 31, 2024	December 31, 2023	March 31, 2023
(1) Liability component			
1.Proceeds from issuance	\$ 199,900	\$ 199,900	\$ 200,000
Deduction: Discount of corporate bonds payable	8,956	8,956	8,960
Issuance cost of bonds payable	<u>4,637</u>	<u>4,637</u>	<u>4,639</u>
Original amortized cost	186,307	186,307	186,401
Addition:Discount amortization	<u>4,537</u>	<u>3,421</u>	<u>109</u>
	190,844	189,728	186,510
Less: Execution of sell-back rights within one year	<u>190,844</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$189,728</u>	<u>\$186,510</u>
2. Financial assets at FVTPL : call and put options	(\$ <u>640</u>)	(\$ <u>80</u>)	\$ <u>585</u>
(2) Components of equity			
Common stock options	\$ 27,956	\$ 27,956	\$ 27,956
Deduction: Issuance cost - stock option	<u>679</u>	<u>679</u>	<u>679</u>
Original capital surplus-stock options	27,277	27,277	27,277
Deduction: Converted into ordinary shares	<u>13</u>	<u>13</u>	<u>-</u>
Capital surplus-stock options	<u>\$ 27,264</u>	<u>\$ 27,264</u>	<u>\$ 27,277</u>

In March 2023, the Corporation issued secured domestic convertible bonds at par and conducted public underwriting through bidding auction, The issuance price was NT109.8, total amount issued was NT\$219,595 thousand with a face value of NT\$100 thousand each, zero coupon rate and issuance period of 3 years from March 2023 to March 2026. Bank SinoPac acted as guarantee banks. The creditors may request the bonds to be converted into the Corporation's ordinary shares in accordance with the terms of conversion after three months from the issue date.(except for the prescribed relevant transfer period). The holder of each unit of corporate bonds has the right to convert into ordinary shares of the company at NT\$30.9 per share. After the conversion price is determined, if there is an ex-right or ex-dividend, it should be adjusted according to the conversion price adjustment formula. As of March 31, 2024, the conversion price will be adjusted to NT\$30.1. After two years from the issue date, the bondholders may request the Company to redeem the bond in cash at 100.5006% of the par value (yield to put of 0.25% per annum) within 5 business days after the benchmark date. From the day following the

3-month issuance period to 40 days before the expiration date, if the closing price of the Company's ordinary shares exceeds the conversion price by 30% for 30 consecutive business days or when the outstanding balance of bonds is less than 10% of the total face value of the original issue, the Company may redeem the outstanding convertible bonds in cash at face value within 5 business days after the benchmark date. As of March 31, 2024 and December 31, 2023, the conversion situation of the third convertible corporate bonds by the company situation was as follows:

	March 31, 2024	December 31, 2023
The conversion and redemption situation		
Number of ordinary shares converted from bonds (in thousands)	3	3
Amount of ordinary shares converted from bonds	\$ 32	\$ 32
Face amount of corporate bonds that have been converted	100	100
Write-off capital surplus - redemption	13	13
Capital reserve generated - conversion premium from bonds	75	75

The derivatives embedded in the bonds, including put options and redemption options were recognized separately from the host contract - corporate bonds as financial instruments at fair value through profit or loss (Note 7) and measured at fair value in accordance with IAS 32 and IFRS 9.

XIX. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Salary and wages and bonuses payable	\$ 7,852	\$ 16,260	\$ 11,107
Processing fees payable	6,098	5,770	1,415
Employee remuneration and directors' remuneration payable	4,222	3,346	8,039
Consumable costs payable	3,438	4,355	2,894
Pension payable	2,138	2,022	3,261
Information payment	1,369	3,447	-
Purchase of equipment	88	5,090	-
Issuance cost of bonds payable	-	-	5,021
Import and export charges payable	-	-	4,570
Others	17,843	16,487	19,705
	<u>\$ 43,048</u>	<u>\$ 56,777</u>	<u>\$ 56,012</u>

XX. Post-employment benefit plans

(I) Defined contribution pension plan

The Company adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

(II) Defined benefit plan

Employee benefit expenses in respect of the Company defined benefit retirement plans were calculated using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

XXI. Equity
(I)

Ordinary share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized number of shares (in thousands)	<u>150,000</u>	<u>150,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>73,501</u>	<u>73,501</u>	<u>73,498</u>
Share capital publicly offered	<u>\$ 589,601</u>	<u>\$ 589,601</u>	<u>\$ 589,569</u>
Share capital through private placement			
Initial share capital publicly offered	140,000	140,000	140,000
Share capital received due to capitalization of earnings	<u>5,411</u>	<u>5,411</u>	<u>5,411</u>
	<u>145,411</u>	<u>145,411</u>	<u>145,411</u>
Share capital already publicly offered	<u>\$ 735,012</u>	<u>\$ 735,012</u>	<u>\$ 734,980</u>

As of March 31, 2024, applications have been made to convert corporate bonds with a face value of 100 thousand into 3 thousand ordinary shares of the company. The base date for capital increase is November 2, 2023, and the change registration has been completed.

To enrich the working capital, repay debts, and attract strategic investors, the Company conducted a private placement of 7,000,000 ordinary shares in 2010 and 2011, respectively, at the issue prices of NT\$16 and NT\$35.7, respectively. The difference between the par value and the issue price was recognized in "capital surplus - additional paid-in capital".

In principle, the rights and obligations of the ordinary shares in the private placements are the same as those of the ordinary shares issued by the Company.

(II) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
For loss make-up, payment in cash or capitalization as equity (Note)			
Additional paid-in capital - issuance of shares	\$ 283,336	\$ 283,336	\$ 283,336
Additional paid-in capital - conversion of corporate bonds	39,882	39,882	39,807
Stock options invalidated	1,469	1,469	1,469
Treasury shares traded	69	69	69
May not be used for any purpose			
Convertible corporate debt options	<u>27,264</u>	<u>27,264</u>	<u>27,277</u>
	<u>\$ 352,020</u>	<u>\$ 352,020</u>	<u>\$ 351,958</u>

Note: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(III) Retained earnings and dividend policy

As per the earnings distribution policy, where the Company makes a profit for a fiscal year, the profit shall be first used for paying the tax in accordance with the laws and regulations, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution.

The industry, in which Company is in, is still growing. We must take into account the current and future operating conditions and focus on the stability of dividends when drawing up a dividend policy. When the Company has cumulative distributable earnings, the amount to be distributed shall not be lower than 50%, of which the cash dividends to be distributed shall not be lower than 50% of the total amount to be distributed.

The legal reserve may be used to offset losses. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out in cash.

The 2023 and 2022 earnings distribution proposals approved by the resolution of the Company's general shareholders' meetings in April 2024 and June 2023 are as follows:

	Earnings distribution proposals		Dividend per share (NTD)	
	2023	2022	2023	2022
Legal reserve	\$ 4,352	\$ 8,476		
Reversal of special reserve	-	(3,660)		
Cash dividend	<u>44,101</u>	<u>73,498</u>	\$ 0.6	\$ 1.0
	<u>\$ 48,453</u>	<u>\$ 78,314</u>		

(IV) Other equity items

1. Exchange differences arising from the translation of the financial statements of foreign operations

	For the Three Months Ended March 31	
	2024	2023
Opening balance	(\$ 4,012)	(\$ 2,959)
Exchange differences arising from the translation of the financial statements of foreign operations	946	306
Ending balance	<u>(\$ 3,066)</u>	<u>(\$ 2,653)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Opening balance	\$ 8,662	\$ 3,545
Incurring during the year		
Equity instruments - unrealized gains and losses	1,213	11,836
Shares of affiliates using the equity method	2,058	3,168
Cumulative gains and losses from the disposal of equity instruments by affiliates transferred to retained earnings	(1,669)	(689)
Ending balance	<u>\$ 10,264</u>	<u>\$ 17,860</u>

XXII. Revenue

	For the Three Months Ended March 31	
	2024	2023
Revenue from customer contracts		
Merchandise sales revenue	<u>\$547,895</u>	<u>\$549,032</u>

(I) Balance of contracts

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable	<u>\$ 783</u>	<u>\$ 1,018</u>	<u>\$ 1,683</u>	<u>\$ 12,702</u>
Accounts receivable	<u>\$266,396</u>	<u>\$277,004</u>	<u>\$228,181</u>	<u>\$220,039</u>
Contract liabilities - current				
Merchandise sales	\$ 2,014	\$ 1,770	\$ 2,917	\$ 11,165
Collection of clients' scrapped targets in advance	<u>52,350</u>	<u>23,549</u>	<u>52,867</u>	<u>34,338</u>
	<u>\$ 54,364</u>	<u>\$ 25,319</u>	<u>\$ 55,784</u>	<u>\$ 45,503</u>

The movements in contract liabilities mainly arise from the difference between the point at which performance obligations are satisfied and the point at which clients pay.

The amounts of contract liabilities from the beginning of the year recognized in revenue for this year are as follows:

	For the Three Months Ended March 31	
	2024	2023
Merchandise sales revenue	<u>\$ 122</u>	<u>\$ 11,017</u>

(II) Details of revenue from customer contracts

For the three months ended March 31, 2024

	The Company	Taicang TCMC	Total
Major regional markets			
Taiwan	\$482,859	\$ 5,769	\$488,628
Asia	22,277	32,280	54,557
The Americas	3,495	-	3,495
Europe	-	1,215	1,215
	<u>\$508,631</u>	<u>\$ 39,264</u>	<u>\$547,895</u>
Major products			
Sputtering targets	\$114,736	\$ 34,357	\$149,093
Precious metals	341,866	903	342,769
Others	52,029	4,004	56,033
	<u>\$508,631</u>	<u>\$ 39,264</u>	<u>\$547,895</u>

For the three months ended March 31, 2023

	<u>The Company</u>	<u>Taicang TCMC</u>	<u>Total</u>
<u>Major regional markets</u>			
Taiwan	\$ 482,478	\$ 907	\$ 483,385
Asia	14,116	49,550	63,666
The Americas	1,123	-	1,123
Europe	-	858	858
	<u>\$ 497,717</u>	<u>\$ 51,315</u>	<u>\$ 549,032</u>
<u>Major products</u>			
Sputtering targets	\$ 95,889	\$ 43,835	\$ 139,724
Precious metals	350,646	412	351,058
Others	51,182	7,068	58,250
	<u>\$ 497,717</u>	<u>\$ 51,315</u>	<u>\$ 549,032</u>

XXIII. Net income before tax

Net income before tax includes the following components:

(I) Other income

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Technical service income	\$ -	\$ 6,000
Others	95	300
	<u>\$ 95</u>	<u>\$ 6,300</u>

(II) Other gains and losses

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Net foreign exchange gain or loss	\$ 10,189	(\$ 704)
Net gain or loss on financial assets and liabilities at fair value through profit or loss	268	(31)
Hedging ineffectiveness gains and losses		
The ineffective part of fair value hedging	3,266	-
Others	(<u>1</u>)	(<u>44</u>)
	<u>\$ 13,722</u>	<u>(\$ 779)</u>

The above net foreign exchange gains and losses are as follows:

	For the Three Months Ended March 31	
	2024	2023
Total foreign exchange gains	\$ 13,596	\$ 1,712
Total foreign exchange losses	(3,407)	(2,416)
Net gains or losses	<u>\$ 10,189</u>	<u>(\$ 704)</u>

(III) Financial costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank borrowings	\$ 1,456	\$ 1,655
Interest on silver materials borrowed	172	1,630
Interest on the lease liabilities	456	458
Convertible corporate bond interest	<u>1,116</u>	<u>109</u>
	<u>\$ 3,200</u>	<u>\$ 3,852</u>

(IV) Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Depreciation		
Property, plant and equipment	\$ 7,178	\$ 7,181
Right-of-use assets	<u>1,726</u>	<u>1,688</u>
	<u>\$ 8,904</u>	<u>\$ 8,869</u>
Amortization		
Computer software	\$ 274	\$ 35
Others	<u>236</u>	<u>545</u>
	<u>\$ 510</u>	<u>\$ 580</u>
Depreciation aggregated by function		
Operating cost	\$ 7,425	\$ 7,506
Operating expense	<u>1,479</u>	<u>1,363</u>
	<u>\$ 8,904</u>	<u>\$ 8,869</u>
Amortization aggregated by function		
Operating cost	\$ 260	\$ 369
Operating expense	<u>250</u>	<u>211</u>
	<u>\$ 510</u>	<u>\$ 580</u>

(V) Employee benefit expenses

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits		
Salary and wages	\$ 44,737	\$ 42,452
Labor and health insurance	4,383	4,458
Others	<u>3,563</u>	<u>3,286</u>
	<u>52,683</u>	<u>50,196</u>
Post-employment benefits		
Defined contribution pension plan	2,456	2,581
Defined benefit plan	(<u>54</u>)	(<u>44</u>)
	<u>2,402</u>	<u>2,537</u>
Termination benefits		
Other employee benefits	<u>317</u>	<u>-</u>
	<u>\$ 55,402</u>	<u>\$ 52,733</u>
Aggregated by function		
Operating cost	\$ 33,929	\$ 34,164
Operating expense	<u>21,473</u>	<u>18,569</u>
	<u>\$ 55,402</u>	<u>\$ 52,733</u>

The Company offsets the cumulative deficit with the income before tax, less employee remuneration and directors' remuneration, for the year and then distributes no lower than 0.1% of the balance as employee remuneration and no higher than 0.1% of the balance as directors' remuneration. The estimated for the three months ended March 31, 2024 and 2023 employee remuneration and directors' remuneration are as follows:

	For the Three Months Ended March 31	
	2024	2023
Employee remuneration	\$ 783	\$ 632
Directors' remuneration	94	74

The Company's 2023 and 2022 employee remuneration and directors' remuneration resolved by the Board of Directors in February 2024 and February 2023, respectively (all paid out in cash) are as follows:

	2023	2022
Employee remuneration	\$ 2,993	\$ 6,561
Directors' remuneration	352	772

If there is a change in the amount after the release date of the annual consolidated financial statements are approved, the change will be accounted for as a change in accounting estimate and the adjustment accounted for in the following year.

The amounts of the employee remuneration and directors' remuneration resolved by the Board of Directors in February 2024 and February 2023 were different from those recognized in the 2023 and 2022 consolidated financial statements. The differences were adjusted for the three months ended March 31, 2024 and 2023 profit and loss, respectively.

	2023		2022	
	Employee remuneration	Directors' remuneration	Employee remuneration	Directors' remuneration
Amount to be distributed by the resolution of the Board of Directors	<u>\$ 2,993</u>	<u>\$ 352</u>	<u>\$ 6,561</u>	<u>\$ 772</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 2,994</u>	<u>\$ 352</u>	<u>\$ 7,003</u>	<u>\$ 824</u>

For information on the remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

XXIV. Income tax

(I) Income tax recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
Deferred tax		
Incurred during this year	<u>\$ 2,950</u>	<u>\$ 2,108</u>

(II) Income tax return approval

The Company's profit-seeking enterprise income tax returns filed up to 2021 have been approved by the tax authority.

XXV. Earnings Per Share

The net income (attributable to the owners of the Company) and weighted average number of ordinary shares used to calculate earnings per share are as follows:

	For the Three Months Ended March 31	
	2024	2023
Net profit for the year attributable to owners of the Corporation	\$ 10,602	\$ 8,331
Effect of dilutive potential ordinary shares		
After-tax interest and valuation of convertible bonds	<u>446</u>	<u>-</u>
Earning used in the computation of diluted earnings per share	<u>\$ 11,048</u>	<u>\$ 8,331</u>

Number of shares

	Unit: In thousands of shares	
	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used to calculate the basic earnings per share	73,501	73,498
Influence of potential common stock with dilutive effect:		
Employee remuneration	57	151
convertible bonds	<u>6,641</u>	<u>-</u>
Weighted average number of ordinary shares used to calculate the diluted earnings per share	<u>80,199</u>	<u>73,649</u>

If the Company may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be considered when the diluted earnings per share is calculated before the following year's shareholders' meeting resolves a decision on the number of shares distributed for employee remuneration.

XXVI. Government grants

Subsidiaries, Taicang TCMC and TUMC have, officially went into production. As per the investment agreements, they obtained government grants of NT\$3,802 thousand and NT\$5,420 thousand (787 thousand RMB and 1,122 thousand RMB), respectively, totaling NT\$9,222 thousand, related to the costs of plant construction in July 2013. The amounts were reclassified to profit or loss during the useful lives of the relevant assets. However, the Company sold the entire equity in its subsidiary, TUMC, in March 2019, so the long-term unearned revenue of NT\$4,554 thousand was recognized. As of March 31, 2024 and December 31 and March 31, 2023, the balances that have not been reclassified to profit or loss were NT\$2,709 thousand , NT\$2,676 and NT\$2,794 thousand, which were included in long-term unearned revenue. The revenue generated for the three months ended March 31 ,2024 and 2023 was NT\$17 thousand and NT\$18 thousand, respectively, which were recognized in other income.

XXVII. Capital risk management

The Group engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. The Group's capital structure consists of net liability and equity and is not subject to other external

XXVIII. Financial instruments

- (1) Fair value of financial instruments that are not measured at fair value

The Management Team of Group believe that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values.

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

1. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
March 31, 2024				
Financial assets at fair value through profit or loss				
Emerging market shares	\$ -	\$ -	\$ 7,194	\$ 7,194
Convertible bonds call options and put options, net	-	-	640	640
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,834</u>	<u>\$ 7,834</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 15,753</u>	<u>\$ -</u>	<u>\$ 15,753</u>
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,635</u>	<u>\$ 34,635</u>
December 31, 2023				
Financial assets at fair value through profit or loss				
Forward exchange agreements	\$ -	\$ 214	\$ -	\$ 214
Emerging market shares	-	-	6,942	6,942
Convertible bonds call options and put options, net	-	-	80	80
	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 7,022</u>	<u>\$ 7,236</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 14,007</u>	<u>\$ -</u>	<u>\$ 14,007</u>

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	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	\$ -	\$ -	\$ 33,422	\$ 33,422
March 31, 2023				
Financial assets at fair value through profit or loss				
Precious metals futures contracts	\$ -	\$ 2,257	\$ -	\$ 2,257
Forward exchange agreements	-	16	-	16
	\$ -	\$ 2,273	\$ -	\$ 2,273
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	\$ -	\$ -	\$ 43,563	\$ 43,563
Financial liabilities at fair value through profit or loss				
Convertible bonds call options and put options, net	\$ -	\$ -	\$ 585	\$ 585

There were no transfers between Level 1 and Level 2 fair values for the three months ended March 31, 2024 and 2023.

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

	Financial assets at fair value through profit or loss held for trading	
	For the Three Months Ended March 31	
Financial assets	2024	2023
Opening balance	\$ 6,942	\$ -
Recognized in profit or loss (Other gains and losses)	252	-
Ending balance	\$ 7,194	\$ -

	Financial assets at fair value through other comprehensive income	
	Equity instruments	
	For the Three Months Ended March 31	
Financial assets	2024	2023
Opening balance	\$ 33,422	\$ 31,727
Recognized in other comprehensive income	<u>1,213</u>	<u>11,836</u>
Ending balance	<u>\$ 34,635</u>	<u>\$ 43,563</u>

	Financial Liability (assets) at fair value through profit or loss	
	Convertible bonds call options and put options, net	
	For the Three Months Ended March 31	
Financial liabilities	2024	2023
Opening balance	(\$ 80)	\$ -
Additions	-	585
Recognized in profit or loss (Other gains and losses)	(<u>560</u>)	<u>-</u>
Ending balance	(<u>\$ 640</u>)	<u>\$ 585</u>

3. Valuation techniques and inputs for Level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Derivatives - precious metals futures contracts	There is no market price available as a reference for the precious metals futures contracts traded by the Company, and such contracts were estimated through valuation. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.
Derivatives - forward exchange agreements	The Company estimated the future cash flow based on the observable forward exchange rates and the exchange rates specified in the agreements at the end of the period and discounted each of them at a discount rate that could reflect each counterparty's credit risk. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.

4. Valuation techniques and inputs for Level 3 fair value measurement

Derivative financial instruments - convertible bonds were determined using the binomial option pricing model, where the unobservable input is stock market volatility, risk-free interest rate, discount rate and liquidity risk.

For market shares of emerging stock board company, fair values were estimated on the basis of the closing price and the liquidity discount on the balance sheet date.

The fair values of unlisted stocks were estimated with reference to the trading prices and the liquidity discount.

(III) Types of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
At fair value through profit or loss - mandatorily at fair value through profit or loss	\$ 7,834	\$ 7,236	\$ 2,273
Financial assets for hedging	15,753	14,007	-
Financial assets at amortized cost (Note 1)	546,464	568,024	721,214
Financial assets at fair value through other comprehensive income - investment in equity instruments	34,635	33,422	43,563
<u>Financial liabilities</u>			
At fair value through profit or loss-held for trading	-	-	585
Financial liabilities for hedging	82,071	81,032	225,833
At amortized cost (Note 2)	390,245	395,739	406,303

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, net, other receivables, other financial assets - current, and guarantee deposits paid.

Note 2: The balance represents financial liabilities at amortized cost, including short-term borrowings, accounts payable, other payables and bonds payable.

(IV) Purpose and policy of financial risk management

The Group's main financial instruments include notes receivable, accounts receivable, net, short-term borrowings, accounts payable, bonds payable, and lease liabilities. The Group's Management Department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group adopts derivatives to avoid risk of exposure, thereby reducing the impact of these risks. The trading of derivatives is regulated by the policies approved by the Group's Board of Directors; such policies are the written principles to regulate exchange rate risk, interest rate risk, credit risk, trading of derivatives and non-derivatives, and investment with surplus liquidity. Internal auditors continue to review the compliance with the policies and the amounts exposed to such risks. The Group does not trade financial instruments (including derivatives) for speculative purposes.

Market risk

1. Exchange rate risk

The Group's silver material transactions are all denominated in non-functional currency (USD). In addition, part of the income from processing services is traded in a non-functional currency, which has resulted in exchange rate fluctuation risk. The Group has adopted derivatives, such as forward foreign exchange agreements to reduce the exchange rate risk.

Please refer to Note 32 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

The Group is mainly affected by the exchange rate fluctuations of the USD, RMB, and JPY. The table below details the Company's sensitivity analysis when the exchange rate of the Group's functional currency against the USD, RMB, and JPY increased and decreased by 1%. One percent is the sensitivity rate used in reporting the exchange rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation. The table below shows the influence on profit and loss before tax when the Group's functional currency depreciated by 1% against the USD, RMB, and JPY:

	For the Three Months Ended March 31	
	2024	2023
USD	<u>\$ 1,991</u>	<u>\$ 1,047</u>
RMB	<u>\$ 29</u>	<u>\$ 331</u>
JPY	<u>\$ 151</u>	<u>\$ 279</u>

Note: It is mainly due to the USD, RMB, and JPY including cash and cash equivalents, accounts receivable, other receivables, guarantee deposits paid, accounts payable, and other payables still in circulation on the balance sheet date, the cash flows of which have not been hedged.

The management believes that sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures. Sales denominated in USD will vary with clients' orders and spot prices.

2. Exchange rate risk

Interest rate exposures arise when the Group borrows funds at both fixed and floating interest rates. The Group diversifies the risk of interest rate changes by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities exposed to the interest rate risk on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 10,000	\$ -	\$ 49,010
Financial liabilities	303,849	298,718	113,241
Cash flow interest rate risk			
Financial assets	129,792	115,336	339,675
Financial liabilities	139,345	130,892	146,223

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities at floating rates, the analysis is based on the assumption that the amounts of the liabilities outstanding at the balance sheet date were all outstanding throughout the reporting period. An increase or decrease in interest rates by 1% is the sensitivity rate adopted in reporting the interest rate

risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in interest rates.

If the interest rate decreased/increased by 1%, with all other variables remaining unchanged, the Group's net income before tax for the three months ended March 31, 2023 and 2022 would have decreased/increased by NT\$348 thousands and NT\$366 thousands, respectively.

(IV) Other price risks

The Group signed precious metal borrowing contracts with suppliers with the prices being the quotes in the international precious metal market, plus a certain percentage of profit margin. To manage the inventory exposed to the risk of precious metals prices, the Group adopts the international precious metal borrowing contracts in the same category and quantity as the fair value risk hedging instrument for the precious metal price risk component contained in the inventory. As per the historical experience, the movements in the fair values of the designated precious metal price risk components cover the movements in prices of the overall contracts on average, so the market price risk is not significant.

Hedge accounting

The Group minimizes its fair value exposures of financial liabilities to price fluctuations of precious metals by entering into precious metal borrowing contracts and minimizes its fair value of inventory exposures to price fluctuations of precious metals by entering into precious metal futures contracts. The fair value of the precious metal borrowing transactions at the end of the reporting period is determined by the price of the precious metal. The fair value of the precious metal futures transactions at the end of the reporting period is estimated based on the spot position of the underlying assets linked to the held derivative instruments.

The above precious metal borrowing transactions and precious metals futures contracts matched the terms of financial liabilities. As per the Group's qualitative assessment, precious metal borrowing transactions and precious metals futures contracts and the values of hedged financial items will change in reverse in a systematic manner due to the movements in the hedged international precious metal prices. The hedge ineffectiveness mainly comes from the influence of the credit risk between the Group and the counterparties on the fair values of the precious metal borrowing transactions. The credit risk will not affect the hedged items due to the movements in the fair values of the international precious metal prices. No other sources of hedge ineffectiveness appeared during the hedge period.

The information on the hedging of the risk from the movements in the international precious metal prices exposed to the Group is aggregated as follows:

March 31, 2024

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	\$ 82,071	-	Financial liabilities for hedging	\$ 82,071	\$ -
Sell futures contracts-Silver	66,658	113.05	Financial Assets for hedging	15,753	(3,484)
Sell futures contracts-Silver	70,788	113.03	Financial Assets for hedging	-	3,581

			Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
	Carrying amount	Cumulative fair value adjustments	
Hedged items	Assets	Assets	
Fair value hedge			
Inventory - Borrowing materials for hedging	\$ 82,071	\$ -	\$ -
Inventory - futures contracts	68,716	3,117	3,117
	<u>\$150,787</u>	<u>\$ 3,117</u>	<u>\$ 3,117</u>

December 31, 2023

					Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	
Fair value hedge					
Precious metal borrowing contracts	\$ 81,032	-	Financial liabilities for hedging	\$ 81,032	\$ -
Sell futures contracts-Silver	67,944	113.01	Financial Assets for hedging	14,007	(155)
Sell futures contracts-Silver	67,732	112.11	Financial Assets for hedging	-	1,236

					Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
	Carrying amount	Cumulative fair value adjustments			
Hedged items	Assets	Assets			
Fair value hedge					
Inventory - Borrowing materials for hedging	\$ 81,032	\$ -			\$ -
Inventory - futures contracts	80,570	103			103
	<u>\$161,602</u>	<u>\$ 103</u>			<u>\$ 103</u>

March 31, 2023

					Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	
Fair value hedge					
Precious metal borrowing contracts	<u>\$ 225,833</u>	-	Financial liabilities for hedging	<u>\$ 225,833</u>	<u>\$ -</u>

			Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
	Carrying amount	Cumulative fair value adjustments	
Hedged items	Assets	Assets	
Fair value hedge			
Inventory	<u>\$ 225,833</u>	\$ -	\$ -

(VI) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance by counterparties is from the carrying amounts of financial assets recognized in consolidated balance sheets.

Except for a small number of clients whose accounts receivable and overdue receivable were estimated to be irrecoverable with significant credit risks and an allowance for such losses already provide, the Group's clients are all companies with good credit ratings. The business unit grants each of such clients a credit line based on the credit investigation results and regularly tracks their payment status; thus, no significant credit risk is expected.

The Group's receivables are significantly concentrated in certain clients, most of whom engage in similar business activities with similar economic characteristics, and their ability to perform contracts is also similarly influenced by their financial positions or other conditions, so significant credit risk concentration exists. The balance of accounts receivable from clients, on which the credit risk is significantly concentrated, (accounting for 10% or more of the balance of notes receivable, accounts receivable, and other receivables) is as follows:

Name of client	March 31, 2024	December 31, 2023	March 31, 2023
Company A	\$ 84,431	\$ 87,111	\$ 78,080
Company B	42,640	39,037	15,808
Company C	25,127	32,238	26,815
Company D	8,503	9,188	24,585
	<u>\$ 160,701</u>	<u>\$ 167,574</u>	<u>\$ 145,288</u>

(VII) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the operations and signs loan contracts with financial institutions to maintain an appropriate amount required for business operations. As the Group's equity in the capital structure is much greater than its liabilities, and remaining amount of bank loans is sufficient. As of March 31, 2024 and December 31 and March 31, 2023, the Group's unused bank financing facilities were NT\$2,662,614 thousand, NT\$1,930,694 thousand and NT\$1,820,572 thousand, respectively. Thus, no liquidity risk was posed to the Company.

The table below lists the analysis of the Group's financial liabilities during the agreed repayment period based on the maturity dates and the undiscounted principal amounts:

	Less than 1 year	1 to 5 years	5 years or above	Total
<u>March 31, 2024</u>				
Short-term Borrowings	\$142,796	\$ -	\$ -	\$142,796
Financial liabilities for hedging - current	82,071	-	-	82,071
Accounts payable	17,008	-	-	17,008
Lease liabilities	7,686	30,226	91,307	129,219
Bonds payable	-	199,900	-	199,900
Other payables	43,048	-	-	43,048
	<u>\$292,609</u>	<u>\$230,126</u>	<u>\$ 91,307</u>	<u>\$614,042</u>
<u>December 31, 2023</u>				
Short-term Borrowings	\$135,275	\$ -	\$ -	\$135,275
Accounts payable	18,342	-	-	18,342
Lease liabilities	7,375	28,771	88,711	124,857
Bonds payable	-	199,900	-	199,900
Other payables	56,777	-	-	56,777
	<u>\$217,769</u>	<u>\$228,671</u>	<u>\$ 88,711</u>	<u>\$535,151</u>
<u>March 31, 2023</u>				
Short-term Borrowings	\$149,078	\$ -	\$ -	\$149,078
Financial liabilities for hedging - current	225,833	-	-	225,833
Accounts payable	17,558	-	-	17,558
Lease liabilities	7,439	28,901	94,106	130,446
Bonds payable	-	200,000	-	200,000
Other payables	56,012	-	-	56,012
	<u>\$455,920</u>	<u>\$228,901</u>	<u>\$ 94,106</u>	<u>\$778,927</u>

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

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20 years or above
March 31, 2024						
Lease liabilities	\$ 7,686	\$ 30,226	\$ 30,226	\$ 30,226	\$ 30,226	\$ 629
December 31, 2023						
Lease liabilities	\$ 7,375	\$ 28,771	\$ 28,771	\$ 28,771	\$ 28,771	\$ 2,398
March 31, 2023						
Lease liabilities	\$ 7,439	\$ 28,901	\$ 28,771	\$ 28,771	\$ 28,771	\$ 7,793

XXIX. Related Party Transactions

The Company's parent company is Gains Investment Corporation (with substantive control power), which held 31.86% of the Company's ordinary shares as of March 31, 2024 and December 31 and March 31, 2023. The Company's ultimate parent company is China Steel Corporation.

Except for those disclosed in other notes, transactions between the Group and related parties are as follows.

(I) Name of related party and relations therewith

Name of related party	Relations with the Group
China Steel Corporation (CSC)	Ultimate parent company
Gains Investment Corporation	Parent company
CSC Solar Corporation	Sister company
CSGT Japan Co., Ltd. (CSGT Japan)	Sister company
China Steel Global Trading Corporation (CSGT)	Sister company
Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Sister company
C.S. Aluminium Corporation (CSAC)	Sister company
Ever Wealthy International	Sister company
China Steel Security Corporation	Sister company
Dragon Steel Corporation	Sister company
Chung Hung Steel Corporation	Sister company
China Steel Chemical Corporation	Sister company
Sing Da Marine Structure Corporation	Sister company
United Renewable Energy Co., Ltd.	A director of the Company

(II) Operating revenue

Account	Category of related party	For the Three Months Ended March 31	
		2024	2023
Sales revenue	Sister company	\$ 8,307	\$ 3,907
	Ultimate parent company	157	323
		<u>\$ 8,464</u>	<u>\$ 4,230</u>

The above sales prices and terms of payment were not materially different from those of unrelated parties.

(III) Purchases

Category of related party	For the Three Months Ended March 31	
	2024	2023
Sister company	<u>\$ 16,449</u>	<u>\$ 7,924</u>

Regarding purchases from related parties, the transaction prices cannot be compared because the same products were not purchased from a non-related party, and the payment terms are not significantly different from those for general suppliers. Payments are made in 30 to 60 days at the end of each month.

(IV) Other related party transactions

Processing fees	For the Three Months Ended March 31	
	2024	2023
Sister company		
CSAC	\$ 10,729	\$ 3,934
Ultimate parent company	<u>-</u>	<u>18</u>
	<u>\$ 10,729</u>	<u>\$ 3,952</u>

The Company pays processing fees to the above related parties. As no non-related party was not entrusted to provide similar product processing services, the transaction prices could not be compared. The payment terms are 30 to 60 days at the end of each month for the above related parties and 60 to 90 days at the end of each month for the non-related parties.

	For the Three Months Ended March 31	
	2024	2023
Research and professional services fees		
Ultimate parent company	<u>\$ 714</u>	<u>\$ 415</u>
Security fees		
Sister company	<u>\$ 561</u>	<u>\$ 533</u>
Technical service income		
Ultimate parent company	<u>\$ -</u>	<u>\$ 6,000</u>

(V) Ending balance

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable			
Sister company	\$ 13,184	\$ 10,699	\$ 24,610
Ultimate parent company	<u>81</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,265</u>	<u>\$ 10,699</u>	<u>\$ 24,610</u>

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	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments			
Ultimate parent company	\$ -	\$ 294	\$ -
Sister company	<u>170</u>	<u>-</u>	<u>170</u>
	<u>\$ 170</u>	<u>\$ 294</u>	<u>\$ 170</u>
Guarantee deposits paid			
Sister company			
CSGT Japan	<u>\$ 3,109</u>	<u>\$ 3,193</u>	<u>\$ 3,364</u>
Accounts payable			
Sister company			
CSPM	<u>\$ 10,599</u>	<u>\$ 11,162</u>	<u>\$ 4,135</u>
Other payables			
Sister company	\$ 3,717	\$ 4,023	\$ 462
Ultimate parent company	761	882	465
Parent company	223	186	423
A director of the Company	<u>112</u>	<u>93</u>	<u>212</u>
	<u>\$ 4,813</u>	<u>\$ 5,184</u>	<u>\$ 1,562</u>

(VI) Remuneration to key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 2,834	\$ 2,768
Post-employment benefits	<u>71</u>	<u>71</u>
	<u>\$ 2,905</u>	<u>\$ 2,839</u>

XXX. Pledged Assets

The Group has provided the assets below as collateral for the bank borrowing facilities, borrowings drawn, dormitory leased from the Southern Taiwan Science Park Bureau, and customs import:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	\$ 116,304	\$ 117,916	\$ 122,754
Pledged time deposits (recognized in other financial assets - current)	<u>4,069</u>	<u>21,090</u>	<u>20,972</u>
	<u>\$ 120,373</u>	<u>\$ 139,006</u>	<u>\$ 143,726</u>

XXXI. Material Contingencies and Unrecognized Contractual Commitments

- (I) As of March 31, 2024, to purchase raw materials, the Company guaranteed the amount of NT\$204,734 thousand from financial institutions.
- (II) As of March 31, 2024, the company signed a contract to purchase property, plant and equipment, and the outstanding amount was NT\$13,102 thousand.

XXXII. Events After the Reporting Period

- (I) As of May 7, 2024, the Company increased its borrowings by \$339,070 thousand, which was mainly for operating turnover and cash payment for the acquisition of CSPM, a subsidiary of China Steel.
- (II) As of May 7, 2024, bonds with a face value of \$49,100 thousand had been applied for conversion into 1,631 thousand shares of the Corporation's common stock, but the record date for the capital increase has yet to be decided by the board of directors.

XXXIII. Information on Foreign Currency Assets and Liabilities with Significant Effect

The information below is aggregated and presented in foreign currencies other than the Group's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

Unit: In thousands in each foreign currency / exchange rate

	Foreign currency		Exchange rate	Carrying amount
March 31, 2024				
Foreign currency assets under monetary items				
USD	\$ 5,682	32.000	(USD: NTD)	\$ 181,829
USD	551	7.2569	(USD: RMB)	17,613
RMB	1,885	4.408	(RMB: NTD)	8,310
JPY	71,487	0.2115	(JPY: NTD)	15,120
Foreign currency liabilities under monetary items				
USD	12	32.000	(USD: NTD)	374
RMB	1,217	4.408	(RMB: NTD)	5,362
December 31, 2023				
Foreign currency assets under monetary items				
USD	7,636	30.705	(USD: NTD)	234,456
USD	447	7.0972	(USD: RMB)	13,719
RMB	13,486	4.327	(RMB: NTD)	58,355
JPY	57,004	0.2172	(JPY: NTD)	12,381
Foreign currency liabilities under monetary items				
USD	7	30.705	(USD: NTD)	225

March 31, 2023	Foreign currency	Exchange rate		Carrying amount
Foreign currency assets under monetary items				
USD	3,199	30.45	(USD: NTD)	97,400
USD	285	6.8729	(USD: RMB)	8,696
RMB	7,467	4.431	(RMB: NTD)	33,088
JPY	122,152	0.2288	(JPY: NTD)	27,948
Foreign currency liabilities under monetary items				
USD	47	30.45	(USD: NTD)	1,428
JPY	46	0.2288	(JPY: NTD)	11

The Group's net foreign exchange gain or loss for the three months ended March 31, 2024 and 2023 was a gain of NT\$10,189 thousand and a loss of NT\$704 thousand, respectively. Due to the wide variety of foreign currencies used in transactions, it is impossible to disclose the exchange gains and losses by foreign currencies with significant influence.

XXXIV. Additional Disclosures

(I) Information on material transactions and (II) information on investees for the three months ended March 31, 2024:

1. Loans to others. (Table 1)
2. Endorsements/Guarantees to others. (Table 2)
3. Securities held at the end of the year (investments in subsidiaries and affiliates are not included). (Table 3)
4. Securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
9. Derivatives trading. (Note 7)
10. Other: Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts (Table 4)
11. Information on investees. (Table 5)

(II) Information on investment in Mainland China

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, profit or loss and investment income or loss recognized for the period, book value of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
2. Any of the following significant transactions with investees in mainland China,

either directly or indirectly through a third region, and the price,

(1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the period: The Company's purchases from the subsidiary Taicang TCMC for the three months ended March 31, 2024 were NT\$6,705 thousand (1%). As of March 31, 2024, the balance of unpaid accounts payable was NT\$4,009 thousand (62%). The above purchase prices and payment terms are not significantly different from those for non-related parties, and the costs incurred from the above purchases and accounts payable at the end of the period have been written off when the consolidated financial statements were prepared.

(2) The amount and percentage of sales and the balance and percentage of the relevant receivables at the end of the year: As of March 31, 2024, the balance of accounts receivables not yet recovered was NT\$4,356 thousand (2%). The unrealized gross profit from the above sales and accounts receivable at the end of the period have been written off when the consolidated financial statements were prepared.

(3) The amount of property transactions and the amount of the resulting gains or losses. (None)

(4) The balance of negotiable instrument endorsements or guarantees or collateral pledged at the end of the period and the purposes. (Table 2)

(5) The highest balance, the closing 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 labor services. (None)

(III) Information on major shareholders: The name of shareholders, each holding 5% or more of total shares, and the number and percentage of shares held. (Table 7)

XXXV. Segment Information

The Group's information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The Group's reportable operating segments are as follows:

- ThinTech Materials Technology Co., Ltd.

Mainly engaging in the processing and sales of various thin film sputtering targets and precious metals, as well as trading of general metals.

- Taicang TCMC, Ltd.

Mainly engaging in the manufacturing and sales of metal targets.

- Others - The subsidiaries of the consolidated entity are the operating segments. Please refer to Note 13. All the operating segments have not reached the quantitative threshold.

(I) Segment revenue and operating performance

The Group's segment revenue and operating performance are as follows:

	The Company	Taicang TCMC	Adjustments and write-offs	Consolidation
For the Three Months Ended				
March 31, 2024				
Revenue from clients other than the parent company and subsidiaries	\$ 508,631	\$ 39,264	\$ -	\$ 547,895
Revenue from the parent company and subsidiaries	-	6,705	(6,705)	-
Total revenue	<u>\$ 508,631</u>	<u>\$ 45,969</u>	<u>(\$ 6,705)</u>	<u>\$ 547,895</u>
Profit (Loss) of segments	\$ 2,040	(\$ 509)	\$ 116	\$ 1,647
Interest income	1,315	54	-	1,369
Financial costs	(1,745)	(1,455)	-	(3,200)
Share of profit on subsidiaries and affiliates using the equity method	(1,823)	-	1,742	(81)
Other non-operating income and expenses	<u>13,765</u>	<u>168</u>	<u>(116)</u>	<u>13,817</u>
Net income (Loss) before tax	13,552	(1,742)	1,742	13,552
Income tax expense	<u>2,950</u>	<u>-</u>	<u>-</u>	<u>2,950</u>
Net income (Loss) for the period	<u>\$ 10,602</u>	<u>(\$ 1,742)</u>	<u>\$ 1,742</u>	<u>\$ 10,602</u>
For the Three Months Ended				
March 31, 2023				
Revenue from clients other than the parent company and subsidiaries	\$ 497,717	\$ 51,315	\$ -	\$ 549,032
Revenue from the parent company and subsidiaries	-	372	(372)	-
Total revenue	<u>\$ 497,717</u>	<u>\$ 51,687</u>	<u>(\$ 372)</u>	<u>\$ 549,032</u>
Profit (Loss) of segments	\$ 8,364	\$ 33	\$ 111	\$ 8,508
Interest income	191	64	-	255
Financial costs	(2,197)	(1,655)	-	(3,852)
Share of profit on subsidiaries and affiliates using the equity method	(1,930)	-	1,937	7
Other non-operating income and expenses	<u>6,011</u>	<u>(379)</u>	<u>(111)</u>	<u>5,521</u>
Net income (Loss) before tax	10,439	(1,937)	1,937	10,439
Income tax expense	<u>2,108</u>	<u>-</u>	<u>-</u>	<u>2,108</u>
Net income (Loss) for the period	<u>\$ 8,331</u>	<u>(\$ 1,937)</u>	<u>\$ 1,937</u>	<u>\$ 8,331</u>

Profit (loss) of segments refers to the profit earned by each segment, excluding the apportioned headquarters management costs and directors' remuneration, interest income, gains or losses on disposal of property, plant and equipment, foreign currency exchange gains or losses, financial instrument valuation gains or losses, financial costs, and income tax expenses. This amount measured is provided to the chief operating decision-maker for allocation of resources to segments and measurement of their performance.

(II) Total segment assets and liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Segment assets			
Continuing operations			
The Company	\$ 1,704,369	\$ 1,674,649	\$ 1,882,257
Taicang TCMC	224,810	213,757	249,835
Adjustments and write-offs	(62,161)	(64,966)	(78,441)
Total consolidated assets	<u>\$ 1,867,018</u>	<u>\$ 1,823,440</u>	<u>\$ 2,053,651</u>
Segment liabilities			
Continuing operations			
The Company	\$ 493,897	\$ 478,995	\$ 637,141
Taicang TCMC	171,091	159,298	189,055
Adjustments and write-offs	(8,443)	(10,507)	(17,661)
Total consolidated liabilities	<u>\$ 656,545</u>	<u>\$ 627,786</u>	<u>\$ 808,535</u>

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Loans to Others
FOR THE PERIOD ENDED MARCH 31, 2024

Table 1

Unit: NT\$ thousand
(unless specified otherwise)

No.	Lender	Borrower	Account title	Related party status	Highest balance of this year	Ending balance (Note 1)	Amount drawn	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Limit on loan to each borrower	Total limit on loans to others	Remarks
													Name	Value			
0	The Company	Taicang TCMC, Ltd.	Other receivables	Yes	\$ 106,056	\$ 106,056	\$ -	2.48~2.53	Note 2	\$ -	To meet the need for working capital	\$ -	-	\$ -	\$ 363,141	\$ 484,189	Note3

Note 1: RMB is converted at the spot exchange rate of 1 RMB = 4.408 NTD.

Note 2: There is a need for short-term financing

Note 3: The limit of loans to an individual entity is 30% of the Company's net worth, and the total limit of loans to others is 40% of the net worth.

Note 4: It has been written off when the consolidated financial statements were prepared.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Endorsements/Guarantees to Others
FOR THE PERIOD ENDED MARCH 31, 2024

Table 2

Unit: NT\$ thousand
(unless specified otherwise)

No.	Name of endorser/guarantor	Party endorsed/guaranteed		Limit of endorsements/guarantees to a single enterprise	Highest balance of endorsement/guarantee of this year	Ending balance of endorsements/guarantees (Note 2)	Amount drawn	Amount of endorsement/guarantee with property as collateral	Cumulative endorsements/guarantees provided as a % of the net worth as per the latest financial statements	Maximum limit of endorsements/guarantees	Endorsement/guarantee by the parent company to a subsidiary	Endorsement/guarantee by a subsidiary to the parent company	Endorsement/guarantee to an entity in China	Remarks
		Name of company	Relations											
0	The Company	Taicang TCMC, Ltd.	An investee whose with 50% or more of its voting shares held by the parent company and subsidiaries	\$ 484,189	\$ 272,000	\$ 272,000	\$ 127,261	\$ -	22.47	\$ 484,189	Y	N	Y	Note 1

Note 1: The limit of the Company's guarantee for a single enterprise is 40% of the net worth, and the maximum limit of endorsements/guarantees is 40% of the net worth.
Note 2: USD is converted at the spot exchange rate of 1 USD = 32.00NTD.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Securities Held at the End of the Year
March 31, 2024

Table 3

Unit: NT\$ thousand
(unless specified otherwise)

Company	Type and name of securities held	Relations with securities issuer	Account title	End of the year				Remarks
				Number of shares/units	Carrying amount	Shareholding (%)	Fair value	
The Company	Common stock Lianyou Metals Co., Ltd.	-	Financial assets at fair value through profit or loss - current	125,000	\$ 7,194	0.40	\$ 7,194	Note
The Company	Common stock Lianyou Metals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	601,796	34,635	1.94	34,635	Note

Note: The fair value is based on the trading price and the liquidity discount.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries
FOR THE PERIOD ENDED MARCH 31, 2024

Table 4

Unit: NT\$ thousand
(unless specified otherwise)

No.	Name of trader	Transaction counterparty	Relations with trader	Transaction			
				Item	Amount	Transaction conditions	As a % of total consolidated revenue or total assets
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Accounts receivable	\$ 4,356	As per the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Other receivables	78	As per the resolutions adopted by the Board of Directors and the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Other income	116	As per the contract	-
1	Taicang TCMC, Ltd.	The Company	Subsidiary to parent company	Sales revenue	6,705	As per the contract	1
1	Taicang TCMC, Ltd.	The Company	Subsidiary to parent company	Accounts receivable	4,009	As per the contract	-

Table 5

Unit: NT\$ thousand
(unless specified otherwise)

Note 1: The Company invests in Taicang TCMC, Ltd. through TTGL.
Note 2: It has been written off when the consolidated financial statements were prepared.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on investment in Mainland China
FOR THE PERIOD ENDED MARCH 31, 2024

Table 6

Unit: NT\$ thousand
(unless specified otherwise)

Name of investee	Principal business activities	Paid-in capital	Investment method (Note 3)	Cumulative investment amount remitted from Taiwan at the beginning of this year	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	The Company's shareholding in direct or indirect investment (%)	Investment Gain (Loss)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	Remarks
					Outward remittance	Inward remittance							
Taicang TCMC, Ltd.	Manufacturing and sales of metal targets	\$ 217,600	2	\$ 217,600	\$ -	\$ -	\$ 217,600	(\$ 1,742)	100.00	(\$ 1,742)	\$ 51,179	\$ -	Notes 4 and 5

Name of investor	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	Amount of investment approved by the Investment Commission, MOEA (Note 1)	Limit of investment by the Company in China (Note 2)
ThinTech Materials Technology Co., Ltd.	\$ 217,600	\$ 217,600	\$ 726,284

Note 1: It includes the Company's investment in Taicang TCMC, Ltd. in the amount of US\$6,800 thousand approved by the Investment Commission, Ministry of Economic Affairs (MOEA).

Note 2: The limit of Company's investment in China is : $\$1,210,473 \times 60\% = \$726,284$.

Note 3: Investment methods are divided into the three types below.

- 1. Direct investment in China.
- 2. Indirect investment in China through a third-region company (see Table 5 for third-region investment companies).
- 3. Other methods.

Note 4: It is recognized and disclosed based on the financial statements for the same periods audited by the Company's CPAs and has been written off when the consolidated financial statements were prepared.

Note 5: The foreign currency amounts in the above table are converted into NTD at the exchange rate prevailing on the balance sheet date.

Table 7

Note 1: The major shareholders in this table are shareholders holding at least 5% of the ordinary and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day of the year calculated by the Taiwan Depository & Clearing Corporation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their shares in a trust and shares with the right to make decisions on trust property, please refer to MOPS.