Stock Code: 3354

律勝科技股份有限公司
MICROCOSM TECHNOLOGY CO., LTD.

2024
ANNUAL REPORT

Microcosm Technology Co., Ltd.

April 30, 2025

Market Observation Post System Website:
https://mops.twse.com.tw

The Company's Website:
https://www.microcosm.com.tw

I. Spokesperson and Deputy Spokesperson

Spokesperson: Chuang, Chao-Chin
Title: Executive Vice President
Tel: (06) 505-0662
E-mail: roger@microcosm.com.tw

Deputy Spokesperson: Chen, Hui-Ju
Title: Section Manager of Finance Department
Tel: (06) 505-0662
E-mail: hilda@microcosm.com.tw

II. Address of the Company's Head Office, Branch and Plant, and Telephone Number

Head Office Address: No. 8, Nanke 9th Rd., Shanhua Dist., Tainan City
Tel: (06) 505-0662

III. Name, address, website, and telephone number of the entity handling shares transfer

Name: Taishin Securities Co., Ltd.
Address: B1F., No. 96, Sec. 1, Jianguo N. Rd., Taipei City
Website: http://www.tssco.com.tw
Tel: (02) 2504-8125

IV. Firm name, address, website, telephone number, and the name of the CPA who attested to the most recent year's financial report

CPA Name: Yeh, Fang-Ting, CPA, and Tien,Chung-yu, CPA
CPA Firm: Pricewaterhouse Coopers Taiwan
Address: 12F., No. 395, Sec. 1, Linsen Rd., Tainan City
Website: http://www.pwc.com/tw
Tel: (06) 234-3111

V. Name of any exchanges where the Company's securities are traded overseas and the method by which to access information on said overseas securities: None

VI. The Company's Website: http://www.microcosm.com.tw

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I. Message to Shareholders

I. 2024 Business Report

(I) Results of the operational plan:

For the standalone financial statements of the Company, the net operating revenue for the fiscal year 2024 was 120,418 thousand NT dollars, a increase of 14.48% compared to 105,186 thousand NT dollars in fiscal year 2023. The current period's net loss was -23,550 thousand NT dollars, which decreased by 71.86% compared to -83,700 thousand NT dollars in fiscal year 2023.

Additionally, for the consolidated financial report of the Company, the net operating revenue for the fiscal year 2024 was 127,691 thousand NT dollars, a increase of 16.25% compared to 109,837 thousand NT dollars in fiscal year 2023. The current period's net loss was -23,550 thousand NT dollars, which decreased by 71.86% compared to -83,700 thousand NT dollars in fiscal year 2023.

(II) Budget implementation of receipts and expenditures:

The Company did not prepare a financial forecast for the year 2024, so no disclosure is required.

(III) Analysis of receipts, expenditures, and profitability:

Standalone: Unit: NT$

Year Analysis items			2024	2023
Receipts and expenditures	Operating revenue		NT$120,418 thousand	NT$105,186 thousand
	Gross profit		NT$26,854 thousand	NT$5,387 thousand
	Profit after tax		-NT$23,550 thousand	-NT$83,700 thousand
Analysis of profitability	Return on assets (%)		-2.01	-6.53
	Return on equity (%)		-2.68	-8.86
	As a percentage of the paid-in capital (%)	Operating income	-9.14	-13.06
		Profit before tax	-3.02	-13.52
	Profit margin (%)		-19.56	-79.57
	Earnings per share (NT$)		-0.34	-1.19

Consolidated: Unit: NT$

Year Analysis items			2024	2023
Receipts and expenditures	Operating revenue		NT$127,691 thousand	NT$109,837 thousand
	Gross profit		NT$13,220 thousand	-NT$14,729 thousand
	Profit after tax		-NT$23,550 thousand	-NT$83,700 thousand
Analysis of profitability	Return on assets (%)		-1.87	-6.38
	Return on equity (%)		-2.68	-8.86
	As a percentage of the paid-in capital (%)	Operating income	-14.73	-18.90
		Profit before tax	-3.02	-13.41
	Profit margin (%)		-18.44	-76.20
	Earnings per share (NT$)		-0.34	-1.19

(IV) Research and Development Status:

Our R&D vision is dedicated to driving innovation and meeting market demands, staying at the forefront of the constantly evolving consumer electronics market.We have outlined our R&D direction in three phases, with each one addressing the present and future needs of the industry.

1. Short-term research direction

As the trend for flexible printed circuit board materials moves towards multi-layering and denser circuitry, the ability of insulating materials to resist ion migration becomes increasingly critical with narrower line widths and spaces. Therefore, with the goals of low ion migration and carbon reduction, Microcosm has developed a new generation of low ion migration photosensitive polyimide (PSPI) protective films. Compared to traditional PI cover films, PSPI cover films offer numerous advantages. The polyimide resin system possesses excellent thermal properties and low stress characteristics, meeting the future demand for thinness. Furthermore, forming holes or exposing solder joints through photosensitive imaging avoids the need for mold punching, resulting in higher accuracy, lower costs, and shorter processing times. The flexible printed circuit board manufacturing process is simplified, significantly streamlining the process, increasing production speed, and saving substantial labor and energy costs. PSPI cover films not only offer carbon reduction advantages but also enhance the overall performance of flexible printed circuit boards.

High-frequency materials are the foundation of the current development of the 5G network generation. These materials can address issues such as signal delay and distortion that arise when transmitting a large amount of data. They are thus suitable for applications in various fields such as the Internet of Things (IoT), vehicle-to-everything (V2X) communication, and healthcare. Currently, high-speed transmission substrates mainly use LCP, modified PI flexible circuits, or the next generation of fluorinated PI flexible circuits. Correspondingly, the development of build-up resins to meet these needs is also a major focus.

The utilization scope of the previously developed photosensitive PI protective film (PSPI) continues to expand to facilitate market expansion. Leveraging core technological advantages, we are developing new stack-up products that simplify customer processes. For example, by utilizing the PSPI core technology, we have further developed peelable (alkaline removable) PSPI for protecting finger patterns in embedded circuit designs, among various high-resolution products with different functionalities. Through the development of such functional materials, we aim to meet the demands of future trends such as circuit densification, lightweighting, wearable electronics, high-speed signal transmission, and more.

2. Mid-term research direction.

Beyond the original printed circuit board domain, we have gradually entered thesemiconductor and foldable phone application materials market in recent years,leveraging our core capabilities in PI formula development. Based on alkali-removable PSPI technology, we have developed laser debonding adhesives suitable for wafer packaging, applicable to RDL first processes as heat-resistant and chemically resistant temporary bonding materials. Moreover, we are expanding our photosensitive PI protective film core technology into the semiconductor application field, such as negative PSPI commonly used in semiconductor packaging with solvent development, and high-resolution positive PSPI and PSPBO. With our PI formula development core capabilities, we are actively researching foldable phone, laptop, rollable phone, and TV application materials. These materials will provide strong support for future foldable display products, meeting market demands for high performance, durability, and reliability. In the future, flexible display technology will continue to develop in various fields and become an essential part of consumers' daily lives.

As foldable display technology continues to innovate, we can foresee several trends, including thinner and lighter devices that make various electronic devices slimmer and more portable. Additionally, devices such as smartphones, tablets, and laptops will have larger displays, providing users with a better visual experience. Foldable display technology will also drive the development of multifunctional devices that can meet users' needs in different scenarios, and product designs will become more diverse.

For the key materials required for flexible displays and foldable phones, we mainly develop high-temperature resistant transparent polyimide substrates (Colorless Polyimide) for TFT substrates and low birefringence transparent polyimide film materials for flexible display cover panels and touch screens.

3. Long-term research direction.

In addition to PI synthesis technology, wepossesses expertise in the synthesis and formulation development of other high polymers, such as PBO, PBI, and Polystyrene. We plan to use these technologies to develop ion exchange membranes needed for addressing energy and environmental issues through modification methods. These membranes can be applied in fuel cells, flow batteries, and electrodialysis ion exchange membranes for wastewater treatment, with the aim of contributing to sustainable development in the future.

(V) Business plan and implementation:

1. Develop materials for existing smartphones to meet the high-density requirements of smartphones by improving their thinness and flexibility, and develop materials that can match revolutionary smartphone designs, such as the trend of folding.
2. Expand our business base and diversify our business risks; we are actively expanding our business into applications other than cell phones, such as automotive electronics and touch panels, and extending our product reach beyond circuit boards, such as displays and semiconductors, to reduce the impact of the boom and bust of the cell phone industry on our operations.
3. Integrate the production capacity of Taiwan and Suzhou plants to improve production management efficiency, effectively reduce transportation costs, expand the proportion of competitive high-margin products, and gradually reduce the number of product items.
4. Empower the staff of each department with performance indicators, implement the concept of performance of all employees, strengthen management effectiveness, and improve operational efficiency.
5. Strengthen the training and education of employees to enhance the ability to exist employees and reserve the talents needed for long-term development.

II. Summary of the 2025 Business Plan

(I) Business policy

1. Uphold the concept of sustainable management and expand the business scale and scope to increase market share.
2. Utilize sound financial structure and comprehensive financial instruments from the capital market to support the company's future capital needs for its business scale following its overall development strategy.
3. Continuously improve the production technique for photosensitive polyimide (PSPI) and high-frequency and high-speed materials, colorless polyimide materials and explore opportunities in new applications, such as semiconductor, display, and vehicle material applications.
4. Develop advanced materials for applications beyond flexible PCBs, such as semiconductors, micro-LED and mini-LED displays.

(II) Sales volume forecast

The Company's 2024 operational plan aims for steady medium- to long-term growth, with the management team actively promoting operational optimization and resource allocation efficiency, continuously enhancing product competitiveness and market positioning, and gradually building resilient growth momentum.

In response to industry cycles and market fluctuations, the Company will prudently adjust its operational strategies, deepen core technology development and value chain integration, steadily advance various management and operational improvement measures, and lay a solid foundation for future operational performance.

(III) Important production and sales policies

1. Production policy
   (1) Improve production yield, reduce cost, and increase product competitiveness.
   (2) Improve production efficiency and flexibility to meet customers' urgent order requirements.
   (3) Regulate the production capacity of our Suzhou plant in China and allocate different product lines to expand product supply and achieve international division of labor.
2. Marketing Policy

(1) Provide technical support and services to customers, actively expanding the business and the product market.
(2) Provide customers with a complete selection of products and establish long-term relationships with them.
(3) Enhance quality control and after-sales service to build customer trust and increase revenue.

III. Future development strategy
1. Expand the products and markets to increase the market share.
2. Continue to develop innovative products and use our product uniqueness to expand the difference with our competitors.

IV. External competitive environment, regulatory environment, and overall business environment
The design and manufacturing of electronic products with an emphasis on environmental protection is the future trend of industrial development. Countries such as Japan, the European Union, and the United States have been actively evaluating the safety of products, toxicity in engineering and manufacturing, and the impact of future waste on environmental protection, including reaching a consensus on the direction of low carbon emissions and formulating relevant laws and regulations to make electronic products greener. From July 1, 2006, the European Union will require all new electronic and electrical equipment on the market to be free of six heavy metals such as lead, cadmium, hexavalent chromium, mercury, and brominated accelerators such as PBBs and PBDEs.
In addition to being a halogen-free factory since 2010, our company has been in line with the international trend of environmental protection. In recent years, we have also been working to reduce our carbon footprint by streamlining our product manufacturing process, lowering the temperature of our thermal process, and adjusting our suppliers' raw material sources to use domestic suppliers who can produce such materials. In addition, mainland China has long been recognized as the world's factory, where most of the demand for electronic materials comes from. This allows Microcosm's Suzhou plant to take advantage of its proximity to the supply chain and achieve its goal of lower carbon emissions.

Chairperson: Manager: Accounting officer:

II. Corporate Governance Report

I. Information on directors, supervisors, the president, vice presidents, assistant vice presidents, and the heads of each department and branch

(I) Information on directors & supervisors

April 21, 2025; Unit: Shares

Title	Name	Nationality or place of registration	Gender Age	Election (appointment) Date	Term of office	Inauguration date (Note 1)	Shares held at the time of the election		Current shareholding		Current shares held by spouse and children of minor age		Shareholding under the names of others		Major experience and education	Concurrent positions held in the Company and other companies	Other managerial officers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Chairperson	Huang, Tang-Chieh	R.O.C.	Male 56-60	2023.06	3 years	2002.06	2,451,215	3.50	2,451,215	3.50	799,527	1.14	0	0	Master's Degree in Materials Science, National Sun Yat-sen University Chairperson, President and CEO, Microcosm Technology Co., Ltd. President, Neoflex Technology Co., Ltd.	Chairperson and President, the Company President, Microcosm Technology (Suzhou) Co., Ltd. Chairperson, Hou Sheng Investment Co., Ltd. Director, Microcosm Technology (Samoa) Holdings Limited Director, Yu Sheng Technology (Mauritius) Co., Ltd. Chairperson, Parlux Advanced Materials Co., Ltd. Chairperson, Yi Ying Investment Co., Ltd.	Representative of juristic person director	Lee, Mei-Jung	Spouse	Note 2
Director	Tong Ying Investment Limited	R.O.C.		2023.06	3 years	2002.05	20,635,758	29.43	20,635,758	29.43	0	0	0	0	None	None	None	None	None	
Representative of juristic person director	Tong Ying Investment Limited Representative: Lee, Mei-Jung	R.O.C.	Female 51–55	2023.06	3 years	2002.05	0	0	799,527	1.14	2,451,215	3.50	0	0	Department of Health and Nutrition, Chia Nan University of Pharmacy and Science Kaohsiung Chang Gung Memorial Hospital Tainan City Sinshih District Health Station Chairperson, Microcosm Technology Co., Ltd.	Chairperson, Microcosm Technology (Suzhou) Co., Ltd. Chairperson, Tong Ying Investment Limited Director, Hou Sheng Investment Co., Ltd. Chairperson, Yong Ying Investment Co., Ltd. Director, Parlux Advanced Materials Co., Ltd.	Representative of juristic person director Chairperson	Huang, Tang-Chieh	Spouse	
Director	HouSheng Investment Co., Ltd.	R.O.C.		2023.06	3 years	2002.05	3,368,714	4.80	3,368,714	4.80	0	0	0	0	None	None				
Representative of juristic person director	HouSheng Investment Co., Ltd. Representative: Chuang, Chao-Chin	R.O.C.	Male 51–55	2023.06	3 years	2002.05	0	0	0	0	0	0	0	0	Master's Degree, Department of Chemistry, National Taiwan University President and R&D Department Manager, Microcosm Technology Co., Ltd.	Executive Vice President, the Company Supervisor, Parlux Advanced Materials Co., Ltd. Director, Microcosm Technology (Suzhou) Co., Ltd.	None	None	None	
Independent director	Tsai, Ming-Tang	R.O.C.	Male 61–65	2023.06	3 years	2004.06	0	0	0	0	0	0	0	0	Master's Degree, College of Management, Chang Ju Christian University Financial Manager, Shang Tai Construction Responsible person, Tian Xun Information Co., Ltd. Responsible person and CEO, TOP Technology Management Co., Ltd. Supervisor, Aeon Motor Co., Ltd. Director, Carch Land International Co., Ltd. Adjunct Lecturer, Department of Accounting Inform Tainan University of Technology	CEO, TOP Technology Management Co., Ltd. Independent Director, Huikwang Corporation Remuneration Committee Member, Huikwang Corporation Independent Director, Kuangli Photoelectric Technology Co., Ltd. Independent Director, Aeon Motor Co., Ltd.	None	None	None	
Independent director	Lin, Tsai-Chih	R.O.C.	Male 56–60	2023.06	3 years	2004.06	0	0	0	0	0	0	0	0	Master's Degree, Department of Materials Science and Engineering, National Taiwan University Project Manager, Everharmony Enterprise, Inc. Vice President, Meta Electronic Corp. Supervisor, Meta Electronic Corp. Director, Enproteko Co., Ltd. President, Taiwan Powder Technologies Co., Ltd.	General Manager, Smart Automation Technology Inc.	None	None	None	
Independent director	Chen, Chiu-Yueh	R.O.C.	Female 51–55	2023.06	3 years	2020.06	0	0	0	0	0	0	0	0	Master's Degree in E-commerce, Department of Information Management, National Sun Yat-sen University Assistant Vice President of Administration Division, Dabomb Protein Corp.	Special Assistant, Yong Quan Investment Co., Ltd.	None	None	None	
Independent director	Wu, Kuo-Shih	R.O.C.	Male 56–60	2023.06	3 years	2002.05	0	0	0	0	0	0	0	0	Master's Degree in Department of Business Administration, Chung Yuan Christian University	Head of Evermore Real Estate Appraiser Joint Office President, The Real Estate Appraisers Association of Tainan City Board Member of the Taiwan National Association of Valuers and Counselors (TWNAVCA) Member of the Tainan City Government Land Price and Standard Land Price Evaluation Committee	None	None	None	

Note 1: Interruption period: (1) Huang, Tang-Chieh: 2008/12/09–2017/06/13; (2) Wu, Kuo-Shih: 2020/06/11–2023/06/20; (3) Lin, Tsai-Chih: 2014/06/25–2017/06/24.

Note 2: Where the chairperson of the Board of Directors and the president or person with an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason, reasonableness, and necessity thereof, and the measures adopted in response thereto:

(1) The Company's chairperson also holds the position of president, giving the chairperson more information on the Company's operations and allowing the Board of Directors to have better control of the Company's overall performance.

(2) Countermeasures: (a) More than half of the Board members are not employees or managerial officers of the Company. (b) The number of independent directors has been increased by one in the election of 2023, to strengthen and implement corporate governance.

Major shareholders of juristic shareholders

April 30, 2025

Name of the juristic shareholder	Major shareholders of juristic shareholders
Hou Sheng Investment Co., Ltd.	Huang, Li-En(40.17%), Huang, Po-Han(36.31%), Huang, Tang-Chieh(13.78%), Yong Ying Investment Co., Ltd.(9.07%), Lee, Mei-Jung(0.67%)
Tong Ying Investment Limited	Huang, Tang-Chieh(87.92%),Lee, Mei-Jung(1.43%), Huang, Li-En(4.98%),Huang, Po-Han(5.67%)

Major shareholders of major shareholders who are juristic persons

Name of the juristic person	Major shareholders of the juristic person
Yong Ying Investment Co., Ltd.	Huang, Tang-Chieh(4.52%), Lee, Mei-Jung(0.24%), Hongchuang Investment Company Limited(95.24%)

Information on directors and supervisors

1. Information on professional qualifications of directors and supervisors, and the independence status of independent directors:

April 30, 2025

Criteria / Name	Professional qualifications and experience	Independence status	Number of public companies where the director concurrently serves as an independent director
Huang, Tang-Chieh	(1) Education: Master's Degree in Materials Science, National Sun Yat-sen University (2) Experience: Chairperson, Microcosm Technology Co., Ltd. (3) None of the circumstances stated in Article 30 of the Company Act.	Not applicable	0
Tong Ying Investment Limited Representative: Lee, Mei-Jung	(1) Education: Department of Health and Nutrition, Chia Nan University of Pharmacy and Science (2) Experience: Chairperson, Microcosm Technology (Suzhou) Co., Ltd. (3) None of the circumstances stated in Article 30 of the Company Act.	Not applicable	0
Hou Sheng Investment Co., Ltd. Representative: Chuang, Chao-Chin	(1) Education: Master's Degree, Department of Chemistry, National Taiwan University (2) Experience: Vice President, Microcosm Technology Co., Ltd. (3) None of the circumstances stated in Article 30 of the Company Act.	Not applicable	0
Tsai, Ming-Tang	(1) Education: Master's Degree, College of Management, Chang Jung Christian University (2) Experience: CEO, TOP Technology Management Co., Ltd. Adjunct Lecturer, Department of Accounting Information, Tainan University of Technology (3) None of the circumstances stated in Article 30 of the Company Act.	During the two years before being elected or during the term of office, do not have any of the circumstances stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	3
Lin, Tsai-Chih	(1) Education: Master's Degree, Department of Materials Science and Engineering, National Taiwan University (2) Experience:General Manager, Smart Automation Technology Inc. (3) None of the circumstances stated in Article 30 of the Company Act.		0
Chen, Chiu-Yueh	(1) Education: Master's Degree in E-commerce, Department of Information Management, National Sun Yat-sen University (2) Experience: Special Assistant, Yong Quan Investment Co., Ltd. (3) None of the circumstances stated in Article 30 of the Company Act.		0
Wu, Kuo-Shih	(1) Education: Master's Degree in Department of Business Administration, Chung Yuan Christian University (2) Experience:Head of Evermore Real Estate Appraiser Joint Office (3) None of the circumstances stated in Article 30 of the Company Act		0

2. Board diversity and independence:

(1) Board diversity:

The Board of Directors of the Company shall advise on the Company's strategies, supervise the management, and be responsible for the Company and its shareholders. The various procedures and arrangements of the Company's corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, the Company's Articles of Incorporation, and the resolutions of the Company's shareholders' meetings.

The composition of the Board of Directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs may be formulated and should include, without being limited to, the following two general standards:

- i Basic requirements and values: Gender, age, nationality, culture, etc.
- ii Professional knowledge and skills: Professional background (e.g. in law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

The composition of the Company’s Board of Directors is diverse, and members possess backgrounds and experience in industrial knowledge, law, and finance to implement diversity policy and strengthen the Board structure. In addition, the Company is aware of gender equity in the composition of the Board of Directors, so it aims to have at least 1 female director. In 2023, 2 female directors were elected in the election for directors. The implementation status is as follows:

Core items under diversity / Director name		Nationality	Gender	Age	Operational judgment	Accounting and financial analysis	Management dministration	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Chairperson	Huang, Tang-Chieh	R.O.C.	Male	56-60	V	V	V	V	V	V	V	V
Director	Tong Ying Investment Limited Representative: Chuang, Chao-Chin		Male	51–55	V	V	V	V	V	V	V	V
Director	Hou Sheng Investment Co., Ltd. Representative: Lee, Mei-Jung		Female	51–55	V		V	V	V	V	V	V
Independent Director	Tsai, Ming-Tang		Male	61–65	V	V	V	V	V	V	V	V
Independent Director	Lin, Tsai-Chih		Male	56–60	V		V	V	V	V	V	V
Independent Director	Chen, Chiu-Yueh		Female	51–55	V	V	V	V	V	V	V	
Independent Director	Wu, Kuo-Shih		Male	56-60	V	V	V	V	V	V	V	V

(2) Board independence:

The Company’s Board of Directors is composed of 7 directors, including 3 directors and 4 independent directors, with independent directors accounting for 57.14% of the total number of board members. All independent directors comply with the restriction on concurrent positions stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and no independent director serves as an independent director of more than three other public companies. Except for directors Huang, Tang-Chieh and Lee, Mei-Jung, no directors are spouses or relatives within the second degree of kinship with each other. In conclusion, the Company’s Board of Directors is independent.

(II) Information on the president, vice presidents, assistant vice Presidents, and the heads of each department and branch

April 21, 2025; Unit: Shares;%

Title	Nationality	Name	Gender	Election (appointment) Date	Shareholding		Shares held by spouse and children of minor age		Shareholding under the names of others		Major experience and education	Concurrent positions held in other companies	Managers within the second degree of kinship			Remarks
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Chairperson President	R.O.C.	Huang, Tang-Chieh	Male	2017.06	2,451,215	3.50	799,527	1.14	0	0	Master's Degree in Materials Science, National Sun Yat-sen University Chairperson, President and CEO, Microcosm Technology Co., Ltd. President, Neoflex Technology Co., Ltd.	President, Microcosm Technology (Suzhou) Co., Ltd. Chairperson, Hou Sheng Investment Co., Ltd. Director, Microcosm Technology (Samoa) Holdings Limited Director, Yu Sheng Technology (Mauritius) Co., Ltd. Chairperson, Parlux Advanced Materials Co., Ltd. Chairperson, Yi Ying Investment Co., Ltd.	None	None	None	Note:
Executive Vice President	R.O.C.	Chuang, Chao-Chin	Male	2017.08	0	0	0	0	0	0	Master's Degree, Department of Chemistry, National Taiwan University President and R&D Department Manager, Microcosm Technology Co., Ltd.	Supervisor, Parlux Advanced Materials Co., Ltd. Director, Microcosm Technology (Suzhou) Co., Ltd.	None	None	None	
Vice President Finance and Accounting Officer	R.O.C.	Chang, Yu-Hung	Male	2009.08	270,229	0.39	0	0	0	0	Department of Accounting, Feng Chia University	CPA, Yu-Hung CPAs Firm Director, Parlux Advanced Materials Co., Ltd.	None	None	None	

Note: Where the chairperson of the Board of Directors and the president or person with an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason, reasonableness, and necessity thereof, and the measures adopted in response thereto:

1. The Company's chairperson also holds the position of president, giving the chairperson more information on the Company's operations and allowing the Board of Directors to have better control of the Company's overall performance.
2. Countermeasures: (a) More than half of the Board members are not employees or managerial officers of the Company. (b) The number of independent directors has been increased by one in the election of 2023, to strengthen and implement corporate governance.

II. Remuneration paid during the most recent fiscal year to directors, supervisors, the president, and vice presidents

(I) Remuneration to directors and independent directors

December 31, 2024; Unit: NT$ thousand; %

Title	Name	Remuneration to directors								The sum of A, B, C and D in proportion to profit after tax (%)		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to profit after tax (%)		Remuneration from investees beyond subsidiaries or the parent company
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Expenses for services rendered (D)				Salaries, bonuses and special subsidies (E)		Pension (F)		Remuneration as employees (G)						
																The Company		All companies included in the financial statements.				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	Cash dividends	Stock dividends	Cash dividends	Stock dividends	The Company	All companies included in the financial statements.	
Chairperson	Huang, Tang-Chieh	120	120	0	0	0	0	0	0	(0.51)	(0.51)	0	0	0	0	0	0	0	0	(0.51)	(0.51)	-
Director	Tong Ying Investment Limited Representative: Lee, Mei-Jung	120	120	0	0	0	0	3	3	(0.52)	(0.52)	1,556	1,556	0	0	0	0	0	0	(7.13)	(7.13)	-
Director	Hou Sheng Investment Co., Ltd Representative: Chuang, Chao-Chin	120	120	0	0	0	0	48	48	(0.71)	(0.71)	0	0	0	0	0	0	0	0	(0.71)	(0.71)	-
Independent director	Tsai, Ming-Tang	120	120	0	0	0	0	48	48	(0.71)	(0.71)	0	0	0	0	0	0	0	0	(0.71)	(0.71)	-
Independent director	Lin, Tsai-Chih	120	120	0	0	0	0	43	43	(0.69)	(0.69)	0	0	0	0	0	0	0	0	(0.69)	(0.69)	-
Independent director	Chen, Chiu-Yueh	120	120	0	0	0	0	48	48	(0.71)	(0.71)	0	0	0	0	0	0	0	0	(0.71)	(0.71)	-
Independent director	Wu, Kuo-Shih	120	120	0	0	0	0	40	40	(0.68)	(0.68)	0	0	0	0	0	0	0	0	(0.68)	(0.68)	

1. Please state the policies, systems, standards, and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors:
   The remuneration to the Company's independent directors is fixed and determined by taking into consideration their level of participation and contribution to the operation of the Company with reference to the remuneration standard of peers and listed companies in relevant industries.
2. In addition to disclosed above, compensation paid to directors for services provided, such as advisory service provided not as an employee to the parent company/companies included in the financial statements/investees: None.

Breakdown of remuneration

Breakdown of remuneration paid to each director	Director name			
	The sum of (A+B+C+D)		The sum of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.
Below NT$1,000,000	Tong Ying Investment Limited Representative: Lee, Mei-Jung; Hou Sheng Investment Co., Ltd Representative: Chuang, Chao-Chin; Huang, Tang-Chieh; Tsai, Ming-Tang; Lin, Tsai-Chih; Chen Chiu-Yueh; Wu, Kuo-Shih	Tong Ying Investment Limited Representative: Lee, Mei-Jung; Hou Sheng Investment Co., Ltd Representative: Chuang, Chao-Chin; Huang, Tang-Chieh; Tsai, Ming-Tang; Lin, Tsai-Chih; Chen Chiu-Yueh; Wu, Kuo-Shih	Hou Sheng Investment Co., Ltd Representative: Chuang, Chao-Chin; Huang, Tang-Chieh; Tsai, Ming-Tang; Lin, Tsai-Chih; Chen Chiu-Yueh; Wu, Kuo-Shih	Hou Sheng Investment Co., Ltd Representative: Chuang, Chao-Chin; Huang, Tang-Chieh; Tsai, Ming-Tang; Lin, Tsai-Chih; Chen Chiu-Yueh; Wu, Kuo-Shih
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	–	–	Tong Ying Investment Limited Representative: Lee, Mei-Jung	Tong Ying Investment Limited Representative: Lee, Mei-Jung
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	–	–	–	–
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	–	–	–	–
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	–	–	–	–
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	–	–	–	–
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	–	–	–	–
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	–	–	–	–
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	–	–	–	–
NT$100,000,000 or more	–	–	–	–
Total	7	7	7	7

(II) Remuneration to the president and vice presidents

December 31, 2024; Unit: NT$ thousand

Title	Name	Salary (A)		Pension (B)		Bonuses, special allowances, etc. (C)		Employees compensation (D)				The sum of A, B, C and D in proportion to profit after tax (%)		Remuneration from investees beyond subsidiaries or the parent company
								The Company		All companies included in the financial				
		The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	The Company	All companies included in the financial statements.	Cash dividends	Stock dividends	Cash dividends	Stock dividends	The Company	All companies included in the financial statements.	
President	Huang, Tang-Chieh	0	0	0	0	0	0	0	0	0	0	0	0	None
Executive Vice President	Chuang, Chao-Chin	0	0	0	0	0	0	0	0	0	0	0	0	None
Vice President	Chang, Yu-Hung	160	160	0	0	0	0	0	0	0	0	(0.68)	(0.68)	None

Note: Pension is the amount actually paid

Breakdown of remuneration

Breakdown of remuneration paid to each president and vice president	Names of presidents and vice presidents	
	The Company	All companies included in the financial statement (E)
Below NT$1,000,000	Huang, Tang-Chieh; Chuang, Chao-Chin; Chang, Yu-Hung	Huang, Tang-Chieh; Chuang, Chao-Chin; Chang, Yu-Hung
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	—	—
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	—	—
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	—	—
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	—	—
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	—	—
NT$100,000,000 or more	—	—
Total	3	3

(III) Names of managers who received compensation as employees and distribution status:

December 31, 2024; Unit: NT$ thousand

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock dividends</th><th>Cash dividends</th><th>Total</th><th>Proportion to profit after tax (%)</th></tr>
<tr><td rowspan="3">Manager</td><td>Chairperson President</td><td>Huang, Tang-Chieh</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td></tr>
<tr><td>Executive Vice President</td><td>Chuang, Chao-Chin</td></tr>
<tr><td>Vice President Finance and Accounting Officer</td><td>Chang, Yu-Hung</td></tr>
</table>

(IV) Specify and compare the remuneration to directors, the president and vice presidents of the Company in proportion to the profit after tax from the Company and companies included in the consolidated financial statements in the most recent two years, and specify the policies, standards, combinations, procedures for decision-making on remuneration and their relation to business performance and future risk:

1. Remuneration to directors, the president and vice presidents of the Company in proportion to profit after tax in the most recent two years:

<table>
<tr><th rowspan="3">Title</th><th colspan="4">Proportion to profit after tax %</th></tr>
<tr><th colspan="2">2024</th><th colspan="2">2023</th></tr>
<tr><th>The Company</th><th>All companies included in the financial statements</th><th>The Company</th><th>All companies included in the financial statements</th></tr>
<tr><td>Directors, the president, and vice presidents</td><td>(11.83)</td><td>(11.83)</td><td>(3.32)</td><td>(3.32)</td></tr>
</table>

2. Remuneration to directors, the president and vice presidents of the Company is paid by the Company. In 2024 and 2023, the remuneration accounted for -11.83% and -3.32% of the profit after tax, respectively. Directors' remuneration includes transportation allowance and directors' compensation. The transportation allowance is paid with reference to industry standards and based on directors' attendance; the compensation to the president and vice presidents includes salary, bonuses, employee compensation and employee stock warrants based on the positions and responsibilities borne by taking into consideration the compensation standard of comparable positions in the industry. The Company's independent directors only receive fixed remuneration such as travel and attendance fees. They do not participate in the distribution of directors' remuneration. The policies and standards for the remuneration of other directors, the general manager, and the deputy general manager are clearly stipulated in the Company's Articles of Incorporation.
3. Policies, standards, combinations, procedures for decision-making on remuneration and their relation to business performance and future risk:
   (1) Remuneration to directors: Handled in accordance with the Company's Articles of Incorporation while taking operational results and personal contributions to the Company's business performance into consideration. The Remuneration Committee proposes and submits the distribution plan to the Board of Directors for resolution, and the remuneration is paid in conformity with the resolution.
   (2) Remuneration to the president and vice presidents: Remuneration is paid by taking the salary standard of the industry, responsibility of positions and contributions to the Company's operational goals into consideration. Reasonable remunerations are paid conforming with the procedures for decision-making on remuneration, which includes referring to the overall business performance,

personal performance and contribution to the Company’s performance.

(3) The company evaluates each individual bonus carefully and also considers the results of the performance evaluation of directors and managers (see page 14 [Performance evaluation of the Board of Directors]). The salary and compensation committee and the board of directors then deliberate and make decisions, so the bonus policy does not pose a significant risk of uncertainty in the future.

(4) Only fixed compensation such as transportation allowance or attendance fee is provided, without any variable compensation, and the compensation is unrelated to performance.

III. Implementation of corporate governance

(I) 1. Operations of the Board

The Board held 5 meetings (A) in the most recent year. The attendance record of directors and supervisors is listed below:

Title	Name	Actual attendance (in non-voting capacity) B	Attendance by proxy	Actual attendance (in non-voting capacity) rate (%) [B/A]	Remarks
Chairperson	Huang, Tang-Chieh	3	2	60.00%	
Director	Tong Ying Investment Limited Representative: Lee, Mei-Jung	4	0	80.00%	
Director	Hou Sheng Investment Co., Ltd. Representative: Chuang, Chao-Chin	5	0	100.00%	
Independent Director	Tsai, Ming-Tang	5	0	100.00%	
Independent Director	Lin, Tsai-Chih	4	0	80.00%	
Independent Director	Chen, Chiu-Yueh	5	0	100.00%	
Independent Director	Wu, Kuo-Shih	4	0	80.00%	

Attendance of independent directors at each Board meeting in 2024:

Name	3/1	4/30	7/26	10/23	12/27
Tsai, Ming-Tang	◎	◎	◎	◎	◎
Lin, Tsai-Chih	*	◎	◎	◎	◎
Chen, Chiu-Yueh	◎	◎	◎	◎	◎
Wu, Kuo-Shih	◎	*	◎	◎	◎

Note: ◎ In person; ☆ By proxy; * Absent

Other notes:

I. If any of the following is applicable to the operations of the Board, specify the date, the section, the content of the agenda, the opinions of the independent directors, and the response of the Company to the opinions of the independent directors:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act: Refer to Pages 56–59(important resolutions of the shareholders’ meeting and the Board of Directors).

(II) Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing other than those described above: None.

II. The recusal of independent directors from matters that involved a conflict of interest. Specify the names of the independent directors, contents of the matters, and reason for recusal, and the participation in voting: None.

III. TWSE/TPEx-listed companies shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation of the Board of Directors’ self (or peer) evaluation: Please refer to 2. Performance evaluation of the Board of Directors.

IV. Evaluation of targets for strengthening of the functions of the Board during the current year and the most recent year, and measures taken for the achievement thereof:

1. The Board of Directors operates in compliance with the Code of Conduct and Ethical Corporate Management Best-Practice Principles, Corporate Governance Best-Practice Principles and Corporate Social Responsibility Best-Practice Principles for strengthening the functions of the Board and enhancing information transparency.
2. The Company provides various continuing education courses and encourages director and supervisors to attend corporate governance courses for strengthening the functions of the Board. In 2024, 7 directors attended the courses, for a total of 42 hours. (Refer to Page 30)
3. The Company’s major regulations and guidelines for corporate governance are disclosed on the Company’s website or the Market Observation Post System.
4. The Company has purchased “Directors and Officers Liability Insurance” to diversify the risk of legal liabilities of directors and enhance corporate governance capacity; it has been reported at the 7nd meeting of the 11th term of Board of Directors on July 26, 2024.
5. The Company has established the Audit Committee since June 11, 2020. The Audit Committee consists of the 4 independent directors and is responsible for examining the Company's financial statements, appointment and dismissal of CPAs, reviewing the independence and performance of CPAs, effective implementation of internal control, and control over the Company's existing and potential risks.
6. In order to implement corporate governance, protect shareholders’ rights and strengthen the functions of the Board of Directors, the Company appointed the Corporate Governance Officer to assist the operation of the Board by a resolution of the Board meeting on December 24, 2020.

2. Performance evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Evaluation Criteria
Once per year	2024/01/01~ 2024/12/31	Board Performance Evaluation	Board's internal self-evaluation: There are 45 questions covering five major aspects	1. Participation in the Company's operation. 2. Improvement of the Board decision-making quality. 3. Composition and structure of the Board. 4. Election and continuing education of directors. 5. Internal control.
		Individual board members' performance evaluation	Board members' self-evaluation: There are 23 questions covering six major aspects	1. Alignment with the goals and mission of the Company. 2. Knowledge of the directors' duties. 3. Participation in the Company's operation. 4. Management of internal relationship and communication. 5. Professionalism and continuing education of directors. 6. Internal control.
		Remuneration Committee's performance evaluation	Remuneration Committee's Internal Self-Evaluation: There are 18 questions covering five major aspects	1. Participation in the Company's operation. 2. Knowledge of the functional committee's duties. 3. Improvement of the functional committee's decision-making quality. 4. Composition and member election of the functional committee. 5. Internal control.
		Audit Committee's performance evaluation	Audit Committee's Internal Self-Evaluation: There are 20 questions covering five major aspects	1. Participation in the Company's operation. 2. Knowledge of the functional committee's duties. 3. Improvement of the functional committee's decision-making quality. 4. Composition and member election of the functional committee. 5. Internal control.

The internal performance evaluation results for the Board of Directors and functional committees for 2024 were reported to the Board on Feb. 27, 2025, as follows:

Self-Evaluation Category	Average Questionnaire Score
Board of Directors	97
Board Members	98
Audit Committee	99
Compensation Committee	99

Note: An average score of 90 or above is "Exceeds Standards", an average score of 80 or above but below 90 is "Meets Standards", and an average score below 80 is "Needs Improvement".

(II) Operations of the Audit Committee or supervisors' participation in the operations of the Board of Directors

1. Operations of the Audit Committee:

The Audit Committee held 6 meetings (A) in the most recent year. The attendance record of independent directors is listed below:

Title	Name	Actual attendance in non-voting capacity (B)	Attendance by proxy	Actual attendance in non-voting capacity rate (%) [B/A]	Remarks
Convener	Chen, Chiu-Yueh	6	0	100.00%	
Member	Lin, Tsai-Chih	5	0	83.33%	
Member	Tsai, Ming-Tang	6	0	100.00%	
Member	Wu, Kuo-Shih	5	0	83.33%	

Other notes:

I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, resolution of the Audit Committee, and the Company's response to the Audit Committee's opinions:

(I) The circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Date	Session	Proposal	Resolution of the Audit Committee	Handling of opinions
2024/03/01	5th meeting of the 2nd term	The Company's 2023 financial statements and business report	Passed without objection	Not applicable
		2023 loss make-up proposal	Passed without objection	Not applicable
		Proposal for distributing capital reserve in cash	Passed without objection	Not applicable
		2023 Self-assessment of the internal control policy and statement on the internal control system	Passed without objection	Not applicable
		Evaluation of the independence and competency of the Company's CPAs	Passed without objection	Not applicable
		Evaluation of the appointment and fees of the Company's CPAs.	Passed without objection	Not applicable
		Proposal to loan funds to subsidiary Microcosm Technology (Suzhou) Co., Ltd.	Passed without objection	Not applicable
		Proposal to pre-approve the provision of non-assurance services by the certified public accountant, its firm and affiliated entities to the company and its subsidiaries.	Passed without objection	Not applicable
2024/04/30	6th meeting of the 2nd term	The company's consolidated financial report for the 1st quarter of 2024.	Passed without objection	Not applicable
		Amendment of the " Financial and Business Related Operations Norms for Interrelated Persons " provisions	Passed without objection	Not applicable
		Proposal for sub-subsidiary Suzhou ParLux Optoelectronics Corporation to make a loan to subsidiary Microcosm Technology (Suzhou) Co., Ltd.	Passed without objection	Not applicable
2024/07/26	7th meeting of the 2nd term	Consolidated Financial Report for the Second Quarter of Year 2024.	Passed without objection	Not applicable
2024/10/23	8th meeting of the 2nd term	The company's consolidated financial report for the 3rd quarter of 2024	Passed without objection	Not applicable
		Proposal to loan funds to subsidiary Microcosm Technology (Suzhou) Co., Ltd.	Passed without objection	Not applicable
		Amendment of the "Board of Directors Meeting Regulation" provisions	Passed without objection	Not applicable
		Amendment Proposal to Certain Provisions of the "Audit Committee Charter"	Passed without objection	Not applicable

2024/10/23	9th meeting of the 2nd term	Review of the Proposal for the Transfer of Treasury Shares to Non-Managerial Employees in 2020	Passed without objection	Not applicable
2024/12/27	10th meeting of the 2nd term	Proposal to Establish the "Sustainability and Risk Management Committee Charter" of the Company	Passed without objection	Not applicable
		Proposal to Establish the "Sustainable Information Management Procedures" of the Company	Passed without objection	Not applicable
		The Company's Auditing Plan for the Year 2024	Passed without objection	Not applicable
		Proposal to amend selected provisions of the company's Whistleblowing Regulations and change its name.	Passed without objection	Not applicable

(II) Other than those described above, any resolutions not approved by the Audit Committee but passed by more than two-thirds of directors: None.

II. The recusal of independent directors from matters that involved a conflict of interest. Specify the names of the independent directors, contents of the matters, and reason for recusal, and the participation in voting: None.

III. Communication between independent directors and the internal audit officer/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome).

Independent directors can communicate with the Company's financial and internal audit officers in regular Board meetings held every quarter, and the Company reports to the independent directors via its internal audit report to let the independent directors know the Company's risk assessment and management status.

During the communications in 2024, there were no disagreements between independent directors and the internal audit officer and external auditors.

(I) Summary of communication between independent directors and the internal audit officer:

1. Before the end of each fiscal year, the audit plan for the following year is submitted to the Board meeting for resolution.
2. The internal audit department conducts audits in line with the annual audit plan, and submits the audit report to the independent directors for review before the end of the following month after the closing date of each audit. If the independent directors have any questions or instructions, they may ask or make it known to the internal audit officer.
3. Implementation of the audit plan will be reported at the Board meeting every quarter.
4. The evaluation of the effectiveness of the Company's internal control system and the statement on the internal control system are submitted to the Audit Committee for examination.
5. Independent directors and the audit supervisor must attend at least five meetings per year.

Date	Nature	Key communication point	Suggestion of independent directors and results
2024/03/01	Pre-Board Meeting	Report on the implementation of the internal audit and 2023 statement on the internal control system.	No opinion
2024/04/30	Pre-Board Meeting	Report on the implementation of the internal audit.	No opinion
2024/07/26	Pre-Board Meeting	Report on the implementation of the internal audit.	No opinion
2024/10/23	Pre-Board Meeting	Report on the implementation of the internal audit.	No opinion
2024/12/27	Pre-Board Meeting	Report on the implementation of the internal audit, 2025 annual audit plan.	No opinion

(II) Summary of communication between independent directors and external auditors:

Independent directors meet with external auditors at least twice a year where auditors explain the key points in the audit of the annual financial statements and discuss and communicate the applications of recent amendments to laws and regulations.

Date	Nature	Key communication point	Method of communication	Suggestion of independent directors and results
2024/03/01	The	Conclusion of the	Communication	No opinion

		independent directors' meeting	annual audit	in writing		
	2024/04/30	Post-board meeting	Communication of audit quality indicators and revisions to the International Code of Ethics for Professional Accountants.	Oral presentation	No opinion	
	2024/12/27	The independent directors' meeting	Conclusion of the annual audit plan	Communication in writing	No opinion	

(III) Implementation of corporate governance, and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
I. Has the Company established corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and disclosed such principles?	V		In order to establish an effective corporate governance framework, protect shareholders' rights and interests, strengthen the functions of the Board, exercise supervisors' functions, respect stakeholders' rights and interests and improve information transparency, the Company adopted the Corporate Governance Best-Practice Principles on December 29, 2015, for compliance and disclosed these Principles on the Market Observation Post System and its website (http://www.microcosm.com.tw/list.asp?classid=79).	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".
II. Equity structure and shareholders' equity (I) Has the Company defined internal operating procedures to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented these procedures? (II) Does the Company control a list of major shareholders who substantially control the Company and the controlling parties of such shareholders? (III) Has the Company established or implemented risk control and firewall mechanisms between the Company and its affiliates?	 (II) V (III) V	(I) V	(I) The Company has appointed dedicated personnel to handle the suggestions and disputes from shareholders, and depending on the needs and actual practice, it will define internal operating procedures in the future. (II) The Company has appointed the Taishin International Bank Stock Affairs Agency Department to handle relevant stock affairs, and has a grasp of the movement of shares of major shareholders who substantially control the Company and the controlling parties of such shareholders at all times. (III) The Company has established the "Procedures for Matters Between the Company and Its Related Parties, Specific Companies or Group Companies" and "Regulations Governing Short-Term and Long-Term Investments" and put them into practice with the regular supervision by internal audit personnel.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
(IV) Has the Company set up internal rules to prohibit insiders from utilizing undisclosed information to trade securities?	V		(IV) The Company's personnel shall comply with the provisions of the Securities and Exchange Act and may not utilize undisclosed information to trade securities or disclose such information to others so as to prevent others utilizing such information in securities trading. The Company has set up the "Internal Control Policy for Insider Trading Prevention" and the "Procedures for Ethical Management and Guidelines for Conduct" to clearly prohibit insider trading and stipulate the confidentiality protocol.	
III. Composition and duties of the Board of Directors (I) Has the Board of Directors established a diversity policy, set specific goals, and implemented them accordingly? (II) Has the Company, in addition to setting up the Remuneration Committee and Audit Committee in accordance with laws and regulations, voluntarily set up other functional committees? (III) Has the Company established a set of policies and assessment tools to evaluate the Board's performance, conducted the	V V V		(I) The Company has established the "Corporate Governance Best-Practice Principles" and set up the diversity policy in Chapter 3 thereof, "Strengthening the Functions of the Board"; it can also be found on Pages 6~7 of this annual report. (II) To strengthen sustainable governance and implement sustainable development goals, the Company established the Sustainability and Risk Management Committee in 2024, in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," and the "Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange listed Companies." (III) 1. In order to implement corporate governance and enhance the functions of the Board, the Company has established performance goals to strengthen the	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
performance evaluation regularly at least on an annual basis, and submitted the performance evaluation results to the Board and applied the same as reference for remuneration to individual directors and nomination?			efficiency of the Board's operations, and the "Regulations Governing the Board of Directors' Self (or Peer) Evaluation" were adopted by the Board of Directors on December 29, 2015; the annual performance evaluation is conducted on a regular basis accordingly. 2. In the results of the 2024 Board performance evaluation, all directors, the Board of Directors and the functional committees were rated "outstanding", which is above the requirements of the evaluation and indicates excellent overall operations.（For evaluation methods, content, and results, please see page 14） 3. The evaluation results of all directors are taken as reference for reappointment. 4. The evaluation results were submitted to the Board meeting on Feb. 27, 2025.	
(IV) Does the Company regularly evaluate the independence of CPAs?	V		(IV) The Company's CPAs belong to an international accounting firm and conduct the audit on the Company's financial position from an independent and impartial standpoint and in compliance with laws and regulations. The Company's Finance Department conducts evaluation of the CPAs annually. Starting from 2024, the independence and suitability of the accountant will be evaluated with reference to Audit Quality Indicators (AQIs). On Feb. 27, 2025 the result was submitted to and approved by the audit committee and the Board meeting. Both CPAs, Yeh, Fang-Ting and Tien, Chung-Yu of PricewaterhouseCoopers Taiwan,meet the company's independence assessment standards (Note 1), are	

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
			qualified to serve as the company's auditing accountant, and the accountant has reported the independence statement at the meeting on Feb. 27, 2025.	
IV. Has the Company assigned an adequate number of competent corporate governance officers, and appointed a chief corporate governance officer responsible for corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organizing the Board meetings and shareholders' meetings, and preparing the Board meeting and shareholders' meeting minutes, etc.)?	V		1. The Company has appointed a corporate governance officer who is the chief supervisor of corporate governance affairs by the resolution of the Board meeting on December 24, 2020, and assigned adequate personnel to handle corporate governance affairs. 2. Since 2024, the Company has established a Corporate Governance Task Force under the Sustainability and Risk Management Committee, responsible for ensuring compliance with corporate governance-related regulations and managing stakeholder communication mechanisms, thereby enhancing the effectiveness and transparency of corporate governance execution. The Company has appointed a Chief Corporate Governance Officer to oversee and coordinate corporate governance affairs, with collaboration from relevant departments such as the General Manager's Office, Shareholder Services, and Finance Department. The scope of work includes: organizing board and shareholder meetings in accordance with the law, preparing minutes for board and shareholder meetings, assisting directors with onboarding and continuous education, providing directors with necessary information for their duties, and supporting directors in regulatory compliance. These efforts aim to strengthen the corporate governance framework and ensure the effective fulfillment of directors' responsibilities.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".
V. Has the Company established channels for	V		The Company has established diverse communication	Compliant with the

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders at the official website of the Company with proper responses to the concerns of stakeholders on issues related to corporate social responsibility?			channels to maintain positive and effective engagement with various stakeholders—including shareholders/investors, employees, customers, suppliers/contractors, government agencies, and society at large (including local communities, schools, and social welfare organizations). To enhance transparency and communication efficiency, the Company has set up a "Stakeholder Communication" section on its official website. This section clearly outlines the target stakeholder groups, key concerns, communication frequency, and engagement channels, while also providing accessible contact information to facilitate timely responses to stakeholder expectations and needs. In addition, the Sustainability and Risk Management Committee of Microcosm Technology continues to promote stakeholder engagement policies. Through a variety of internal and external communication platforms, the Company strengthens feedback mechanisms, fosters positive interactions with stakeholders, and fulfills its corporate social responsibility. These efforts also serve as a critical foundation for business decision-making and the formulation of sustainable development strategies.	“Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies”.
VI. Has the Company commissioned a professional stock affairs agency for the handling of shareholders’ meetings?	V		The Company has assigned a professional stock affair agency, Taishin Securities Co., Ltd. Stock Affairs Agency Department, to handle shareholders' meetings.	Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies”.
VII. Disclosure of information (I) Has the Company set up a website and disclosed financial, business and corporate	V		(I) The Company has established an official corporate website (www.microcosm.com.tw). Information	Compliant with the “Corporate Governance Best-Practice Principles

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
governance information? (II) Has the Company adopted other means for disclosure (e.g. setting up an English website, assigning dedicated personnel for gathering and disclosing relevant information, properly implementing a spokesperson system, and posting the meetings minutes of investor conferences on the Company website)? (III) Does the Company announce and report the annual financial report within two months after the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?	V	V	regarding the company's financial status, business operations, and corporate governance is disclosed in accordance with relevant regulations through the Market Observation Post System (MOPS) and the "Investor Relations" section of the company's website. (II) The Company regularly and periodically updates various financial and operational information on the Market Observation Post System and both the Chinese and English versions of its website, as required by regulations; dedicated personnel is appointed to collect and disclose information of the Company; and a spokesperson and deputy spokesperson system has been adopted. (III) The Company announces and reports the annual financial report and the financial report for Q1, Q2, and Q3 and monthly operation overview within the prescribed time limit.	for TWSE/TPEx-Listed Companies". Announcement of the annual financial report and monthly operation review cannot be made early.
VIII. Does the Company have other important information facilitating understanding of the functioning of corporate governance (including but not limited to the state of employees' rights and interests, concern for employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, implementation of risk management policies	V		The Company defines its work rules in accordance with the relevant laws and regulations, which provide written provisions about the protection of human rights and employees' rights and interests. The Company also maintains a relationship of mutual cooperation with manufacturers and customers trading with the Company. (I) Employees' rights and interests and concern for employees: Refer to Page 79 (5. Labor relations). (II) Investor relations: The Company cares about investors'	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
and risk assessment criteria, implementation of customer policies, and liability insurance purchased by the Company for directors and supervisors)?			rights and interests and discloses relevant information on the MOPS in accordance with laws and regulations in a timely manner. Additionally, the Company has established an "Investor Relations" section on its website, regularly updating financial data, operational performance, and governance policies to ensure transparency and timely disclosure, thereby safeguarding investors' rights to information and participation. (III) Supplier relations: The Company maintains good relations with its suppliers by upholding ethical principles, and assesses the operations and financial conditions of major suppliers to ensure stable supplies and sound partnerships. (IV) Stakeholders' rights and interests: The Company has established communication channels for various stakeholders and set up a "Stakeholder Communication" section on its website, disclosing their key concerns, communication methods, and frequency. The Company regularly responds and tracks improvements to promote inclusive participation in sustainable governance. (V) Continuing education of directors and supervisors: The Company's directors and supervisors (including independent directors and supervisors) attend workshops and courses related to securities laws and regulations and corporate governance in conformity with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies", and they obtain certificates. Please refer to the "2024 continuing education of directors" table	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>below. (Note2)
(VI) Implementation of risk management policy and risk measurement: The Company operates prudently, complies with laws and regulations, and reduces any risks it may encounter through the internal audit mechanism. Since 2024, the Company has established the "Sustainability and Risk Management Committee," under which the "Risk Management Task Force" operates based on internal risk control mechanisms to conduct risk identification, assessment, and monitoring activities. The Task Force formulates management strategies, conducts periodic reviews, and optimizes processes to enhance the Company’s resilience.
(VII) Implementation of customer policy: The Company has established operating procedures for customer relations and services. For customer complaints, the Company identifies the issues and responsibilities, takes prompt and effective countermeasures, and subsequently proposes measures to prevent recurrence.
(VIII) The Company has purchased liability insurance for its directors and supervisors:
The Company has purchased liability insurance for its directors and supervisors since June 30, 2019.
Information on liability insurance of directors and supervisors in 2024 is as follows:<table><tr><th>Insured party</th><th>Insurance company</th><th>Insurance period</th></tr><tr><td>All directors and supervisors</td><td>Shinkong Insurance Co., Ltd.</td><td>2024/6/30–2025/6/30</td></tr></table></td><td></td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>IX. Please respond to the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, explaining the improvements already made and the priority items and measures for improvements not yet made.</td><td>V</td><td></td><td>The Company has completed the self-evaluation for the 11th Corporate Governance Evaluation according to the schedule set by the Securities and Futures Institute.
<table>
<tr><th>Evaluation indicator</th><th>Improvement</th></tr>
<tr><td>1.2. Has the Company established written policies governing financial and business transactions with related parties, including management procedures for purchases and sales of goods, acquisition or disposal of assets, and other transactions? Do such policies specify that material transactions must be approved by the Board of Directors and either submitted to the shareholders' meeting for approval or reported accordingly?</td><td>Report on the Execution of Related Party Transactions at the 2025 Annual General Shareholders' Meeting</td></tr>
<tr><td>1.6. Did the Company hold its annual shareholders' meeting before the end of May?</td><td>The Company plans to do so in the future.</td></tr>
<tr><td>2.3. Are the chairperson and the president or person with an equivalent post (the highest level manager) of the Company the same person, spouses, or relatives within the first degree of kinship?</td><td>The Company's chairperson and president are the same person, so the Company has taken countermeasures by adding one seat for an independent director and requiring that more than half of the Board members are not employees or managerial officers of the Company.</td></tr>
<tr><td>2.14. Has the Company established any functional committees, such as a Nomination Committee, Risk Management Committee, or Sustainability Committee, in addition to the statutory committees? Do these committees consist of at least three members, with a majority of independent directors, and at least one member</td><td>The "Sustainability and Risk Management Committee" was established on December 27, 2024.</td></tr>
</table></td><td>Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".</td></tr>
</table>

Evaluation items	Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary	
			possessing the necessary expertise for the respective committee? Additionally, does the Company disclose the composition, responsibilities, and operational details of these committees?	
			2.23.Does the Company adopt the Regulations Governing the Board Performance Evaluation approved by the Board of Directors and requires at least one evaluation by external parties every three years? Has the Company conducted the evaluation on schedule in accordance with these Regulations and disclosed the implementation and evaluation results on the Company's website or annual report? — The Company plans to carry out at least one evaluation by external parties every three years.	
			2.27 Has the Company established an intellectual property management plan in line with its operational goals, disclosed the implementation on its website or annual report, and reported at least once a year to the Board of Directors? — The Company plans to do so in the second half of 2025.	
			2.30 Is at least one of the Company's internal audit personnel a Certified Internal Auditor, Certified Information Systems Auditor or Certified Public Accountant? — The Company plans to do so in the future.	
			3.4 Has the company published the annual financial report audited and certified by an accountant within two months after the end of the fiscal year? — The Company plans to do so in the second half of 2026.	
			3.5 Did the Company upload an English translation of the annual financial report 16 days before the date of the annual shareholders' meeting? — The Company plans to do so in the second half of 2025.	
			3.6 Did the Company disclose an English translation of interim financial reports within two months after the time limit for the Chinese interim financial reports? — The Company plans to do so in the future.	
			3.18 Has the Company set up an English version website setup that includes financial, — The Company plans to do so in the future.	

Evaluation items	Status				Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof
	Yes	No	Summary		
			business and corporate governance information?		
			3.20 Has the Company been invited to (or organized) at least two investor conferences, and are the first and the last investor conferences of the evaluated year at least three months apart?	A shareholders meeting was held in the 2024 year and it is planned to increase the frequency of such meetings in the future.	

Note 1:
Evaluation of CPA independence:

Evaluation items	Evaluation results	Compliance with independence
There is no direct or material indirect financial interests between the CPA and their client.	No related interest	Yes
There are no inappropriate interests between the CPA and their client.	No related interest	Yes
The CPA may not audit or attest the financial statements of the institution at which they served within the preceding two years.	No violation	Yes
Others may not practice using the name of the CPA. (Declaration)	Not used by others	Yes
The CPA and all members of the audit team may not own shares of the client.	No shareholding	Yes
There may not be any lending or borrowing from or to the client.	None	Yes
There may not be any joint investment or profit sharing with the client.	None	Yes
The CPA may not perform any routine work for client for which they receive a fixed salary.	None	Yes
The CPA may not accept or receive any commission related to the engagement.	None	Yes
Has the CPA served the client for more than 7 years consecutively?	No	Yes

Note 2:
Information on the continuing education of directors in 2024 is as follows:

Title	Name	Date	Organizer	Course Title	Hours
Chairperson	Huang, Tang-Chieh	2024/12/26	Accounting Research and Development Foundation	How to Apply Robotic Process Automation (RPA) to Enhance Internal Control Effectiveness	6 hours
Director	Tong Ying Investment Limited Representative: Lee, Mei-Jung	2024/09/30	The Institute of Internal Auditors-Chinese Taiwan	Reading, Analysis, and Application of Financial Statements	6 hours
Director	Hou Sheng Investment Co., Ltd. Representative: Chuang, Chao-Chin	2024/08/15	Accounting Research and Development Foundation	Strengthening the Internal Control Functions and Board Operations Mechanisms: An Analysis of Fraud Cases	6 hours
Independent director	Tsai, Ming-Tang	2024/08/22	The Institute of Internal Auditors-Chinese Taiwan	Repositioning Internal Audit through Case Studies: The Intersection of Ethics, Morality, and Law	6 hours
Independent director	Lin, Tsai-Chih	2024/05/22	Taiwan Directors Association (TDA)	2024 SAP NOW Taiwan: Extraordinary Achievements in Business AI	3 hours
		2024/09/30	Taipei Financial Research and Development Foundation (TFRDF)	Corporate Governance: Enterprise Information Security Management and Protection Strategies	3 hours
Independent director	Chen, Chiu-Yueh	2024/08/15	Accounting Research and Development Foundation	Strengthening Internal Control Functions and Board Operations Mechanisms: An Analysis of Fraud Cases	6 hours
Independent director	Wu, Kuo-Shih	2024/07/11	Taipei Exchange	Board of Directors, Supervisors, and Corporate Governance Executive Series: ChatGPT and Its Disruptive Impact on Industry Trends	3 hours
		2024/07/31	Chinese Association of Business and Intangible Assets Valuation	Statement of Financial Accounting Standards No. 16: "Valuation of Inventories"	3 hours

(IV) Where the Company has established a Remuneration Committee, its composition, responsibilities and operation shall be disclosed:

1. Information on Remuneration Committee members

April 30, 2024

Title	Criteria / Name	Professional qualifications and experience	Independence status	Number of other public companies where the person concurrently serves as a Remuneration Committee member	Remarks
Independent director	Tsai, Ming-Tang	Note 1	Note 1	1	
Independent director	Lin, Tsai-Chih	Note 1	Note 1	0	
Independent director	Chen, Chiu-Yueh	Note 1	Note 1	0	
Independent director	Wu, Kuo-Shih	Note 1	Note 1	0	Convener

Note 1: Please refer to the information on directors and supervisors on Page 6.

2. Operation of the Remuneration Committee

(1) The Company’s Remuneration Committee consists of 4 members.

(2) Current term of office: The term of office is from June 21, 2023, to June 20, 2026. The Committee held 2 (A) meetings in the most recent year, and the qualifications of Committee members and their attendance are listed as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Wu, Kuo-Shih	2	0	100.00%	
Member	Lin, Tsai-Chih	1	0	50.00%	
Member	Tsai, Ming-Tang	2	0	100.00%	
Member	Chen, Chiu-Yueh	2	0	100.00%	

Other notes:

I. If the Board of Directors does not adopt, or amends, the Remuneration Committee’s suggestions, please specify the meeting date, term, contents of the motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee’s opinions (if the remuneration ratified by the Board of Directors is superior to that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): None.

II. For resolutions made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

III. Remuneration Committee’s meeting date, session, contents of motions, resolutions and the Company's handling of the Remuneration Committee’s opinions are as follows:

Date of Remuneration Committee meeting	Session	Proposal	Resolution of Remuneration Committee meeting	Handling of opinions
2024.03.01	3rd meeting of the 5th term	The company's board of directors performance evaluation, director and manager performance evaluation plan	Passed without objection	Not applicable
2024.12.27	4th meeting of the 5th term	Proposal of the 2024 Annual Bonus Distribution	Passed without objection	Not applicable

Note: (1) Where a Committee member may be relieved from duties before the end of the fiscal year, please specify the date of their discharge in the “Remarks” column. Their actual attendance rate (%) for the Committee meetings shall be calculated on the basis of the number of meetings convened and the actual number of meetings they attended during their term of office.

(2) If there was an election of new members for the Remuneration Committee before the end of the fiscal year, fill in the information on the former and new members, and specify if the members are newly elected to office or reelected for a second term of office, and the date of the election. The actual attendance rate (%) for the Committee meetings shall be calculated on the basis of the number of meetings convened and the actual number of meetings attended during the term of office.

(V) Implementation status of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit for promoting sustainable development, with authorization from the Board of Directors to senior management for handling related matters, and supervision by the Board of Directors?	V		The Company’s corporate social responsibility tasks are handled concurrently by the Administration Department. The “Corporate Social Responsibility Task Force” was established in 2020 as an interdepartmental team composed of members from various relevant departments, and is responsible for the implementation of affairs related to corporate social responsibility. In the same year, the Board meeting adopted the “Corporate Social Responsibility Best Practice Principles” and later renamed them the “Sustainable Development Best Practice Principles” on March 8, 2022. The company reported the implementation status to the Board of Directors on Feb. 27, 2025. On December 27, 2024, the Board of Directors of the Company approved the "Sustainability and Risk Management Committee Charter" and established the "Sustainability and Risk Management Committee." The Committee consists of five functional sub-groups, including Corporate Governance, Sustainable Environment, Employees and Society, Sustainable Information Disclosure, and Risk Management. Each sub-group is chaired by the head of the relevant department, who is responsible for formulating action plans, executing specific initiatives, and implementing various projects. The sub-groups report their progress to the Committee regularly to ensure the effective implementation of the Company’s sustainability strategies and the achievement of its goals. The Board of Directors regularly reviews the company's sustainable development policies and examines the results and recommendations of the Corporate Social Responsibility Task Force. In 2024, the Board discussed sustainability-related topics four times, covering significant issues such as climate risk management and greenhouse gas inventory. Through the Board's oversight, the company ensures the effective implementation of its sustainable	

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
			development strategy, continuously enhancing performance in environmental, social, and governance aspects, creating long-term value for shareholders and society.	
II. Does the Company conduct risk assessment on the environmental, social and corporate governance issues related to the Company's operations and adopt related risk management policies or strategies?	V		1. Environmental: Risk assessment item: environmental protection. The Company passed QC 0800000 Hazardous Substance Process Management System Requirements certification, and maintains its effectiveness. Various management guidelines have been implemented to put the environmental protection policy, “Conserving the Earth’s resources and complying with environmental protection rules” into practice. New environmental technology has been introduced, wastewater recycling is promoted, and energy-saving solutions have been initiated to reduce greenhouse gas emissions and improve performance on environment management. 2. Social: Risk assessment item: product safety. The Company has established the “Hazardous Substance Management” and “Product Safety Assurance Policy and Management Procedures” to ensure compliance with laws and regulations for registration in each country and reduce any potential impact on people and the environment during product life cycles, and at the same time to meet the labeling requirement of the “Globally Harmonized System of Classification and Labeling of Chemicals (GHS)”, to ensure product safety for transportation and usage. 3. Corporate governance: (1) Risk assessment item: legal compliance. Pursuant to the “Legal Compliance System” under the ISO management framework, the Company ensures that all personnel and procedures comply with relevant laws and regulations. (2) Risk Assessment Item: Stakeholder Communication. Our company attaches importance to stakeholder	Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies”.

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
			communication, and information on stakeholder communication and response can be found on our website: http://www.microcosm.com.tw/list.asp?classid=130. (3) Risk Assessment Item: Strengthening the Functions of the Board of Directors and Implementing their Responsibilities. The company plans to provide relevant training to the directors, to keep them informed of the latest regulations, system developments and their legal responsibilities. The company also aims to secure insurance for the directors against directors and officers liability, to protect them in the event of lawsuits or claims while they are performing their duties as managers. 4. The Company adopted the "Risk Management Policy and Procedures" in 2020, and reported its implementation to the Audit Committee and the Board of Directors on Feb. 27, 2025.	
III. Environmental issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		(I) 1. The Company has adopted the prohibited and restricted substance management process, assigned a dedicated team for effectively monitoring, inspecting and analyzing the operational environment and production process and to endeavor developing a green, Hazardous Substance Free environment, thereby enhancing environmental protection. Passed the IECQ QC 080000 and Hazardous Substance Free certifications. 2. The Company has adopted the "Waste Treatment Management Procedures" and the "Operating Procedures for Hazardous Substance Classification and Labeling". 3. The Company complies with environmental protection laws and regulations, and has signed contracts with registered waste management service providers for the disposal of general waste and industrial waste, to assist	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".

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<tr><td></td><td></td><td></td><td>in the recycling, classification and reuse of resources.
4. The Company focuses on the R&D of environmentally-friendly products, improvement of automatic production efficiency, and recycling of resources.</td><td></td></tr>
<tr><td>(II) Does the Company endeavor to upgrade the efficient use of available resources and the use of environmental-friendly materials?</td><td>V</td><td></td><td>(II) Microcosm Technology has placed equal emphasis on “business growth and environmental protection” since its founding, endeavoring to develop halogen-free FCCL products and effectively measuring and monitoring prohibited substances that are hazardous to the environment.</td><td></td></tr>
<tr><td>(III) Does the Company assess the potential risks and opportunities posed by climate changes to the enterprise, now and in the future, and take countermeasures related to climate issues?</td><td>V</td><td></td><td>(III) The Company is an electronic spare parts manufacturer and engaged in the manufacturing and sale of PCB materials and chip-on-flex substrates. Energy consumed in the manufacturing process is mainly electricity and natural gas. The Company fully understands the impact of climate change on its operational activities and the resulting rising costs of energy and environmental protection. The Company has thus taken measures in energy-saving, carbon reduction, reuse of waste resource, as well as the development of more environmentally-friendly products.
<table>
<tr><th>Climate risk</th><th>Potential financial impact</th><th>Climate opportunity</th><th>Response operation</th></tr>
<tr><td>Greenhouse gas quota control and carbon trading system</td><td>Limited capacity expansion and increased operating costs.</td><td>Participate in renewable energy projects.</td><td>Improve equipment and reduce energy use to reduce carbon emissions.</td></tr>
<tr><td>Increased cost of greenhouse gas emissions</td><td>Decrease carbon equipment setup and</td><td>Reducing emissions of volatile organic</td><td>Preventive equipment modificatio n to</td></tr>
</table></td><td></td></tr>
</table>

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	increased operating costs.	compounds(VOC).	improve reduction rate.
Rising temperature	Increased electricity use, cost and carbon emissions.	Promote low-carbon green production.	Energy saving policies achieve an energy saving rate of 1% per year

</td><td></td></tr>
<tr><td>(IV) Does the Company disclose the volume of annual greenhouse gas emissions and water consumption and gross weight of waste for the past two years, and adopt policies for greenhouse gas reduction, reduction of water consumption or a management strategy for other waste?</td><td>V</td><td></td><td>(IV) 1.Greenhouse Gas Reduction, Water Conservation, and Waste Management Strategies
The Company has established an environmental management system, encompassing energy conservation and carbon reduction, water conservation, and waste management, guided by the principle of steady medium- to long-term progress. This system aims to gradually enhance resource management effectiveness and promote environmental sustainability through specific strategies and measures, as outlined below:
(1) Energy Conservation, Carbon Reduction, and Greenhouse Gas Reduction:
- Energy-Saving Advocacy: Implementing energy-saving measures, including setting air conditioning to 27℃, turning off lights when not in use, conserving water, encouraging employees to use reusable chopsticks and cups, reducing paper printing by adopting digital files, promoting double-sided printing, and setting up waste paper recycling bins for paper reuse.
- Digitalization Initiatives: Since October 2018, the Company has adopted electronic invoicing in line with the Ministry of Finance’s policy to reduce paper usage; the Company has also joined an electronic document exchange system, handling 255 received documents in 2024, further reducing paper consumption through digital processing.</td><td></td></tr>
</table>

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
			- Renewable Energy: A solar power system was installed at the end of 2017; in 2024, the Company evaluated the feasibility of expanding solar power system installation at its Southern Taiwan Science Park headquarters, with preliminary planning expected to be completed by 2025. - Energy-Saving Equipment: The Company continuously improves factory and office equipment, replacing traditional lighting with LED energy-saving fixtures starting in 2018 to enhance lighting efficiency, achieving an average annual electricity-saving rate of 2.35% from 2015 to 2024. - Energy-Saving Products: Prioritizing the use of energy-saving and environmentally certified products to enhance energy efficiency. (2) Water Conservation: - Through water-saving advocacy and measures, water consumption decreased year-on-year from 2022 to 2023, and in 2024, the Company continued to implement water conservation policies, establishing a target to reduce total water usage by approximately 1% annually. In 2024, the Company achieved an initial annual reduction of approximately 1%, and moving forward, it will gradually assess the feasibility of water-saving equipment or a water recycling system based on facility needs. (3) Waste Management: - Waste is handled by qualified vendors certified by the Environmental Protection Administration, with regular audits of hazardous industrial waste vendors to prevent environmental pollution due to negligence or violations. For hazardous industrial waste management, a solvent recovery system is in place to enhance energy efficiency, minimize resource waste, and reduce environmental impact, aiming for zero pollution as the ultimate goal. In 2024, the recycled and reused volume of general industrial waste was 0 metric tons. - To achieve waste reduction targets, the Company has set a	

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<tr><td></td><td></td><td></td><td>goal to reduce the generation of general industrial waste by approximately 1% annually, while strengthening waste classification management and employee education.
- Supplier Packaging Recycling and Reuse: Raw material packaging used in production is recycled and reused by suppliers, reducing costs and waste generation.
2. The company's environmental data statistics for 2023 and 2024 are as follows:
<table>
<tr><th>Item</th><th>Unit</th><th>2023</th><th>2024</th></tr>
<tr><td>Scope 1
Natural gas, official vehicle gasoline, septic tanks, and Fugitive refrigerant emissions</td><td>Ton</td><td>201.7369</td><td>269.8883</td></tr>
<tr><td>Scope 2
Purchased electricity</td><td>Ton</td><td>1,635.5530</td><td>1,263.1664</td></tr>
<tr><td>Water usage</td><td>m^3</td><td>18,000</td><td>15,490</td></tr>
<tr><td>Generalbusiness waste</td><td>Ton</td><td>39.814</td><td>25.63</td></tr>
<tr><td>Hazardous business waste</td><td>Ton</td><td>60.79</td><td>45.568</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company have relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>V</td><td></td><td>(I) The Company complies with relevant labor laws, internally established work rules, emergency assistance protocols, and workplace sexual harassment prevention and complaint handling procedures, as well as domestic regulatory frameworks. Additionally, it adheres to the spirit and principles of international human rights conventions, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Labour Organization Conventions, and the Responsible Business Alliance Code of Conduct (RBA). Based on these, the Company has formulated and implemented its "Human Rights</td><td>Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies”.</td></tr>
</table>

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
			Policy" to safeguard employee rights and promote a harmonious and mutually beneficial relationship between labor and management. The human rights management policies and specific initiatives are as follows: ● Eliminate unlawful discrimination and ensure equal employment opportunities. ● Prohibit child labor and establish remedial mechanisms. ● Provide a safe and healthy working environment. ● Ban forced labor. ● Care for disadvantaged groups. ● Establish complaint mechanisms and channels. ● Regularly review and assess relevant systems and measures.	
(II) Has the Company adopted and implemented a reasonable employee benefit policy (including remuneration, vacation and other benefits), and does it reflect the operating performance or results in the remuneration to employees adequately?	V		(II) Regularly review and assess relevant systems and measures. 1.The Company complies with the "Labor Standards Act" and relevant regulations to establish various employee leave, salary, and welfare measures (please refer to page 79 (V. Labor Relations)) and sets up a reward and punishment system. Monthly bonuses are distributed in conjunction with employee performance appraisals, and the rewarded and punished colleagues are announced monthly to encourage them. 2.The Company is also committed to achieving equal pay for equal work and equal promotion opportunities for both men and women, maintaining over 20% of female managerial positions. In the fiscal year 2024, the average proportion of female employees was 38%, and the average proportion of female managers was 44%. 3.Business performance is reflected in employee compensation： Article 23 of the Company's Articles of Incorporation: If	

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
(III) Does the Company provide its employees with a safe and healthy work environment, and regularly implement employee safety and health education measures?	V		the Company generates profits in a given fiscal year, it shall allocate no less than 8% for employee compensation and no more than 5% for director compensation. However, if the Company has accumulated losses, such losses must be covered first. Employee compensation mentioned in the preceding paragraph may be provided in the form of either stock or cash, and the recipients may include employees of subsidiaries or affiliates who meet the criteria established by the Board of Directors. Director compensation shall be paid solely in cash. (III) 1. Annual regular employee health checkups and handling of related occupational safety lectures, conducting fire drills, and holding various in-house training courses on an irregular basis. 2.The Company values employee safety and health, arranging monthly on-site health services provided by medical personnel, and disseminating information on the four major occupational safety and health plans and follow-up health education after employee health checkups for employees' knowledge. 3. In 2023, there were 2 occupational incidents (affecting 2 individuals), and in 2024, there were 4 occupational incidents (affecting 4 individuals). The recordable occupational injury rate is 6.51% (Note 1: The recordable occupational injury rate is calculated as (recordable occupational injuries x 200,000 work hours) ÷ total hours worked). The Company subsequently reviewed and improved its operations, strengthened occupational safety advocacy to ensure the safety of colleagues at work. Note：Occupational Accidents: For the years 2023-2024, the incidents involved traffic accidents during commuting, with no major disasters such as fires. 4.Safety and health education and promotion in the Company in the past two years:	

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><th>Year</th><th>Education and Training Participants</th><th>Education and Training Hours</th></tr><tr><td>2023</td><td>184</td><td>412</td></tr><tr><td>2024</td><td>195</td><td>445</td></tr></table></td><td></td></tr>
<tr><td>(IV) Has the Company established effective career development training plans for employees?</td><td>V</td><td></td><td>(IV)The Company arranges orientation, on-the-job training and external training to cultivate its employees and improve their competencies.</td><td></td></tr>
<tr><td>(V) Does the Company comply with the relevant laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopt related consumer protection policies and complaint procedures?</td><td>V</td><td></td><td>(V) The Company pays attention to the marketing and labeling of products and services in compliance with laws and international standards and has received product certifications, including ISO 9001, QC 080000 and UL safety certification.
The Company takes customer feedback very seriously. In addition to individual visits, the Company also provides accessible complaint channels by publishing the contact window information and email. For any complaints, the Company adheres to ethical principles to take prompt action and respond to protect customers' rights and interests.</td><td></td></tr>
<tr><td>(VI) Has the Company adopted a specific supplier management policy requiring suppliers to comply with regulations governing environmental protection, occupational safety and health or labor human rights, and how is the policy implemented?</td><td>V</td><td></td><td>(VI) 1. Before dealing with a new supplier, the Company evaluates whether it agrees with the spirit of environmental protection and corporate responsibility, and takes its responsibility as a corporate citizen, and whether there are any records of negative impacts on the environment and society.
2. The Company has stipulated the "Declaration for the Responsible Business Alliance Code of Conduct", which requires suppliers to comply with labor laws, occupational and environmental safety and health policies, code of conduct, and managerial system policies., and alerts suppliers to pay attention to labor rights, workplace safety and health and the improvement of unfavorable working conditions.</td><td></td></tr>
<tr><td>V. Does the Company prepare reports disclosing the</td><td></td><td>V</td><td>The Company has yet to prepare a sustainability report.</td><td>The Company plans to prepare and</td></tr>
</table>

Evaluation items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
Company's non-financial information, such as a sustainability report, based on the guidelines or directions for preparation of reports applicable internationally? Has the said report been assured or guaranteed by a third party certification unit?				compile its 2024 Sustainability Report in 2025.
VI. If the Company has established its sustainable development best practice principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the operational status and deviations: The Company has established "Sustainable Development Best Practice Principles" that covers the environment, employee welfare and human rights, supply chain and clients, quality policy, work environment and safety, stakeholder communication, etc. It can be referred to on the Company's website. For the Company's implementation of sustainable development, please refer to Three. Corporate Governance Report, (V) Implementation of sustainable development (Pages 32~42).				
VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: Since its establishment, the Microcosm Technology Charitable Trust has adhered to its core philosophy of "Technology for Good, Giving Back to Society, and Nurturing the Future," focusing on local education in Tainan, striving to bridge the urban-rural education gap, and realizing the vision of "Equal Access to Knowledge and Talent Development at the Grassroots Level." Through close collaboration with schools in the Tainan area, the Trust continuously provides funding for scholarships, activity expenses, and various educational programs, injecting creativity and hope, igniting students' passion for learning, supporting teachers in achieving innovative teaching, and creating a fair and opportunity-filled growth environment for the next generation in Tainan. In 2024, the Microcosm Technology Charitable Trust further deepened its commitment to education in Tainan. During the year, the Trust donated a total of NT$250,000, supporting multiple local schools in organizing distinctive activities, benefiting a cumulative total of 344 students, and fulfilling its commitment to creating a positive societal impact.				

Climate-Related Information for Listed Companies

Implementation Status of Climate-Related Information：

Item	Execution Status
1. Describe the Board of Directors and Management's Oversight and Governance of Climate-Related Risks and Opportunities.	Since 2024, the Company has established the "Sustainability and Risk Management Committee" under the Board of Directors, responsible for overseeing the implementation of sustainability policies and climate risk management initiatives. The Committee regularly reports to the Board on work progress and the management of significant climate-related issues, thereby strengthening the Board's oversight of climate risks and opportunities. Under the Committee, the "Risk Management Task Force" has been established, comprising senior management and cross-departmental members, following the TCFD framework. The Task Force is responsible for regularly identifying, assessing, and monitoring physical and transition risks arising from climate change, evaluating opportunities derived from climate change responses, and formulating specific

	climate response strategies and action plans.
2. Describe how the identified climate-related risks and opportunities affect the Company's business, strategy, and financials (short-term, medium-term, and long-term).	

Identify the Impacts of Climate-Related Risks		Risk	Opportunity
Sale	short term	Damage to production equipment, transportation disruptions, or employee stoppages can lead to operational losses.	Enhance operational resilience.
	mid-term	Climate disasters increase the risk of supply chain disruptions or abnormalities.	Develop low-carbon, energy-saving, and environmentally friendly technologies and materials.
	long-term	Customers consider the level of corporate social responsibility (CSR) as a factor in their purchasing decisions.	Embrace the opportunity for transformation towards a low-carbon economy and ensure the sustainable development of the business.
Strategy	short term	Increase in operational transformation costs.	Enhance internal management efficiency through opportunities for increasing revenue and reducing costs
	mid-term	Technical bottlenecks may arise when implementing regulations using existing resources.	Establish collaborative partnerships with stakeholders across the industry supply chain to advance together
	long-term	Guide operational direction with the goal of low-carbon transformation.	Enhance corporate competitiveness and strategic positioning within the industry.
Finance	short term	Business transformation and rising raw material procurement costs.	Opportunities for developing alternative raw materials. The drive for continuous research and development to optimize product formulations.

		mid-term	Equipment renewal and replacement	Replace outdated equipment to reduce electricity costs and improve equipment efficiency.
			The adoption of related technologies has led to increased operating costs.	Opportunities for developing new technologies.
		mid-term	Facing litigation and the impact of ESG ratings on investor and bank willingness to invest.	Identify future investment opportunities with high potential to increase returns. Seize the transformation opportunities towards a low-carbon economy for sustainable business development.

3. Describe the financial impacts of extreme weather events and transition actions.

Extreme Climate Impacts	Financial Impact	Transition Actions
Equipment	Maintaining the factory and office work environment has led to an increase in air conditioning electricity consumption, thereby raising operational costs.	Regularly inspect and eliminate outdated equipment to reduce energy consumption.
Assets	The destruction or loss of fixed assets and inventory may not only impact the financial statements due to asset revaluation but also potentially lead to reduced revenue and cash flow anomalies, resulting in deterioration of financial health due to lowered production capacity.	Annually insure goods and equipment against fire risks to reduce the potential for disaster-related losses.

	Raw materials	Shortages of raw materials and skyrocketing prices of energy such as electricity, water, and gas have led to increased production costs and decreased profits.	Implemented methanol recycling and reuse to reduce chemical usage, thereby lowering costs. Developed new products, expanded diversified procurement, and diversified product portfolio to mitigate operational risks. Starting in 2023, the company began implementing ISO 16949, which can improve energy efficiency and promote the low-carbon transformation of products, reducing operational costs and enhancing product competitiveness. Regularly confirm safety stock levels and stay updated on international issues to ensure timely stocking in preparation.
	Logistics and Transportation	Due to the disruption of transportation routes, raw materials or finished goods in the warehouse cannot be supplied or shipped smoothly, leading to increased delivery costs and resulting in operational losses and a deterioration of business reputation.	Choose locations less affected by climate conditions as intermediate hubs for raw materials and other contingency measures.
	Compliance	Costs associated with complying with climate-related regulations in various countries and penalties for non-compliance.	With the assistance of experts and scholars, understand the climate-related regulations in the locations of the industry chain to avoid legal violations due to unfamiliarity, which could lead to increased operational costs.
4. Explain how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	In December 2020, the company's Board of Directors approved the 'Risk Management Policy and Procedures,' which also includes climate-related risks. Through management processes such as risk identification, risk measurement, risk response, risk monitoring, and risk reporting, each operational unit identifies risks according to their business		

	responsibilities, analyzes the probability of risk events, evaluates them, and proposes risk mitigation measures. All related execution processes and outcomes should be recorded, reviewed, and reported through appropriate mechanisms to effectively adapt to risks. ●Climate risk management and the responsible department/unit The Risk Management Committee is the responsible entity for executing risk management duties, primarily overseeing the monitoring, measurement, and assessment of company risks. The organizational structure reports directly to the CEO and submits reports to the Audit Committee. ●Climate risk identification To manage risks, it is essential to first identify the risks that may arise during operational processes. Generally, various internal and external factors, known as risk factors (such as hazard risks, operational risks, financial risks, strategic risks, compliance/contract risks, and other risks), influence the occurrence of risks. To effectively manage these risks, various feasible analysis tools and methods should be employed. Through bottom-up or top-down discussions and analysis, past experiences should be consolidated, and potential future risks should be predicted, categorized, and identified. This will serve as a reference for further risk assessment, monitoring, and management. ●Climate risk measurement (1) Risk measurement includes risk analysis and assessment, which involves analyzing the likelihood of risk events occurring and the severity of their negative impact if they do. This helps understand the potential effects of risks on the company and serves as a reference for prioritizing risk control measures and selecting appropriate response strategies. (2) For quantifiable risks, more rigorous statistical analysis and techniques are used for risk analysis and management. (3) For other risks that are currently more difficult to quantify, a qualitative approach is employed. Qualitative risk assessment refers to expressing the likelihood and impact of risk events through descriptive language. ●Climate risk response After evaluating and consolidating risks, each department should take appropriate response measures for the risks they face. The possible risk response measures are as follows: (1) Risk avoidance: Implement measures to avoid activities that may trigger risks.

	(2) Risk reduction: Take measures to minimize the impact and/or likelihood of risk occurrence. (3) Risk sharing: Transfer part or all of the risk to others, such as through insurance. (4) Risk retention: Take no action to alter the likelihood or impact of the risk. ●Climate risk monitoring Each department should monitor the risks associated with their respective operations, propose appropriate response measures, and submit the identified risks and corresponding strategies to the Risk Management Committee. ●Risk report To fully document the risk management process and its outcomes, the Risk Management Committee should report on the risk status to the Audit Committee at least once a year for management's reference.
5. When using scenario analysis to assess resilience against climate change risks, it is essential to explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts employed.	The Company refers to the TCFD framework to conduct a preliminary scenario analysis and financial impact assessment of transition risks and physical risks potentially arising from climate change. The analysis adopts a high-emission pathway scenario (SSP3-7.0), assuming a global failure to effectively implement carbon emission reduction policies, and simulates the potential impacts on Taiwan's coastal regions under a global warming scenario of 2℃. Based on the simulation results, sea levels are expected to rise by approximately 0.5 meters; however, the Company’s Southern Taiwan Science Park facility is currently not located within the predicted flood risk areas, indicating relatively limited physical risks. In terms of transition risks, the tightening of future carbon fees and carbon pricing policies may lead to increased carbon costs and indirect operational expenses due to emissions, potentially impacting the Company’s operational strategies and investment decisions. To proactively position itself and mitigate carbon risks, the Company has initiated a feasibility assessment for installing a solar power system at its headquarters, with preliminary planning expected to be completed by 2025.
6. If there is a transformation plan to manage climate-related risks, provide an explanation of the plan's contents, as well as the indicators and targets used to identify and manage both physical and	The Company has launched a medium- to long-term transition action plan to progressively reduce greenhouse gas emissions and operational impacts. Key actions include: ● Establishing a Sustainable Environment Task Force to oversee the development and implementation of climate-related strategies and goals;

transition risks.	● Initiating a feasibility assessment for installing a solar power system at the Company headquarters starting in 2024, with preliminary planning expected to be completed by 2025; ● Developing an internal structured carbon emission data management process to track emission sources and intensities; ● Planning to gradually increase the proportion of green electricity procurement, aligning with the national 2050 net-zero policy direction.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.	At present, there is no such issue.
8. If climate-related targets are set, the activities covered, greenhouse gas emission scopes, planning timeline, and annual progress towards achieving the targets should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the sources and quantities of the offset reductions or the number of RECs should be specified.	The Company refers to the Paris Agreement and the domestic Climate Change Response Act to set a long-term goal: achieving net-zero emissions by 2050, in alignment with the national 2050 net-zero target. This goal encompasses greenhouse gas emissions generated from the Company's operations, including Scope 1 (direct emissions) and Scope 2 (indirect energy emissions). Currently, short-term targets focus primarily on the headquarters, with plans to gradually expand to subsidiaries based on actual operations and regulatory requirements. The overall planning period for this goal spans from 2024 to 2050, with relevant action plans initiated in 2024. Starting in 2025, the Company will conduct annual greenhouse gas inventories and track progress to ensure alignment with the transition pathway. As of now, the Company has not adopted carbon offset mechanisms or purchased renewable energy certificates (RECs) to achieve carbon reduction targets. However, it will assess the feasibility of using carbon credits or RECs in the future, based on actual carbon intensity, net-zero needs, and government policy developments.
9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans (to be provided in sections 1-1 and 1-2).	In accordance with Financial Supervisory Commission (FSC) regulations, the Company is required to conduct greenhouse gas inventories and submit inventory reports starting in 2026, complete individual company-level greenhouse gas inventory reports with verification by 2028, and complete consolidated subsidiary-level inventory reports with verification by 2029. To proactively comply with regulatory requirements, the Company initiated preparations for greenhouse gas inventories in 2024, with specific progress as follows: 1. Inventory Scope Planning: The inventory scope for Scope 1 (direct emissions) and Scope 2 (indirect energy emissions) has been defined, covering the headquarters and major energy usage items.

	2. Internal Capacity Building: A Sustainable Environment Task Force has been established to oversee the design and execution of the inventory process. 3. Establishment of Greenhouse Gas Emission Data Management Process: A structured greenhouse gas emission data management process has been initiated, standardizing the recording and consolidation of key items such as energy usage and emission data. The first greenhouse gas inventory was conducted in Q1 2025, laying the foundation for the formal inventory and report submission in 2026. To achieve the 2050 net-zero target, the Company launched the following strategies and action plans in 2024: ● Assessing the installation of a solar power system at the headquarters, with preliminary planning expected to be completed by 2025; ● Strengthening energy usage management and inventory processes; ● Establishing a sustainable governance framework and gradually initiating employee training and system improvements.

(VI) Fulfillment of ethical management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:

Evaluation items	Implementation			Deviations from the Ethical Business Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Establishing ethical business policies and programs (I) Has the Company adopted ethical management policies approved by the Board of Directors, and expressly stated the ethical corporate management policies and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents?	V		(I) The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and disclosed them on the Company's website. In addition, it has expressly stated the ethical management	Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies”.

(II) Has the Company established an assessment mechanism for unethical conduct to periodically analyze and assess the operating activities with higher risks of unethical conduct in the scope of business, and adopted an unethical conduct prevention program based on the mechanism, which at least covers the prevention measures referred to in the subparagraphs of Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies”? (III) Has the Company explicitly stipulated operating procedures, behavior guidelines, disciplinary actions, and a complaint system within the scope of the prevention program for unethical behavior, implemented it substantively, and does it review and revise them periodically?	V V		policy in the Work Rules and Manufacturer Integrity Agreement, and sends the “Notification of Commitment to Integrity” to its upstream and downstream manufacturers from time to time, and these vendors are also required to sign the “Integrity Undertaking”. Moreover,the board of directors and the senior management have signed the "Statement of Non-Breach of Integrity Principles" as a basis for implementing honest and ethical business practices. (II) In the preventive program for unethical behavior, the Company has relevant managerial rules that stipulate the code of ethical conduct for employees engaging in any business activities. (III) The Company has the internal rules governing ethical conduct to provide a standard for behavior and a guideline for education and training. At the same time, it has established procedures for preventing risk exposure with periodic implementation reports.All new employees of the Company are required to sign the "Declaration of Compliance with Integrity Management Policy" at the time of employeement, with a 100% actual signing rate.	

II. Implementation of ethical corporate management (I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	V		(I) The Company conducts evaluations on various aspects including integrity before its official engagement in business deals with any counterparties and requires counterparties to sign a letter of commitment to compliance with all of the Company's regulations with regard to integrity.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".
(II) Has the Company established a unit dedicated to promoting ethical corporate management under the supervision of the Board of Directors and which shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and reporting the status thereof to the Board of Directors periodically (at least once per year)?	V		(II) In December 2020, the Board of Directors has re-assigned the President's Office as the dedicated unit subordinate to the Board of Directors and established the "Ethical Management Task Force" to handle the amendment, execution, interpretation and advice, and registration and filing of the "Procedures for Ethical Management and Guidelines for Conduct". The team is also responsible for the supervision of the implementation and reports to the Board of Directors once a year. The implementation of ethical management in 2023 has been reported to the Board of Directors on Feb. 27, 2024.	
(III) Has the Company established policies to prevent conflicts of interest, provided adequate channel for communication, and implemented the policies?	V		(III) The Company has relevant preventive policies and provides various channels for communication welcoming for employees' input.	
(IV) Does the Company fulfill ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit researched and adopted related audit plans based on the unethical conduct risk assessment results, and does it conduct audits on the compliance	V		(IV) The Company conducts the self-assessment once a year, and its internal audit unit reviews the self-assessment report of each unit and subsidiary concerning control environment, risk evaluation, control	

of the unethical conduct prevention program, or appoint a CPA to conduct the audits?			procedures, information and communication, and supervision. Together with the corrective measures of any defects and irregularities of the internal control system identified by the internal audit unit, the self-assessment serves as major evidence for the evaluation of the effectiveness of the overall internal control system and issuance of the Statement on the Internal Control System by the Board of Directors and the president.	
(V) Does the Company organize internal or external training on a regular basis on ethical management?	V		(V) The Company provides new employees training on the Work Rules and ethical code of conduct in the orientation. On Dec. 31, 2024, the company invited an external lawyer to deliver a lecture on "Legal Concepts for Employees in the Technology Industry" (including integrity management/prohibition of insider trading/trade secrets, etc.).	
III. Reporting of misconduct (I) Has the Company defined a specific whistle-blowing and reward system, established convenient whistle-blowing channels, and assigned competent dedicated personnel to deal with the people reported?	V		(I) Pursuant to the provisions for whistle-blowing as stated in Article 23 of the Company's "Ethical Corporate Management Best Practice Principles" and Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct", the Company has established accessible whistle-blowing channels (hotline: 0965-728-905; online reporting form on the Microcosm website under "Reporting system for any violation of code of conduct"; and reporting E-mail: integrity@microcosm.com.tw) and	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".

(II) Has the Company defined standard operating procedures, follow-up measures to be taken upon completion of investigations, and a nondisclosure mechanism for the investigation of accepted reports? (III) Has the Company adopted any measures to prevent whistle-blowers from being abused after whistle-blowing?	V V		assigned competent dedicated personnel. (II) Pursuant to the provisions for whistle-blowing as stated in Article 23 of the Company's "Ethical Corporate Management Best Practice Principles" and Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct", the reported cases, investigation proceedings and results shall be recorded and kept in writing. The identity of whistle-blowers and reporting contents are kept confidential, and anonymous reporting is permitted. (III) The Company handles reported cases confidentially to properly protect whistle-blowers from being abused after whistle-blowing.	
IV. Enhancing information disclosure Has the Company disclosed its ethical corporate management best-practice principles and the results of the implementation thereof on its website and the MOPS?	V		The Company has disclosed relevant information on ethical management on its intranet, and the administration department is responsible for the collection and disclosure of the information on ethical management.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies".
V. If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE /TPEx Listed Companies", please describe its current operation and any deviations from the Best Practice Principles. There are no material deviations. The Company has adopted these Principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies" to specify the matters that all personnel should be aware of while engaging in any business activities, and has made them known to all personnel of the Company.				
VI. Other important information regarding the Company's ethical management (e.g., the Company's reviewing and amending the Company's ethical management best practice principles): The Company requires its manufacturers to sign the letter of supplier integrity undertaking in all official deals to declare its faith in ethical conduct.				

(VII) Other information enabling a better understanding of the Company's corporate governance:

1. The "Operating Procedures for Handling Internal Material Information" governing internal material information of the Company is made known

to all directors, managers and employees, and is published on the Company's bulletin board on the intranet together with matters to be noted for reference by all employees as a means to prevent any violations or instances of insider trading.

2. The latest version of "Laws and Regulations Governing Insider Equity of TWSE/TPEx-Listed Companies and Matters to Be Noted" issued by the Taipei Exchange is distributed to insiders, including newly elected directors and managerial officers for their reference on the date of their appointment.
3. Please refer to the Company's website at http://www.microcosm.com.tw and the Market Observation Post System at http://mops.twse.com.tw.
4. Participation of managerial officers in continuing education related to corporate governance in 2024:

Title	Name	Course	Hours
Vice President	Chang, Yu-Hung	Analysis of Regulations and Practices on Fund Lending, Endorsement Guarantees, and Acquisition/Disposition of Assets.	6 hours
		Audit Practices Seminar on Corporate Costs and Value Creation.	6 hours

5. Certificates held by personnel in finance and IT:

Title	Name	Certificate
Finance and Accounting Officer	Chang, Yu-Hung	Certified Public Accountant (1997)-Zhuan-Gao-Zi No. 281

(VIII) Disclosure of internal control system implementation status:

1. Declaration on International Control

Microcosm Technology Co., Ltd.

Statement on the Internal Control System

Date: Feb. 27, 2025

The following declaration is made based on the 2024 self-assessment on the Company's internal control system:

I. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system, and the Company has established this system accordingly. The purpose of this system is to provide reasonable assurance about the effectiveness and efficiency of operations (including profitability, performance and asset security), reliable, timely and transparent reporting, and compliance with relevant laws and regulations.

II. Internal control systems have their inherent limitations. No matter how perfect an internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by changes of the environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformities.

III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria defined in the Regulations include five elements according to the management control process: (1) control environment, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into several sub-categories. Please refer to the aforementioned "Regulations" for details.

IV. The Company has implemented the criteria of the internal control system referred to above to inspect the effectiveness of the internal control system design and implementation.

V. Based on the results of the assessment, the Company believes that, as of December 31, 2024, the effectiveness of the design and implementation of the internal control system (including supervision and management of subsidiaries), including the effectiveness and efficiency of operations, the reliability, timeliness, and transparency of reports and compliance with relevant laws and regulations, provides reasonable assurance that the above objectives have been achieved.

VI. The Declaration on the Internal Control System is the main content of the Company's annual report and prospectus published. Any false and concealed matters in the published contents referred to above involve the liability in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. The Declaration on the Internal Control System was resolved at the Board meeting on Feb. 27, 2025, with 0 of the 7 attending directors objecting. The contents of the declaration were accepted without any objections.

Microcosm Technology Co., Ltd.

Chairperson: Huang, Tang-Chieh(seal)

President: Huang, Tang-Chieh(seal)

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: None.

(IX) Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report:

1. Important resolutions bythe shareholders' meeting and the Board of Directors:

Session Date	Meeting nature	Important resolution	Provisions stipulated in Article 14-3 or Article 14-5 of the Securities and Exchange Act	Independent directors' opinion and the Company's handling	Resolution
11th term 2024.03.01	Board of Directors	1.2023 Business Report and Financial Statements 2.2023 loss make-up proposal 3.Proposal for distributing capital reserve in cash 4.The Company's 2023 "evaluation of the effectiveness of the Company's internal control system" and the "statement on the internal control system". 5.Board Performance Evaluation, Proposal for the evaluation of the performance of directors and executives. 6. Evaluation of the independence and competency of the Company's CPAs. 7. Evaluation of the appointment and fees of the Company's CPAs 8. Proposal to loan funds to subsidiary Microcosm Technology (Suzhou) Co., Ltd. 9. Application of credit facility to financial institutions 10.Proposal to convene the annual general meeting of shareholders for the year 2024 11.Proposal to pre-approve the provision of non-assurance services by the certified public accountant, its firm and affiliated entities to the company and its subsidiaries.	V V V V V V V V	None None None None None None None None None None None	Approved by the attending directors
11th term 2024.04.30	Board of Directors	1.The company's consolidated financial report for the 1st quarter of 2024. 2. Revision of Certain Articles of the Regulations on Financial and Business Operations Between Related Parties. 3. Sub-subsidiary ParLux Optoelectronics Corporation proposes to lend funds to its subsidiary subsidiary Microcosm Technology (Suzhou) Co., Ltd. 4. Revised Agenda for the 2024 Annual Shareholders' Meeting.	V V V V	None None None None	Approved by the attending directors
11th term 2024.07.26	Board of Directors	1.The company's consolidated financial report for the 2nd quarter of 2024.	V	None	Approved by the attending directors

11th term 2024.10.23	Board of Directors	1. The company's consolidated financial report for the 3rd quarter of 2024	V	None	Approved by the attending directors
		2. Proposal to lend funds to subsidiary Microcosm Technology (Suzhou) Co., Ltd.	V	None	
		3. Application for a credit facility from financial institutions.		None	
		4. Revision of Certain Articles of the Board of Directors Meeting Regulations.	V	None	
		5、Revision of Certain Articles of the Audit Committee Organizational Regulations.	V	None	
		6、The company plans to transfer the fourth repurchased treasury shares to employees		None	
11th term 2024.12.27	Board of Directors	1.The Company’s 2025 budget.		None	Approved by the attending directors
		2. Proposal to Establish the Company's Sustainability and Risk Management Committee Organizational Regulations.	V	None	
		3. Appointment of the Sustainability and Risk Management Committee Members.		None	
		4. Proposal to Establish the Company's Sustainability Information Management Procedures.	V	None	
		5.The Company's 2024 internal audit plan	V	None	
		6. Application for a credit facility from financial institutions.		None	
		7.The Company's plan to distribute the end-of-year bonus for the 2024.		None	
		8. Proposal to amend selected provisions of the company’s Whistleblowing Regulations and change its name.	V	None	

11th term 2025.02.27	Board of Directors	1.2024 Business Report and Financial Statements 2.2024 loss make-up proposal 3.Proposal for distributing capital reserve in cash 4.The Company's 2024 "evaluation of the effectiveness of the Company's internal control system" and the "statement on the internal control system". 5.Board Performance Evaluation, Proposal for the evaluation of the performance of directors and executives. 6. Evaluation of the independence and competency of the Company's CPAs. 7. Appointment and Fee Review of the company's certified public accountants. 8. Sub-subsidiary ParLux Optoelectronics Corporation plans to extend the fund lending to its subsidiary Microcosm Technology (Suzhou) Co., Ltd. 9. Application for a credit facility from financial institutions. 10. Proposal for the Payment of the 2024 Annual Bonus to the Company's Manager, Li Mei-Jung (related party Li Mei-Jung abstain from voting on this matter). 11. Revision of Certain Articles of the 'Company's Articles of Association. 12.Proposal to convene the annual general meeting of shareholders for the year 2025	V V V V V V V V V V	None None None None None None None None None None None None	Approved by the attending directors

2. Review of the implementation of the resolutions of the 2024 Annual Shareholders' Meeting:

(1) Passed the 2023 Business Report and Financial Statements.

Voting results were as follows: Unit: shares

Attending voting shares	In favor	Against	Abstention
51,893,386	51,662,849	35,000	195,537
100%	99.55%	0.07%	0.38%

(2) Approved the 2023 loss make-up proposal

Implementation status: The 2024 Annual Shareholders' Meeting approved the 2023 loss make-up proposal.
The Company offset the losses through the capital reserve, and after the loss make-up, there were no accumulated losses at the end of this period.

Voting results were as follows: Unit: shares

Attending voting shares	In favor	Against	Abstention
51,893,386	51,657,373	36,570	199,443
100%	99.55%	0.07%	0.38%

（3）Revision of Certain Articles of the 'Procedures for Lending Funds to Others.

Implementation status: The process has been carried out according to the revised procedures and announced on the Market Observation Post System (MOPS).

Voting results were as follows: Unit: shares

Attending voting shares	In favor	Against	Abstention

51,893,386	51,655,461	37,837	200,088
100%	99.54%	0.07%	0.39%

(X) Recorded or written statements made by any director or supervisor objecting to important resolutions passed by the Board of Directors in the most recent year and up to the date of publication of the annual report: None.

IV. Information on CPA fees:

CPA Firm Name	CPA Name		Audit Period	Remarks
PricewaterhouseCoopers Taiwan	Yeh, Fang-Ting	Tien, Chung-Yu	2024.01.01–2024.12.31	

Unit: NT$ thousand

Amount Range \ Fees		Audit Fees	Non-Audit Fees	Total
1	Less than NT$2,000 thousand	✓	✓	✓
2	NT$2,000 thousand (inclusive)–NT$4,000 thousand			
3	NT$4,000 thousand (inclusive)–NT$6,000 thousand			
4	NT$6,000 thousand (inclusive)–NT$8,000 thousand			
5	NT$8,000 thousand (inclusive)–NT$10,000 thousand			
6	NT$10,000 thousand (inclusive) or more			

(I) If the non-audit fees paid to the CPAs, CPA firm and their affiliates exceeded the audit fees by more than 25%, the Company shall disclose the audit fees and non-audit fees, as well as the contents of the non-audit service:

Unit: NT$ thousand

CPA Firm Name	CPA Name	CPA Audit Period	Audit Fees	Non-Audit Fees (Note)	Total	Remarks
PricewaterhouseCoopers Taiwan	Yeh, Fang-Ting Tien, Chung-Yu	2024/01/01–2024/12/31	1,640	230	1,870	

Note: Tax audit.

(II) In case of a change of CPA firm and the audit fees for the year of the change are less than that of the previous year, the amount of audit fees before and after the change and the reasons of the change shall be disclosed: None.

(III) In case of a reduction in the audit fees by more than 10% from the previous year, the amount of the reduction in the audit fees and proportion and the reasons thereof shall be disclosed: Mainly due to reclassifying the tax audit fee to non-audit fee in 2021.

V. Information on the replacement of CPAs:

(I) Former CPA: Besides any changes pursuant to laws and regulations and internal transfer of the CPA firm, there were no replacements of CPAs.

(II) Current CPA: Besides any changes pursuant to laws and regulations and internal transfer of the CPA firm, there were no replacements of CPAs.

(III) The former CPA's written response to the subparagraphs 1 and 2-3 of Paragraph 5 of Article 10 of the Principles: Not applicable.

VI. Information on the Company's chairperson, president, or any managerial officer in charge of finance or accounting matters who has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a shareholding percentage of more than 10 percent in the most recent year and up to the date of publication of the annual report:

(I) Changes of equity interest

Unit: shares

Title	Name	2024		The current fiscal year up to April 30, 2025	
		Shares held Increase (decrease)	Shares pledged Increase (decrease)	Shares held Increase (decrease)	Shares pledged Increase (decrease)
Chairperson	Huang, Tang-Chieh	0	0	0	0
Director	Tong Ying Investment Limited	0	0	0	0
Director	Hou Sheng Investment Co., Ltd.	0	0	0	0
Representative of director	Lee, Mei-Jung	0	0	0	0
Representative of director Executive Vice President	Chuang, Chao-Chin	0	0	0	0
Independent director	Tsai, Ming-Tang	0	0	0	0
Independent director	Lin, Tsai-Chih	0	0	0	0
Independent director	Chen, Chiu-Yueh	0	0	0	0
Independent director	Wu, Kuo-Shih	0	0	0	0
Finance and Accounting Officer	Chang, Yu-Hung	0	0	0	0
Shareholder with a stake of more than 10 percent	Yong Ying Investment Co., Ltd.	0	0	0	0
Shareholder with a stake of more than 10 percent	Yi Ying Investment Co., Ltd.	0	0	0	0

(II) The counterparty in any transfer of equity interest is a related party: None.

(III) The counterparty in any pledge of equity interest is a related party: None.

VIII. Relationship information, if among the Company's 10 largest shareholders any one is a related party, spouse or relative within the second degree of kinship of another:

April 21,2025

NAME	OWN SHAREHOLDING		SHARES HELD BY SPOUSE AND CHILDREN OF MINOR AGE		TOTAL SHAREHOLDING USING THE NAMES OF OTHERS		Names and relationships of any top 10 shareholders who are related parties, spouses or relatives within the second degree of kinship of another.		REMARKS
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
Tong Ying Investment Limited	20,635,758	29.43	0	0	0	0	None	None	
Representative: Lee, Mei-Jung	799,527	1.14	2,451,215	3.50	0	0	Yong Ying Investment Co., Ltd.	Chairperson	
							Hou Sheng Investment Co., Ltd.	Director	
							Huang, Tang-Chieh	Spouse	
							Huang, Fu-Chih	Relative-in-law	
Yi Ying Investment Co., Ltd.	14,136,157	20.16	0	0	0	0	None	None	
Representative: Huang, Tang-Chieh	2,451,215	3.50	799,527	1.14	0	0	Hou Sheng Investment Co., Ltd.	Chairperson	
							Lee, Mei-Jung	Spouse	
							Huang, Fu-Chih	Father and son	
Yong Ying Investment Co., Ltd.	8,957,012	12.78	0	0	0	0	None	None	
Representative: Lee, Mei-Jung	799,527	1.14	2,451,215	3.50	0	0	Tong Ying Investment Limited	Chairperson	
							Hou Sheng Investment Co., Ltd.	Director	
							Huang, Tang-Chieh	Spouse	
							Huang, Fu-Chih	Relative-in-law	
Hou Sheng Investment Co., Ltd.	3,368,714	4.80	0	0	0	0	None	None	
Representative: Huang, Tang-Chieh	2,451,215	3.50	799,527	1.14	0	0	Yi Ying Investment Co., Ltd.	Chairperson	
							Lee, Mei-Jung	Spouse	
							Huang, Fu-Chih	Father and son	
Huang, Tang-Chieh	2,451,215	3.50	799,527	1.14	0	0	Hou Sheng Investment Co., Ltd.	Chairperson	
							Yong Ying Investment Co., Ltd.	Director	
							Yi Ying Investment Co., Ltd.	Chairperson	
							Lee, Mei-Jung	Spouse	
							Huang, Fu-Chih	Father and son	
Lee, Mei-Jung	799,527	1.14	2,451,215	3.50	0	0	Tong Ying Investment Limited	Chairperson	
							Yong Ying Investment Co., Ltd.	Chairperson	
							Hou Sheng Investment Co., Ltd.	Director	
							Huang, Tang-Chieh	Spouse	
							Huang, Fu-Chih	Relative-in-law	
Tseng, Tzu-Hsien	338,000	0.48	0	0	0	0	None	None	
Huang, Fu-Chih	305,376	0.44	0	0	0	0	Huang, Tang-Chieh	Father and son	
							Lee, Mei-Jung	Relative-in-law	
Chang,Yu-Hung	270,229	0.39	0	0	0	0	None	None	
Chen,Wen-Kuang	263000	0.38	0	0	0	0	None	None	

IX. The total number of shares and total shareholding percentage held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:

December 31, 2024; Unit: thousand shares; %

Investee (Note 1)	Invested by the Company		Invested by directors, supervisors, managers, and entities controlled by the Company directly or indirectly		Combined investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Microcosm Technology (Samoa) Holdings Limited	16,060	100%	0	0	16,060	100%
Yu Sheng Technology (Mauritius) Co., Ltd.	16,050	100%	0	0	16,050	100%
Microcosm Technology (Suzhou) Co., Ltd.	0	100%	0	0	0	100%
Parlux Advanced Materials Co., Ltd.	3,300	100%	0	0	3,300	100%
Suzhou ParLux Optoelectronics Corporation	0	100%	0	0	0	100%

Note: Investment under the equity method.

III. Information on Capital Raising Activities

I. Capital and shares

(I) Source of capital stock

April 30, 2025; Unit: Thousand shares/NT$ thousand

Year/ Month	Issue price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital stock	Offset by any property other than cash	Others
1996.12	10	2,500	25,000	2,500	25,000	Founding 25,000	None	Note 1
2002.06	10	5,500	55,000	5,500	55,000	Capital increase in cash 30,000	None	Note 2
2002.12	10	10,500	105,000	10,500	105,000	Capital increase in cash 50,000	None	Note 3
2003.06	10	42,500	425,000	18,500	185,000	Capital increase in cash 80,000	None	Note 4
2003.08	10	42,500	425,000	23,700	237,000	Capital increase through earnings 52,000 (including employee bonus of 4,160)	None	Note 5
2004.05	12	42,500	425,000	28,600	286,000	Capital increase in cash 49,000	None	Note 6
2004.08	10	42,500	425,000	42,152	421,528	Capital increase through earnings 135,528 (including employee bonus of 11,118)	None	Note 7
2004.12	10	45,000	450,000	42,152	421,528	–	None	Note 8
2005.06	10	80,000	800,000	55,079	550,786	Capital increase through earnings 129,258 (including employee bonus of 2,800)	None	Note 9
2005.12	10	80,000	800,000	62,043	620,426	Capital increase in cash 69,640	None	Note 10
2006.08	10	80,000	800,000	71,372	713,722	Capital increase through earnings 93,296 (including employee bonus of 232)	None	Note 11
2007.09	10	80,000	800,000	74,146	741,462	Capital increase through earnings 27,740 (including employee bonus of 6,400)	None	Note 12
2010.10	10	80,000	800,000	77,804	778,043	Capital increase through capital reserve 36,581	None	Note 13
2011.08	10	80,000	800,000	79,934	799,344	Capital increase through earnings 21,301 (including employee bonus of 4,200)	None	Note 14
2012.09	10	100,000	1,000,000	82,020	820,204	Capital increase through earnings 20,860 (including employee bonus of 2,000)	None	Note 15
2013.08	10	100,000	1,000,000	84,011	840,112	Capital increase upon earnings 19,908	None	Note 16
2015.08	10	100,000	1,000,000	82,485	824,852	Capital reduction through cancellation of treasury stock 15,260	None	Note 17
2016.08	10	100,000	1,000,000	70,112	701,124	Capital reduction in cash 12,373	None	Note 18

Note 1: The par value of shares were changed from NT$1,000 to NT$10 per share with the approval by the extraordinary shareholders' meeting on November 30, 2000, and retroactive adjustment was made to the number of outstanding shares.
Note 2: Approved per letter Jin-Shou-Zhong-Zi No. 09132194390 issued on June 3, 2002.
Note 3: Approved per letter Jin-Shou-Zhong-Zi No. 09101522250 issued on December 31, 2002.
Note 4: Approved per letter Jin-Shou-Zhong-Zi No. 09232258260 issued on June 24, 2003.
Note 5: Approved per letter Jin-Shou-Zhong-Zi No. 09232576270 issued on August 27, 2003.
Note 6: Approved per letter Jin-Shou-Zhong-Zi No. 09332128560 issued on May 18, 2004.
Note 7: Approved per letter Tai-Cai-Zheng-Yi-Zi No. 0930128165 issued on June 25, 2004.
Note 8: Approved per letter Nan-Shang-Zi No. 0930036094 issued on December 31, 2004.
Note 9: Approved per letter Nan-Shang-Zi No. 0940015062 issued on July 19, 2005.
Note 10: Approved per letter Nan-Shang-Zi No. 0940028714 issued on December 27, 2005.
Note 11: Approved per letter Nan-Shang-Zi No. 0950018668 issued on August 23, 2006.
Note 12: Approved per letter Nan-Shang-Zi No. 0960021545 issued on September 17, 2007.

Note 13: Approved per letter Nan-Shang-Zi No. 0990022199 issued on October 8, 2010.
Note 14: Approved per letter Nan-Shang-Zi No. 1000020428 issued on August 16, 2011.
Note 15: Approved per letter Nan-Shang-Zi No. 1010022607 issued on September 14, 2012.
Note 16: Approved per letter Nan-Shang-Zi No. 1020018581 issued on July 31, 2013.
Note 17: Approved per letter Nan-Shang-Zi No. 1040019032 issued on July 31, 2015.
Note 18: Approved per letter Nan-Shang-Zi No. 1050022381 issued on August 31, 2016.

Type of share	Authorized capital stock			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	70,112,426 shares	29,887,574 shares	100,000,000 shares	None

Note: Shares listed on TPEx.

Offering and issuance of securities by shelf registration with approval: None.

(II) List of major shareholders

Name, number of shares and shareholding percentage held of shareholders with a stake of 5 percent or greater or top 10 shareholders

April 30, 2025; Unit: Shares/%

Shares / Name of major shareholder	Shares held	Shareholding percentage
Tong Ying Investment Limited	20,635,758	29.43%
Yi Ying Investment Co., Ltd.	14,136,157	20.16%
Yong Ying Investment Co., Ltd.	8,957,012	12.78%
Hou Sheng Investment Co., Ltd.	3,368,714	4.80%
Huang, Tang-Chieh	2,451,215	3.50%
Lee, Mei-Jung	799,527	1.14%
Tseng, Tzu-Hsien	338,000	0.48%
Huang, Fu-Chih	305,376	0.44%
Chang,Yu-Hung	270,229	0.39%
Chen,Wen-Kuang	263,000	0.38%

(III) Dividend policy and implementation

1. Dividend policy: As defined in the Articles of Incorporation
   (1) If after the annual closing of books there is a profit, the Company shall, if there is remainder after having provided for taxes and offset the accumulated losses of previous years, appropriate 10% legal reserve in accordance with laws and regulations until it reaches the amount of the Company's paid-in capital, and appropriate or reverse the special reserve in accordance with laws and regulations. The remaining balance together with the undistributed earnings of the previous year are the accumulated distributable earnings. The Board of Directors proposes the earnings distribution plan based on relevant factors such as future business or investment needs and submits to the shareholders' meeting for resolution, after which it will be distributed.
   (2) The Company appropriates dividend for shareholders from the distributable earnings prescribed in Article 24 of the Articles of Incorporation by taking into consideration the changing business environment, company growth, future capital needs and long-term plans, as well as fulfilling shareholders' requirements for cash inflow. Of the dividend distribution, the total amount of cash dividend may not be less than 50% of the total dividend distribution.
2. To avoid equity inflation, the Company distributes all dividend in cash.
3. Allocation of dividend proposed at the shareholders' meeting in the current year:

Microcosm Technology Co., Ltd.

Deficit Compensation Statement
2024

Unit: NT$

Balance at beginning of the period	0
Less: Net loss after tax for the period	(23,550,610)
Less: Appropriation of 10% legal reserve for the year 2024	0
Add : Adjustment to the retained earnings (actuarial gains and losses on defined benefit liabilities)	408,367
Loss make-up for the period	(23,142,243)
Items used for loss make-up:	
Add: Capital reserve - share premium	23,142,243
Distribution items:	
Dividend - Cash dividend	0
Dividend - Stock dividend	0
Accumulative loss to be made up at the end of the period	0

4. Explanation for expected material changes in dividend policy: None.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed at this shareholders' meeting:
The Company did not publish the 2025 financial forecast, so the disclosure is not applicable.

(V) Compensation of employees, directors and supervisors:

1. The percentages or ranges of employee and director compensation are set forth in the Company's Articles of Incorporation:
   (1) No higher than 5% for director compensation.
   (2) No lower than 8% for employee compensation.
2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of discrepancies, if any, between the actual distributed amount and the estimated amount, for the current period: There are no discrepancies, so this is not applicable.
3. Information on approval by the Board of Directors on the distribution of compensation:
   (1) The amount of employee compensation and director and supervisor remuneration distributed in cash or stocks:
   NT$0 employee compensation and NT$0 director remuneration were distributed.
   (2) The amount of employee compensation distributed in stocks, and the amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.
4. The actual distribution of employee and director compensation for the previous fiscal year:
   The Company recorded losses after tax in 2024 and 2023, so it did not appropriate and distribute employee compensation and director remuneration.

(VI) Status of share repurchase:

April 30, 2025

Repurchase term	4th time
Purpose of repurchase	Share transfer to employees
Repurchase period	2020/04/30–2020/06/29
Repurchase price range	9.00–17.50
Type and number of shares repurchased	21,000 shares/Common shares
Amount of shares repurchased	NT$286,705
Ratio of the number of shares repurchased to the planned number of shares to be repurchased (%)	1.05%
Number of shares that have been canceled and that have been transferred	A total of 21,000 common shares have been transferred.
Cumulative number of the Company's shares held	0 shares
Ratio of the cumulative number of the Company's shares held to the total number of issued shares (%)	0%

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee stock warrants: None.

VI. Issuance of new restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with transfers of shares of other companies: None.

VIII. Implementation of the capital allocation plan: None.

IV. Overview of Operations

I. Business Description

(I) Scope of business

1. The company's business mainly manufactures electronic components, as listed in the company's business registration certificate and change of registration card.

   We research, develop, manufacture, and sell the following products:

   (1) Ultra-thin flexible printed circuit board materials
   (2) Non-adhesive flexible printed circuit board materials
   (3) Chip On Film (COF) flexible substrates
   (4) LED lighting products
   (5) Renewable energy self-powered equipment business

2. Weight of each major line of product in 2024

Unit: NT$ thousand

Major product line	Sales amount	Sales weight (%)
FPC substrate and cover layer	119,987	94%
Spare parts and others	7,704	6%
Total	127,691	100%

3. The company's main products are 3-layer Flexible Copper Clad Lamination (FCCL), Cover Layer (CL), Bonding Sheet (BS), 2-layer adhesive-free substrates, and functional polymer materials.

4. New products under development or planned for development
   (1) Functional bonding sheet
   (2) High-speed, high-frequency materials
   (3) RDL alkali-soluble, peelable PI temporary adhesive
   (4) PSPI cover layer
   (5) Colorless polyimide materials.

(II) Industry overview

1. Current status and development of the industry

   (1) Product Introduction

   Flexible Copper Clad Lamination (FCCL) and Cover Layer (CL) are the main types of flexible substrates. According to the difference of Base Film, it can be divided into Polyimide (PI) series and Polyester (PET) series. Currently, the main product in the market is PI substrate, and PET substrate is the minority. Now, the domestic manufacturers of FCCL include Microcosm Technology, DuPont, Taiflex, ThinFlex, Azotek, and RCCT Technology. Companies that produce FCCL depend on the presence or absence of adhesives. They can be divided into 3-Layer (3L) with adhesive system and 2-Layer (2L) without adhesive system, which has different application levels. Currently, the production value of 2L is higher than that of 3L.

   (2) Current status of the industry

   In the early 60s to 70s, FPCs were developed in the US for use in aerospace and spacecraft and later applied in the camera, printer, computer, and automotive industries. For example, FPC is used in notebook computers, including CD-ROM connection to motherboard, FDD connection to motherboard, HDD connection to motherboard, Switch bottom connection, panel connection to LCD screen, and keyboard connection. In addition, the demand for mobile phones and portable electronic products is also increasing, which has led to a broader range of applications for FPC. As far as the function of the circuit board is concerned, it has not changed much with the evolution of the times, and it is still to achieve the function of circuit conductivity and three-dimensional wiring. However, manufacturers need to develop advanced materials to meet the new demands of high-frequency transmission and circuit densification.

Table 2-1 Functions and Applications of FPC

Function	Characteristic	Usage	Application
Wire guide function	Bendable, resistant to repeated bending, Multiple lines, high-density, thin and lightweight	Wiring between rigid printed circuit boards, three-dimensional wiring, movable parts, bending wiring, print head wiring (including wiring), wiring for miniaturization and thinness of machines	General electronic equipment, automotive equipment, printers, CD players, FDD, HDD heads, recorders, fax machines, LCD calculators, radio clocks, PC keyboards
Printed substrate function	Printed substrates for 3-D wiring	Same as above	Products such as cell phones, NBs, printers, PDAs, etc.
Connectorfunction	Low-cost, simple connection method	Reflow Soldering with rigid printed circuit boards and pressed connection of display elements	Display devices
All-in-one function	Combined masking of FPC and RPC is achieved by summing up functions	Integration of keyboard algorithm (FPC), cable (rigid substrate), and connector (rigid substrate)	Cameras, meters, VTRs, CDs, computers and terminal equipment, transport equipment, vehicle equipment, and medical equipment

Source: ITRI's ITIS Project

(3) Industry Development

With the increasing labor cost in China, FPC manufacturers are gradually shifting to lower-cost production bases in Southeast Asian countries such as Vietnam, Thailand, and Indonesia. However, regarding the market, the rise of Chinese mobile phone manufacturers is indisputable. For example, Lenovo, Huawei, ZTE, Coolpad, and other cell phone system manufacturers have a certain proportion of sales in China. Therefore, many domestic component manufacturers must continue investing in mainland China to obtain their domestic orders. Concerning global FPC factory turnover distribution, Taiwan, China, Japan, Korea, and other countries still account for more than half of the total.

Microcosm completed the expansion of the second phase of its Suzhou plant at the end of 2013 and completed the production lines for different processes in 2014. In addition, the land we have set aside for the Phase III plant can be adapted to subsequent changes in industry conditions, which is an essential driver of future growth. As of the end of 2024, per the above-mentioned strategic guidelines, the Suzhou plant will stabilize the production of mature products and gradually deploy new material production facilities for the future China market.

2. Upstream, midstream, and downstream industry linkages

Industry structure:

The upstream raw materials of the FPC industry are polyimide film (PI) and copper foil. The midstream industry is flexible copper foil substrate and protective film. The downstream is FPC manufacturer.

In the supply chain of the FPC industry, although several PI and copper foil manufacturers have joined the FPC industry, the upstream raw materials are still oligopolistic market in terms of future demand, such as TPI film and LPI (photo polymeric overlay film).This year, due to the impact of international supply not keeping up with the surge in demand for copper raw material prices, the company has adjusted inventory levels to avoid affecting customer supply.

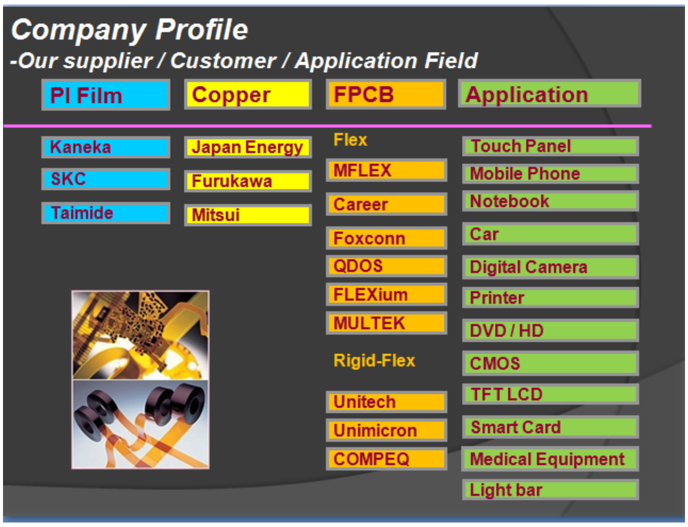
As for the application of the final product, there will be continuous application development in the future so that we can maintain room for growth at the front end of the supply chain.

As for the overall industry structure (refer to Table 3-1), there is competition at each level. Industry concentration at each level is gradually increasing, and the effect of the economy of scale is emerging.

Table 3-1 FPC Industry Structure

Supply Chain Locations	Manufacturer/Product
Upstream Materials	PI：DuPont, Kaneka, Taimide, UBE, PIAM PET：DuPont Teijin Films, Toray, Nan Ya, ShinKong Calendered copper foil：Nikko Metals, Fukuda Metal Foil, Taihsin Copper & Alumina Technology Electrolytic Copper Foil：Nan Ya, Mitsui Group, Fukuda Metal Foil, Furukawa Circuit Foil Release paper：LINTEC, Fujimori Kogyo
Midstream FCCL	Microcosm、DuPont、Taiflex、ThinFlex、Azotek、ITEQ、Doosan
Downstream FPC	Career、UniFlex、Ichia、FLEXium、Zhen Ding、Unimicron、Unitech、Qunhongtek
Final Product	Information products (notebook computers, HDD), communication products (cell phones, wireless communication products), video products (movie players), consumer electronics (cameras), displays (LCDs), flexible electronic products

Source: ITRI, compiled by Microcosm



The relationship between upstream materials, downstream FPC boards and the final product

3. Product development trend

(1) The base material emphasizes green environmental protection

The Waste Electrical and Electronic Equipment (WEEE) and the Restriction of Hazardous Substances Directive (RoHS), completed by the European Union, require that 87 products, such as notebook computers, that will enter the European market after July 1, 2006, cannot contain hazardous substances controlled by RoHS. With the increasing awareness of environmental protection in the past few years, to maintain the ecology and meet the requirements of environmental protection, halogen-free, phosphate-free, and other environmentally friendly substrates will still be the mainstream of development in the future. Even in response to the rising awareness of environmental protection, carbon footprint calculation has been included in the targets of end-product manufacturers along with various national policies. It gradually requires its middle and upstream supply chains to achieve the targets. Therefore, the goals of developing low energy consumption, recyclability, local material extraction, and local sales will be included individually.

(2) FPC is developing toward multi-functionalization and characterization

With the continuous development and breakthrough of the downstream IT industry, semiconductor high-density IC packaging, cell phone industry, display industry, AI industry, and consumer electronics, the demand for products continues to increase in multi-function direction. Thin, light, and importance of FPC continues to grow, giving more room for growth in FPC technology and applications, especially in the FPC market for soft electronics, as well as high frequency, 5G, and AI, which are the most eye-catching applications in the market today.

4. Competitive situation of products

Many domestic and foreign flexible substrate manufacturers competing in 2013, including Taiwan's ITEQ Corporation, China's Shengyi Technology, and Korea's Doosan, have invested in a specific scale of production capacity. Otherwise, some manufacturers will be eliminated from the market under the pressure of competing for low cost.

In addition to economies of scale, another way to survive is the oligopoly mentioned above in the market, including high-frequency materials, PSPI, CPI, and other products. After years of development and joint testing with our customers, we released PIC products in 2014 and have been certified by international cell phone makers. In 2019 and 2020, we presented our materials with high-frequency characteristics and PSPI applications at TPCA in Taiwan and CPCA in Shanghai. In addition, we showed transparent polyimide at C-TOUCH & DISPLAY Shenzhen in 2017~2019.

(III) Technology and R&D Overview

1. Research and development expenses for the most recent year

Unit: NT$ thousand

Item	2023	2024	The current fiscal year up to March 31, 2025
R&D expenses	80,262	76,765	17,372

2. Technologies or products successfully developed

Item	Product Type	Key Technology	Application
(1)	Liquid black photo-sensitive overlay film (low gloss)	1. Anti-ion migration formulation development technology 2. High-sensitivity, low gloss	cell phones, notebooks, printers, digital cameras, and other electronic products
(2)	Low Dk/Df polyimide	1.Formulation development technology 2.High-temperature compression technology	cell phones, notebooks, printers, digital cameras, and other electronic products
(3)	Low Dk/Df epoxy resin	1.Formulation development technology 2. Phase difference reduction technology	cell phones, notebooks, tablet PCs, and other electronic products
(4)	Transparent polyimide	1. Formulation development technology 2. Phase difference reduction technology	cell phones, notebooks, tablet PCs, and other electronic products

(IV) Long-term and short-term business development plans

1. Long-term business development plan

(1) Marketing strategy

① Establish the company as a global brand and expand the global market target.

② Set up a global distribution and shipping center to enhance the company's competitive advantage.

③Provide good sales service to meet customers' requirements.

(2) Production strategy

① Expand production bases in mainland China and achieve industrial economy production scale utilizing operation and management mechanisms.

② Enhance production efficiency, improve quality, and establish a good reputation for quality.

(3)Product development strategy

①Through cooperation with academic institutions and the research and development team of the company, we are committed to product innovation and quality improvement to obtain recognition and certification from internationally renowned manufacturers.

② Closely with the market trend, actively develop new products that meet the tendency to satisfy customers' current and future needs, and create excellent products that belong to our own brand.

2. Short-term business development plan

(1) Sales policy

① Close cooperation among sales, manufacturing, and R&D departments will ensure stable product delivery and quality to build customers' trust in our company, obtain orders, and increase our revenue and profits.

② To actively expand overseas markets and increase the proportion of exported products to achieve market diversification strategy.

③ To establish a sound customer service system, actively handle customer feedback, and provide various services to enhance customer satisfaction and stabilize orders.

(2) Production policy

① Improve production yield, reduce cost, and increase product competitiveness.

②Expand the production scale in Central China to increase the supply of products and achieve the production niche of the international division of labor.

(3) Product development strategy

① Pursue excellent product quality and improve customer satisfaction with quality and delivery.

②Improve the production process and expand production capacity to take orders and serve customers.Analysis of the market, production and marketing situation.

II. Market and Production and Sales Overview

1. Areas where the main products (services) of the Company are sold (provided)

Unit: NT$ thousand

Area \ Year		2024		2023	
		Net sales	%	Net sales	%
Exports	China	23,837	18.67	21,689	19.75
	Others	28,881	22.62	26,019	23.69
	Subtotal	52,718	41.29	47,708	43.44
Domestic sales		74,973	58.71	62,129	56.56
Total		127,691	100.00	109,837	100.00

2. Market share

According to the Taiwan Printed Circuit Association (TPCA), Taiwan’s printed circuit board (PCB) industry showed signs of recovery in Q3 2024. Looking ahead, TPCA forecasts a 5.7% year-over-year growth in global PCB output by Taiwanese companies in 2025, signaling a continued expansion.

In a separate report co-released by TPCA and the Industrial Technology Research Institute (ITRI) in November 2024, China accounted for approximately 30.5% of global PCB market share in 2023. Key product segments included multilayer boards (39.3%), HDI boards (27.8%), and flexible PCBs (24.2%).

From an application standpoint, demand was led by the communications sector (28.9%), followed by automotive (26.9%), computing (23.8%), and consumer electronics (12.1%).

The rapid adoption of AI technologies and the growing new energy vehicle (NEV) market are driving significant demand for AI server and automotive-related PCBs—emerging as major growth engines for the sector.

In terms of material technology development, the traditional characteristic improvement for 3-layer or 2-layer has reached its limit. More precise materials with better folding endurance are needed for future product development, including Internet of Thing (IoT) and 5G, satellite communication, Metaverse (AR/VR wearable device) and increased demand for electric vehiclesunder the trend of global net zero emissions.The PSPI and high-frequency materials developed by Microcosm provide excellent solutions for the future, and in the transformation to next generation materials, there is great room for Microcosm to grow.

3. Future market supply and demand and growth

(1) Supply

Currently, we have three 3L production lines in Taiwan with a monthly production capacity of 360,000m^2; one 2L production lines (2L Lamination) with a monthly production capacity of 60,000m^2; and two 3L production lines in Suzhou with a monthly production capacity of 240,000m^2 and one 2L production line with a monthly production capacity of 60,000m^2. The total monthly production capacity of the two plants is 720,000m^2, and the full annual production capacity can reach 8,640,000m^2. The process technology and equipment for the newly developed products are shared with the existing in-plant processes. Therefore, after the material formulation and other vital technologies are mature, we can significantly expand the production capacity of new products without investing too much in hardware and equipment.

(2) Demand

With the ongoing advancement of technologies such as 5G, the Internet of Things (IoT), and smart devices, demand for information and communications technology (ICT) products continues to rise—directly driving the growth of the flexible printed circuit board (FPCB) market. FPCBs are essential components in many electronic devices, including smartphones and wearable technology. As demand for these end products increases, it indirectly fuels the expansion of the FPCB sector.

At the same time, consumer expectations for lighter and thinner electronic devices are pushing FPCB technologies to meet higher standards for reliability and electrical performance—supporting the development of high-efficiency, low-power designs.

Asia, particularly China, has emerged as the key consumer market, with the supply chain gradually shifting toward the region. This trend is boosting demand for both FPCBs and flexible copper-clad laminates (FCCL). Collectively, these factors are reinforcing the strategic positions of manufacturers in Taiwan and China within the global PCB industry.

(3) Growth

The global flexible printed circuit board (FPCB) market is experiencing significant growth in both demand and output value, with value increasing at a faster pace than volume. This trend is driven by several key factors:

- Rising demand from end products: The growth of smartphones, 5G devices, and wearable technologies is fueling demand for advanced FPCB solutions with higher performance requirements.
- Emergence of next-generation electronics: New products such as smartwatches and flexible displays are expanding the use of FPCBs, consequently driving up demand for flexible copper-clad laminates (FCCL).
- FCCL market momentum: End-user demand and emerging applications are propelling the FCCL segment, accelerating the development of high-performance materials.

In summary, the expansion of the FPCB market is primarily driven by ongoing technological advancements and the rise of new applications, with FCCL emerging as a critical material in this growth trajectory.

4. Competitive Niche

(1) Quality advantage

Not only have our materials passed UL requirements for flame retardancy, bendability, reliability, and electrical performance, but FPCs manufactured by our customers have been adopted and certified by many international manufacturers. From this, the quality of our products is recognized.

(2) Equipment design and manufacturing advantages

In addition to the critical technology of adhesives, our company has participated in designing a precision coating machine after understanding the market demand, which can produce ultra-thin material with thickness of only 35-40μm. Our machines can produce 305mm and 610mm wide products for European, American, and Mainland China markets, different from the 250 and 500mm products used in Japan, Korea, and Taiwan.

(3) R&D Capability

The company has been dedicated to new product development for many years, especially developing functional polymer materials by extending its core technology. In recent years, we have released photo-sensitive polyimide, Low Dk/Df modified polyimide, and epoxy resin products.

(4) Other Business Advantages
Our company has a complete product line; we can produce all the materials required for the production of FPC and provide polyimide and polyester substrates simultaneously. Our technical staff has experience in FPC mass production and can provide customers with sufficient technical consultation.

5. Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable Factors

① The excellent prospect of the application industry
The 3C electronics industry is developing rapidly, and FPC is a crucial component of 3C products, which drives the demand for FPC materials to surge and multiply. Therefore, Microcosm Technology has excellent potential to expand our business.

② Fast research and development of new products in response to market demand
Our R&D team is highly capable of quickly responding to market demand by developing new products. In addition, we regularly participate in circuit board exhibitions to absorb the latest industry trends. We have been cooperating with academic institutions for many years to turn theories into actual products. Therefore, we can maintain a leading position in the industry regarding product development.

③ Excellent customer service team
Our customer service team has more than ten years of experience in the FPC process. Our understanding of material properties allows us to work with customers to solve new product manufacturing problems and achieve mutual growth. In addition to the existing technical team in Taiwan, we established a specialized team in mainland China in early 2017, based in our Suzhou factory, and completed the installation of new product lines in Q4 2017 to enhance the speed of new product development for our customers in China.

④ Low cost compared to the industry
The company's R&D team can develop equipment and adhesives, so the production cost in the manufacturing process is lower than other companies.

⑤ Positioning strategy for mid-to-high-end products
Our company is positioned in the middle and high-end products, and our customers are the top-tier FPC manufacturers. These products have higher quality requirements, so they are less likely to be subject to price-cutting competition, as is often the case with low-end products, and therefore can maintain higher margins.

(2) Negative factors and countermeasures

① Increasing competition from manufacturers
Due to the wide range of FPC applications and the recent development of electronic products towards thin and light, the demand for new products from cell phones and digital cameras has increased yearly demand for FPC. The increase of new FPC manufacturers and the expansion of existing FPC manufacturers has led to increased competition in the industry.

[Countermeasures]

A. Serve our customers with customization capability and strengthen the relationship with them
Since our company has many years of experience in manufacturing FPC, equipment design and assembly, we can adjust the characteristics of flexible copper foil substrates to meet our customers' equipment and process requirements to achieve customized services. In addition, we will provide

customers with suggestions, troubleshoot production problems, and use the issues and needs of our customers to continuously improve and enhance their manufacturing technology capabilities to produce better quality products to serve customers and strengthen the relationship between them.

B. Continuous development of niche products

Considering the market demand, the company continues to develop ultra-thin flexible copper foil substrates and has invested in the mass production of functional polymer products, including photosensitive materials and high-frequency, high-speed transmission materials, in response to the future market development trend. In response to the trend of material development, the company continues to invest in developing niche products to improve market competitiveness and maintain high gross margins.

C. Directly Obtain End-User Certification for End-Use Electronic Products

Since electronic product manufacturers have a wide range of products, obtaining end-user certifications will help end-user electronic product manufacturers introduce our products into their designs and help to increase market share. In addition to gaining the trust of our customers, our products are also used in a broader range of applications. Currently, our products have been adopted by many domestic and foreign manufacturers, which shows that end-users have well recognized the quality of our self-developed products.

② Risks of product and technology development

Since we are a professional manufacturer of FPC materials, we can continuously improve our existing products in line with the current trend of electronic products. Due to the time-sensitive nature of market demand, it is difficult to have flexibility in R&D projects and schedules. Long-term investment in R&D does not guarantee successful development, so there is a potential risk of failure in R&D to meet market demand.

[Countermeasures]

A. Continuous recruitment of R&D talents

Our past R&D projects have met the established schedule mainly based on our experience in successful product development and machine design capabilities, and we have continued to recruit the necessary R&D talents. To meet the future development direction, we continuously increase the R&D personnel and R&D funds to improve the technology and product competitiveness.

B. Cooperation with outside academic institutions or manufacturers

To continue to develop new products, we actively cooperate with educational institutions and manufacturers and commission them to test our products. This approach not only can speed up the development of new products and reduce the cost but also can gain more experience and increase the success rate of product development.

③ Significant foreign currency denomination makes the exchange rate risk high.

The amount of direct exports in foreign currency pricing for the past three fiscal years were 44,010 thousand dollars, 47,708 thousand dollars, and 52,718 thousand dollars, respectively. This is due to the company's continued efforts to expand overseas business and increase the number of export customers. The direct exports are ordered directly from overseas customers, and the product quotes are quoted in foreign currency, mainly in US dollars and Renminbi. The proportion of direct exports in the net sales revenue was 28.31%, 43.44%, and 41.29%, respectively. Therefore, exchange rate fluctuations have a certain impact on the company's revenue.

The company's import amounts in the past three years were 61,588 thousands of dollars, 38,440 thousands of dollars and 52,132 thousands of dollars respectively, accounting for 83.59%, 75.73% and 78.82% of the net purchase amount of each year. This is due to the purchase of polyimide film and copper foil imported from abroad. The transactions are priced in US dollars and Japanese yen, with US dollars being the major currency, so exchange rate fluctuations have a certain degree of impact on the company's import costs and profits.

[Countermeasures]

A. The Company's Financial Department has assigned dedicated personnel to collect information from correspondent banks, pay close attention to foreign exchange rate changes, and address the risk with hedging measures. It has also set up USD and JPY bank accounts to accept and make payments in foreign currencies, and to buy or sell foreign currencies depending on foreign exchange market trends.

B. For the payments of imported materials, the Company utilizes usance L/C and makes early repayment with a favorable exchange rate.

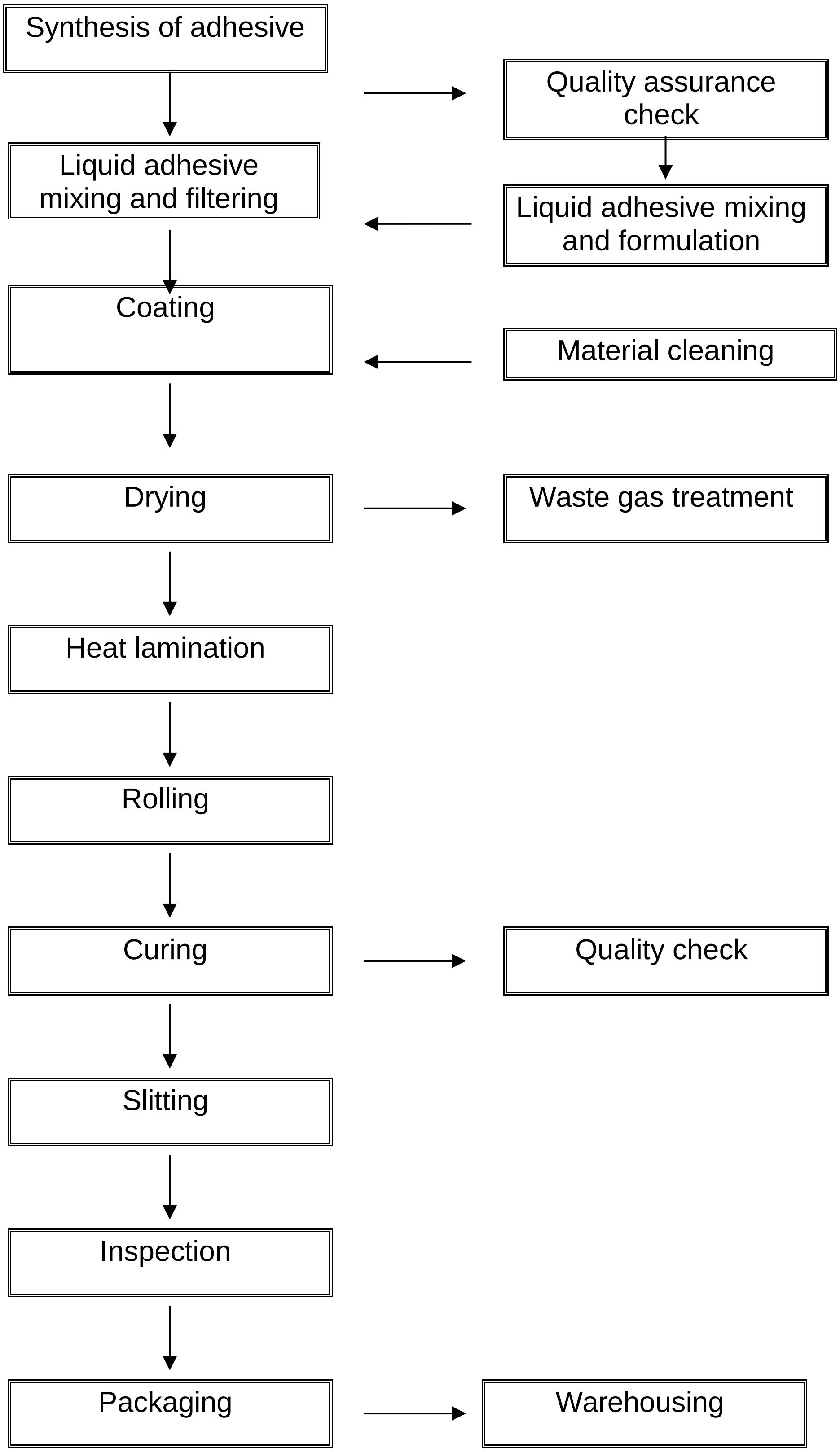
C. The sales department adjusts quotes by taking into consideration the foreign exchange to ensure a reasonable price and profitability.

(II) Usage and manufacturing processes for main products.

1. Usage

The Company's main products are mainly used in the cover layer that protects the circuit on FCCL and application fields of FCCL. The company is enhancing the thinness and flexibility of its existing materials to meet the increasing demand for high-density smart phones, as well as developing complementary materials to match innovative smart phone designs, such as foldable phones. The company is also actively expanding its product line into new areas outside of circuit boards, such as automotive electronics, touch panels, and beyond, extending its reach into fields such as displays and semiconductors.

2. Manufacturing processes



(III) Supply situation for major raw materials

Major raw materials	Source of supply	Supply situation
Polyimide	Japan, Malaysia, Taiwan	Good
Copper foil	Japan, Malaysia, Taiwan	Good
PET release film	Japan, Taiwan	Good

The manufacturers in Japan and Taiwan of the aforementioned raw materials have almost monopolized the upstream raw material market with their advanced technology and economies of scale, so the Company's source of raw materials concentrates on a few manufacturers in consideration of product quality, costs and industry characteristics. However, in addition to the stable relationship with its major suppliers, the Company continues to conduct various feasibility tests by taking quality, product yield, delivery schedule and stability of supply into account. Because of good communication with raw material suppliers, advanced preparation and increase of safety stock, the Company's operation have not been affected by supply shortages or interruptions.

(IV) List of major suppliers and clients

List of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Procurement

Unit: NT$ thousand/%

	2023				2024				The current fiscal year up to March 31, 2025			
Item	Name	Amount	As percentage of net annual procurement (%)	Relationship with the issuer	Name	Amount	As percentage of net annual procurement (%)	Relationship with the issuer	Name	Amount	As a percentage of net procurement of the current fiscal year up to the end the previous quarter(%)	Relationship with the issuer
1	J	8,438	16.62	F	F	16,568	25.05	None	F	6,474	48.38	None
2	F	7,932	15.63	J	J	14,157	21.40	None	G	2,173	16.24	None
3	K	6,678	13.16	G	K	8,117	12.27	None	K	1,811	13.53	None
4	S	6,404	12.62	K								
	Subtotal	29,452	58.03		Subtotal	38,842	58.72		Subtotal	10,458	78.15	
	Others	21,305	41.97		Others	27,302	41.28		Others	2,924	21.85	
	Net procurement	50,757	100.00		Net procurement	66,144	100.00		Net procurement	13,382	100.00	

The Company's major raw materials are polyimide and copper foil. As the supply and quality of raw materials offered by major suppliers is stable and the Company has long and excellent relationships with manufacturers, there have been no irregularities in the changes of major manufacturers.

2. Sales

Unit: NT$ thousand/%

Item	2023				2024				The current fiscal year up to March 31, 2025			
	Name	Amount	As a percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	As a percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	As a percentage of total net sales of the current fiscal year up to the end the previous quarter (%)	Relationship with the issuer
1	D	32,123	29.24	None	D	43,179	33.81	None	D	12,610	48.30	None
2	A	19,461	17.72	None	A	21,574	16.90	None	I	3,422	13.10	None
3					I	15,841	12.41	None				
4												
	Subtotal	51,584	46.96		Subtotal	80,594	63.12		Subtotal	16,032	61.40	
	Others	58,253	53.04		Others	47,097	36.88		Others	10,077	38.60	
	Net sales	109,837	100.00		Net sales	127,691	100.00		Net sales	26,109	100.00	

Explanation of changes: Overall, the changes to the clients in the most recent two fiscal years were mainly due to the market of smartphones, notebooks, CD-ROM, digital cameras and various small and thin electronic products, so there were no irregularities in the changes of major clients.

III. Employee information

Unit: person/%

Year		2023	2024	2025 Up to April 30
Number of employees	Administrative personnel	36	30	27
	R&D and technical personnel	31	39	37
	Direct personnel	16	17	16
	Total	83	86	80
Average age		40.68	41.16	41.69
Average years of service		9.92	10.30	10.10
Education	Doctoral degree	6.02	6.98	7.50
	Master's degree	21.69	20.93	25.00
	University/college	59.04	60.46	53.75
	High school	10.84	9.30	11.25
	Below high school	2.41	2.33	2.50

IV. Environmental protection expenditure information

Any losses suffered by the Company in the most recent year and up to the date of publication of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of the laws violated, the substance of the legal violations, and the content of the dispositions), and a disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: The Company has not encountered any environmental pollution incidents currently.

V. Labor relations

(I) Employee welfare

In order to attract and retain talent for the Company’s future development and motivate employees, the Company has put great effort into enhancing employee welfare and growth and emphasizing the training and development of employees. The Company also strives to maintain harmonious labor relations and provide an environment of “work life balance” to its employees with the belief that people are its most valuable resource. With the aim to create an excellent work environment, the Company has devised a comprehensive welfare program. Through thorough employee education, training and development plans, all employees can realize their potential and grow with the Company!

List of employee welfare, continuing education, retirement systems, and the status of their implementation, and the status of labor-management agreements:

1. Employee welfare:
   (1) Regular holiday bonuses on Dragon Boat Festival, Mid-Autumn Festival, and year-end and birthday bonuses.
   (2) Health Promotion Measure
   The Company is committed to creating a safe, healthy, and resilient work environment, implementing systematic health promotion strategies to enhance employees’ physical and mental well-being.
   The Company promotes a variety of health initiatives, including:
   - Providing annual free health checkups and follow-up consultations that exceed regulatory requirements;
   - Implementing tracking and risk management for abnormal health conditions;
   - Promoting health activities such as on-site physician/nurse consultations, hiking and walking events, and stress-relief yoga classes;
   - Encouraging employee participation to gradually foster a positive health culture and work-life balance atmosphere.

   The related initiatives are overseen by the "Employee and Community Task Force" under the Sustainability and Risk Management Committee, with involvement from cross-departmental non-managerial employees, continuously gathering feedback and optimizing strategies to ensure alignment with employees’ actual needs.
   (3) Medical/Insurance
   In addition to national health insurance and labor insurance, the Company also provides its employees with group insurance which includes term life insurance and accident insurance.
   (4) The Company has established the Employee Welfare Committee in accordance with the law, which is responsible for planning and implementing employee welfare. The Company appropriates a welfare fund in accordance with relevant regulation and organizes events such as annual outings, holiday gifts, birthday celebrations, and annual dinners.
2. Continuing education and training
   (1) The Company has set the “Annual education and training plan” for employees’ continuing education, and employees can improve their professional skills through “internal and external education and training” for their personal competencies.
   (2) The Company upholds the concept of “external training for one person benefits many others” and organizes many external training courses to build an internal knowledge sharing system.
   (3) Through digital internal training and internal training courses transformed from external training (including the construction of a database), employees can choose the continuing education courses they want to participate in flexibly after work.
   (4) In order to strengthen employees’ awareness of firefighting and disaster prevention and to avoid accidents caused by panic if a fire or other disaster occurs, the Company has teamed up with a self-defense firefighting team and conducts regular fire drills.
   Details of continuing education and training for employees in 2024 is as follows

Unit: person/NT$ thousand

Education and training	Internal training				External training			
	Total sessions held	Total number of persons	Total hours	Total expenses	Total sessions held	Total number of persons	Total hours	Total expenses
1. Orientation training	19	22	152	0	0	0	0	0
2. Professional competency training	10	15	35	18	26	37	361	232
3. Supervisor's competency training	1	11	7	2	11	8	70	42
4. General education training	2	39	8	16	1	3	6.5	0
Total	32	87	202	36	38	48	437.5	274

3. Employee retirement system and the status of its implementation

The Company has instituted regulations for the defined benefit plan in accordance with the “Labor Standards Act”, applicable to the years of service of employees before July 1, 2005, which is the day that the new “Labor Pension Act” came into full force, and the following years of service of employees who chose to continue applying the Labor Standard Act upon enforcement of the Labor Pension Act. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The Company contributes 6% of the total salary monthly to the individual pension accounts of the employees at the Labor Insurance Bureau, and reserves the seniority of employees who chose to apply the old system, and the seniority prior to application of the new system of employees who chose to apply the new system. The Company calculates and contributes a sufficient amount of retirement reserve based on the payment standards specified in the Regulations for Employee Retirement and deposits this into the special pension account under the name of the Pension Reserve Monitoring Committee at the Bank of Taiwan.

4. Labor-management agreements

The Company strives for harmonious labor relations and communicates mutually and openly in the hope to maintain a healthy relationship between labor and management. Up to today, there have been no losses due to labor disputes.

5. Measures to preserve the rights and interests of employees

Microcosm Technology upholds the core value of "people-oriented" principles, striving to create a fair, safe, growth-oriented, and fulfilling workplace environment. Through institutionalized management and communication mechanisms, the company is committed to fully protecting employee rights.

In accordance with the law, the company has established and publicly announced its work regulations, which govern matters such as working hours, leave, attendance, rewards and penalties, grievance procedures, and contract termination. These regulations provide employees with clear standards for their roles. A labor-management meeting system is also in place, with meetings held quarterly to record and follow up on resolutions. Employees can voice their opinions through internal grievance channels or anonymous feedback platforms. The company regularly compiles and tracks these inputs to ensure smooth communication and effective handling of complaints.

Gender equality and harassment prevention are also key focuses in safeguarding employee rights. The company has implemented a "Sexual Harassment Prevention Policy and Complaint & Disciplinary Procedures," offering clear complaint channels and response processes. Regular training sessions on gender equality and harassment prevention are conducted to raise awareness of respect and workplace safety. By promoting a gender-friendly culture, Microcosm Technology aims to foster a safe and respectful work environment for all.

6. Work environment and personal safety of employees

Given the importance of the work environment and protection measures for the personal safety of employees, the Company implements risk control on significant environmental aspects and occupational safety and health with the OHSAS 18001 management system and conducts priority improvement using goal and project management. The matters with less risk are controlled by means of operations control, and after the good operation control, good results and management are obtained on such matters. The Company's significant goals and management programs are summarized below:

(1) Implementing automatic inspection

Different operating environments, processes, handling and operations may cause damage to employees' bodies due to unsafe operations, equipment or management, so the Company actively promotes automatic inspection in hope of discovering potential hazardous factors to improve and control effectively.

Items that are applicable for automatic inspection include equipment, raw materials, operational environment, operational machines and motor vehicles. Of these, equipment includes specific high-pressure gas equipment, pressure containers, high-low-voltage electrical equipment, etc., and machines include forklifts.

(1) Operational environment test

When the Company conducts an operational environment test, it proposes an operational environment test plan that includes the sampling strategy starting from the collection of basic information and inventory check of raw materials, production procedures and hazardous substances. Through observation, interview and investigation, it segments similar exposure groups and samples those most likely to be exposed. The test items include carbon dioxide (CO_2), noise, organic solvents (butanone, NMP, toluene), local exhaust, wet bulb globe temperature (WBGT), etc.

(2) Maintenance and inspection of equipment

According to the Regulations for Inspection and Reporting of Building Public Safety, the Company appoints a professional company to perform the inspection of public safety every two years; pursuant to the Fire Services Act, the Company annually commissions an external party to conduct fire inspection and regular maintenance and inspection of elevators and firefighting equipment in accordance with the occupational safety and health regulations.

(4) Labor health

In line with the advocacy of government ruling and policy, smoking is prohibited in the workplace of the Company to protect the quality of the work environment. The Company also arranges regular employee health examinations in order to keep employees physically and mentally healthy.

(5) Insurance

Employees are enrolled in labor insurance (including occupational accident insurance), national health insurance and group insurance. In the event of employee injury or death, the human resources unit will assist in dealing with insurance claims.

(6) Employee welfare

The Company has established the Employee Welfare Committee that is responsible for employee welfare, including welfare subsidies, recreational activities, and other welfare subsidies.

(7) Human rights protection

Microcosm Technology is committed to respecting and protecting the human rights of every employee. The company complies with domestic labor laws such as the Labor Standards Act and the Employment Services Act, as well as international human rights conventions including the Universal Declaration of Human Rights, the United Nations Global Compact, and the UN Guiding Principles on Business and Human Rights. We strive to prevent adverse human rights impacts in our operations and supply chain, and foster a sustainable culture rooted in integrity and respect.

The company's key human rights protection measures include:

● Equal Treatment and Non-Discrimination

We strictly adhere to the principles of equal opportunity and diversity. During recruitment, employment, promotion, compensation, training, and rewards, we ensure that no employee is treated differently on the basis of race, color, gender, sexual orientation, age, religion, marital status, disability, or other characteristics.

All forms of discrimination, sexual harassment, bullying, and retaliation are strictly prohibited, and we are committed to maintaining a safe and respectful workplace.

● Prohibition of Forced Labor and Child Labor

Microcosm Technology prohibits all forms of forced, coerced, bonded, imprisoned, or involuntary labor. All employees choose to work voluntarily and are entitled to reasonable working hours and rest periods.

We rigorously enforce a child labor prevention policy: individuals under the age of 16 are not hired, and those under 18 are not assigned to hazardous or legally restricted work. In 2024, the company conducted a comprehensive review of personnel records and confirmed that no child labor was employed. All new hires are required to provide age and identity verification to ensure compliance with regulations.

● Human Rights Policy and Training

We have established and implemented a Human Rights Policy and Sexual Harassment Prevention Guidelines, and we continue to conduct human rights education and training for our employees.

● Transparency and Grievance Mechanisms

We provide multiple channels for grievances, including an anonymous mailbox, an internal complaint hotline, and a dedicated contact for harassment-related issues. Employees are encouraged to report any workplace injustice or misconduct, with a commitment to protecting whistleblowers from retaliation.

All relevant policies and procedures are published on the internal platform to ensure transparency and ease of access.

● Ongoing Review and Legal Compliance

The company regularly reviews its human rights policies and operational procedures and updates them in accordance with current laws and regulations.

(8) Firefighting equipment

The interior of the Company's factory at Southern Taiwan Science Park was designed and constructed in accordance with the Regulations for the Administration of Interior Decoration of Buildings issued by the Ministry of the Interior, and the firefighting and emergency equipment is renewed regularly. The Company has prepared a disaster prevention and protection plan in compliance with the provisions of annual fire inspection, and conducts a fire drill every half year. The Company is enrolled in public liability insurance.

(9) Security management

The Company has security personnel on site to control the entrance of personnel and set up surveillance cameras in the factory campus and at underground corners.

(II) Any losses suffered by the Company in the most recent year and up to the date of publication of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of the laws violated, the substance of the legal violations, and the content of the dispositions), and a disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Information Security Management

1. Assessment and analysis of cybersecurity risk and its countermeasures:

Our company maintains an unwavering commitment to information security. The information department has established stringent information security processes and mechanisms to ensure the utmost protection of our data and systems. In order to enhance information security management, an Information Security Management Group was established in November of the 2020 fiscal year. The group is responsible for supervising the operation of information security management and regularly reporting to the audit unit. In compliance with relevant laws and regulations, as well as the company's operational needs, the "Information Security Management Measures" have been established for all employees to follow.

2. Information security policy:

The Company’s mechanism for information security management includes the use of technology, information confidentiality, personnel training and legal compliance.

(1) Use of technology: Periodically arranging vulnerability scanning of network equipment, servers and terminals, and repairing any deficits in order to implement cybersecurity management measures.

(2) Information confidentiality: The Company has adopted a document confidentiality mechanism with different levels of authority to prevent any leakage of sensitive information.

(3) Personnel training: All new employees are required to attend information security training and establish the awareness that “information security is everyone’s responsibility”. The information security team also sends internal educational mails to all employees from time to time to make employees aware of the latest information security matters and thereby improve their knowledge regarding information security.

(4) Legal compliance: The Company has set up many information security related rules and systems to regulate employee behavior with regard to information security and provide proper protective measures for the Company’s information assets.

3. Evaluation of the negative impact of information security risk on the Company’s operations and planning for the control of information security:

(1) Moving information system services to cloud server.

(2) Installing anti-virus software.

(3) Setting up network firewalls.

(4) Management and control of E-mail.

(5) Security control of documents and equipment.

The company has incorporated information and communication security inspections as an annual audit item, with the audit unit conducting at least one audit per year. Up to the date of the publication of the annual report, there have been no significant information security incidents affecting the company's operations in recent years. The company has reported its information security implementation status to the board of directors on Feb. 27, 2025 fiscal year.

4. Countermeasures:

(1) The Company has assigned dedicated personnel responsible for prevention and crisis management of information system security to avoid any network crimes and crises and to maintain system security.

(2) Teaching employees the concept of correct use of legal software, increasing employees’ understanding of the threats from computer viruses, and further enhancing their awareness of

information security.

VII. Important contracts: Supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Nature of contract	Contracting party	Commencement date and expiration date of contract	Major content	Restrictive clause
Land lease	Southern Taiwan Science Park Administration	2019/01/01–2038/12/31	Land lease	None
Right-of-use of land	Suzhou Industrial Park Administrative Committee	2004/04/01–2054/3/31	Right-of-use of land	None

V. Review and Analysis of the Financial Position and Performance, and Risk Assessment

I. Financial position

(I) Financial position comparison table

Unit: NT$ thousand

Year / Item	2024	2023	Deviation	
			Amount	%
Current assets	503,622	627,912	(124,290)	(19.79)
Property, plant and equipment	376,238	402,648	(26,410)	(6.56)
Intangible assets	16,709	16,552	157	0.95
Other assets	141,008	137,562	3,446	2.51
Total assets	1,037,577	1,184,674	(147,097)	(12.42)
Current liabilities	111,132	230,810	(119,678)	（51.85)
Non-current liabilities	63,848	59,317	4,531	7.64
Total liabilities	174,980	290,127	(115,147)	(39.69)
Share capital	701,124	701,124	0	0.00
Capital reserve	71,627	169,523	(97,896)	(57.75)
Retained earnings	117,388	56,653	60,735	107.21
Total equity	862,597	894,547	(31,950)	（3.57)

Note: The information listed above are the Company's condensed balance sheets for the most recent two years.

(II) Reason of deviation (analysis standard: deviation over 20% between two periods)

1. Decrease in current liabilities and total liabilities:
   The decrease in current liabilities and total liabilities was primarily due to the repayment of short-term borrowings.
2. Decrease in capital surplus:
   Capital surplus decreased primarily due to the offsetting of losses and the distribution of cash dividends from capital surplus.
3. Increase in retained earnings:
   Increase in retained earnings primarily due to higher revenue from sales, net foreign exchange gains, and gains from disposal of fixed assets.

II. Financial performance

(I) Financial performance comparison table

Unit: NT$ thousand

Item \ Year	2024	2023	Increase (decrease) amount	Change (%)
Operating revenue	127,691	109,837	(17,854)	16.25
Operating cost	(114,471)	(124,566)	10,095	8.10
Gross profit	13,220	(14,729)	27,949	189.75
Operating expense	(116,476)	(117,778)	1,302	1.11
Operating profit or loss	(103,256)	(132,507)	29,251	22.08
Non-operating income and expenses	82,092	38,505	43,587	113.20
Profit before tax	(21,164)	(94,002)	72,838	77.49
Tax benefit (expense)	(2,386)	10,302	(12,688)	(123.16)
Net profit for the period	(23,550)	(83,700)	60,150	71.86
Other comprehensive income (loss) for the period (net, after tax)	5,332	(3,021)	8,353	276.50
Total comprehensive income for the period	(18,218)	(86,721)	68,503	78.99

(II) Analysis of deviation

1. Increase in operating revenue, gross profit, and operating income:
   Primarily due to increased end-market demand and the ramp-up of new products in fiscal year 2024, resulting in improved performance.
2. Increase in non-operating income and expenses:
   Primarily due to net foreign exchange gains and gains on the disposal of fixed assets.
3. Increase in other comprehensive income for the current period:
   The main reason is exchange rate fluctuations, resulting in an increase in the translation differences in the financial statements of foreign operating entities for 2024.
4. Decrease in the loss of pre-tax net income, net income for the period, and total comprehensive income (loss) for the period:
   Primarily due to an increase in operating revenue, net foreign exchange gains, and gains on the disposal of fixed assets.

(III) Sales volume forecast and the basis thereof for the following year, and the effect upon the Company's financial operations and response measures: The Company’s forecast for the sales volume of FPC substrate is approximately 1,444 thousand meters for the following year, derived by considering the Company’s production capacity, forecast for future business environment and customer orders.

III. Cash flow

(I) Analysis of deviation in the cash flow for the most recent year (2024):

Unit: NT$ thousand

Cash balance at beginning of the period (1)	Annual cash flow from operating activities (2)	Annual cash outflow (3)	Cash surplus (deficit) (1) + (2) + (3)	Remedy for cash deficit	
				Investment plan	Finance plan
357,928	（61,903)	（97,246)	198,779	-	-

1. Analysis of deviation in cash flow for 2024
   (1) Operating activities: The primary source of net cash outflow from operating activities is the purchase of bonds.
   (2) Investing activities: The main cause of net cash inflow from investing activities is the sale of machinery and equipment.
   (3) Financing activities: The main reason for the net cash outflow from financing activities is the repayment of short-term loans and the distribution of cash from capital reserves.
2. Improvement plan for illiquidity and analysis of liquidity: Not applicable.

(II) Analysis of cash liquidity for the following year(2025)

Unit: NT$ thousand

Cash balance at beginning of the period (1)	Estimated annual net cash flow from operating activities (2)	Annual cash outflow (3)	Cash surplus (deficit) (1) + (2) + (3)	Remedy for cash deficit	
				Investment plan	Finance plan
198,779	200,000	(200,000)	198,779	-	-

1. Analysis of deviation in cash flow for 2025
   (1) Operating activities: Net cash inflow due to normal operating activities.
   (2) Investment activities: Net cash outflow due to the acquisition of fixed assets.
   (3) Financing activities: Net cash outflow due to repaying short-term loan and distributing dividend.
2. Improvement plan for projected illiquidity and analysis of liquidity: Not applicable.

IV. Effect of significant capital expenditures on financial operations in recent years

(I) Status and source of funds of major capital expenditures

Unit: NT$ thousand

Project	Actual or estimatedsource of fund	Actual or estimated completion date	Total fund needed	Actual or estimated status of use of fund			
				2023	2024	2025	2026-2027
Processing equipment	Own capital and bank loan	2024.12	29,746	10,663	7,815	11,268	-

(II) Effect on financial operations:

The Company's major capital expenditure in 2024 was mainly from the Company's own capital and had no significant effect on the Company's financial operations.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

Unit: NT$ thousand

Item / Note	Amount (Note)	Policy	Main reasons for profit or loss	Improvement plan	Other investment plans for the coming year
Microcosm Technology (Samoa) Holdings Limited	114,041	Group integration, investment in Microcosm Technology (Suzhou) Co., Ltd., the manufacturing base in Mainland China, through Yu Sheng company.	The reason for loss was mainly the decline in the overall business environment that affected the performance of Suzhou factory.	None	None

Note: Investments for the most recent year with amounts over 5% of the paid-in capital.

VI. Analysis and assessment of risk management

(I) Impact of interest and exchange rate fluctuations and inflation on the profit and loss of the Company, and future countermeasures

1. Interest rate changes

The Company and its subsidiaries have healthy financial conditions, and in terms of bank deposit and lending interest rates, it keeps close connection with banks and has a good understanding of interest rate trends in order to secure the best deposit and lending interest rates. In addition, short-term idle funds are mainly saved as bank deposits with low risk in order to gain short-term investment returns. Depending on changes to the financial interest rate, the Company adjusts its allocation of funds to reduce interest expenses.

2. Exchange rate changes: The Company takes the following measures in response to exchange rate changes

(2) Opening foreign currency deposit accounts. The payment received is either exchanged to NTD or saved in the foreign currency account depending on the need for funds and the exchange rate; when it is appropriate, the Company trades foreign currencies or repays loans denominated in foreign currencies, and through this more flexible method, reduces the effect of exchange rate fluctuations.

(3) Evaluating derivative transactions for hedging as tools to reduce the exposure to exchange rate fluctuation risk.

(4) Collecting exchange rate information and discussing future exchange rate trends with bank supervisors to grasp exchange rate information and flexibly adjust trading currencies.

(5) In terms of foreign currency fund allocation, achieving natural hedging between assets and debts through the foreign currencies received from the export of finished products and those paid for the import of raw material.

3. Inflation

As there was no significant inflation for the year 2024 and for the current fiscal year up to the date of publication of the annual report, and the Company pays attention to the fluctuations of market prices at all times and maintains good interaction with its suppliers and clients, there is no significant effect of inflation.

(II) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees, and transactions of financial derivatives, major causes for profits or losses and future countermeasures:

1. The Company has adopted the “Procedures for Acquisition or Disposal of Assets”, “Operating Procedures for Making Endorsement/Guarantee”, “Operating Procedures for Loaning Funds to Others” and “Procedures for Engaging in Derivatives Trading” that were approved by the shareholders’ meeting. Whenever the Company engages in relevant operations in the future, it complies with relevant procedures.
2. The Company did not engage in any high-risk, high-leverage investments in the most recent year and up to the date of publication of the annual report.
3. The Company’s loans to others in the most recent year and up to the date of publication of the annual report are listed below:

December 31, 2024; Unit: NT$ thousand

The borrower	Whether the borrower is a related party	Account	Maximum accumulated balance as of this month	Ending balance	Actual drawdown	Interest rate range	Nature of loans to others (Note)	Business transaction amount	Reason for offering short-term loans	Allowance for bad debt	Collateral		Limit of loans to individual borrowers	Limit of total loans
											Name	Value		
Microcosm Technology (Suzhou) Co., Ltd.	Y	Other receivables	15,000	15,000	14,155	-	2	-	Working capital	-	-	-	43,130	172,519
Microcosm Technology (Suzhou) Co., Ltd.	Y	Other receivables	16,000	16,000	1,101	-	2	-	Working capital	-	-	-	43,130	172,519
Microcosm Technology (Suzhou) Co., Ltd.	Y	Other receivables	4,228	4,228	4,228	-	2	-	Working capital	-	-	-	4,546	4,546

April 30, 2025; Unit: NT$ thousand

The borrower	Whether the borrower is a related party	Account	Maximum accumulated balance as of this month	Ending balance	Actual drawdown	Interest rate range	Nature of loans to others (Note)	Business transaction amount	Reason for offering short-term loans	Allowance for bad debt	Collateral		Limit of loans to individual borrowers	Limit of total loans
											Name	Value		
Microcosm Technology (Suzhou) Co., Ltd.	Y	Other receivables	15,000	0	0	-	2	-	Working capital	-	-	-	42,715	170,861
Microcosm Technology (Suzhou) Co., Ltd.	Y	Other receivables	16,000	16,000	5,704	-	2	-	Working capital	-	-	-	42,715	170,861
Microcosm Technology (Suzhou) Co., Ltd.	Y	Other receivables	4,316	4,157	4,157	-	2	-	Working capital	-	-	-	4,470	4,470

Note 1: Party the Company has business relations with. 2. Party with need of short-term loans.

4. The Company’s endorsements and guarantees made in the most recent year andup to the date of publication of the annual report are listed below:

As of December 31, 2024 and April 30, 2025: None.

5. The Company’s engagement in derivative trading: None.

(III) Future R&D plans and estimated investment in R&D

The company's future R&D plans and estimated R&D expenses are described as follows:

Unit: NT$ thousand

Year	Type of plan	Name of plan	Content of plan	Partner	Analysis of background and technical capability of partner	Fund	Current progress
2022–2026	PSPI	Development plan for photosensitive materials used in PCB and semiconductor applications.	Expand the application scope of PSPI by developing temporary protective materials for circuit board production based on the alkali-soluble characteristics of PSPI. Additionally, develop positive/negative PSPIs to meet the requirements of semiconductor packaging. .	Domestic Research Institute	Over 10 years of experience in PI material development	30,000	Product development stage and pilot production of some products
2022–2025	CPI	Foldable/Rollable 3C Product Protective Cover Development	Leveraging years of expertise in transparent polyimide formulation, synthesis techniques, and epoxy and acrylic resin formulation technologies, we are working on developing materials needed for foldable/rollable panel applications.	Domestic Research Institute	Over 10 years of experience in PI material development	60,000	Product development stage and pilot production of some products
2021–2026	Proton exchange membrane	Membrane materials for fuel cells batteries and water electrolysis for hydrogen production	Develop separator for storage and water electrolysis for hydrogen production devices through years of experience in synthesizing functional resins.	Domestic Research Institute	Over 10 years of experience in PI material development	60,000	Product development stage

Our company adheres to the principle of technological autonomy, and our R&D staff develops the primary source of technology. We maintain close cooperation with our customers to keep abreast of market trends. The success factor of our R&D work lies in our highly qualified and experienced R&D staff and our mastery of FPC material-related technology to meet customer needs. In the future, the company will use the accumulated R&D results to improve product performance and develop new products to maintain our competitive advantage in the market.

(IV) Impact of significant domestic and international policies and legal changes on the company's financial operations and measures to address them

The management of the company is always aware of significant domestic and foreign policy and legal changes. It will take the initiative to propose measures in response to them promptly. As of the date of the annual report, the company has not been affected by any significant domestic or foreign policy or legal changes that may affect its financial and business operations.The effect of technological and industrial changes on the Company's finance and business, and corresponding countermeasures

(V) Impact of technological changes and industry changes on the company's financial operations and measures to address them

The company is always aware of technological developments in the FPC industry and is engaged in evaluation, research, and development to meet market trends. As of the date of the annual report, no significant changes in technology or industry had a material impact on the company's financial operations.

(VI) Impact of corporate image change on corporate crisis management and response measures.

Since the establishment of the company, the company has been strengthening its internal management, actively moving towards the international market, and enhancing its quality management capabilities. As of the publication date of the annual report, the company has not experienced any corporate crisis due to the change in corporate image.

(VII) Expected benefits, possible risks, and measures for mergers and acquisitions: None.

(VIII) Expected benefits, possible risks, and countermeasures for plant expansion

Please refer to Page 89 (IV. Effect of significant capital expenditures on financial operations in recent years).

(IX) Risks associated with the concentration of imports or sales and measures to address them.

1. Risk of concentration of sales

Overall, the top three customers accounted for approximately 63.12% of the company's sales, as the FPC industry is trending toward consolidation. Currently, the company's central sales regions are Taiwan and China. However, the company has already established its presence in Korea, Japan, and Southeast Asia and expects to realize concrete benefits gradually so that the distribution of customers will become broader.

2. Risk from concentration of supply

In 2024, the purchase amount from the top three suppliers accounted for 58.72% of the net purchase amount. The largest supplier accounted for 25.05% of total purchases during the same period. The company's relatively concentrated purchases are characteristic of the industry. In addition to maintaining a stable relationship with our major suppliers, we will actively develop vital raw materials and find alternative suppliers in 2025 to diversify the risk of concentrated shipments and meet some customers' needs for lower-priced products.

(X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders holding more than 10% of the Company’s shares, and corresponding countermeasures: None.

(XI) Impact and risk associated with changes in management rights, and corresponding countermeasures: None.

(XII) Litigious and non-litigious matters: None.

(XIII) Other material risks and corresponding countermeasures:

(1) Risk management policy

Through the assessment and analysis of risk management, the Company continues to identify risk and prevent and control losses through systematic risk management organization. It utilizes an effective risk monitoring system and internal and external professional education and training to continuously improve and prevent risks with the aim of zero losses.

(2) Risk management organization

Business Department: Researching and analyzing domestic and overseas market news and trends, devising marketing channel strategies, planning customer demand, and managing credit facilities to reduce the exposure to operational risk.

Manufacturing Department: Continuously introducing new technology, simplifying and improving production processes in order to increase the overall yield, utilization rate and product quality, and further controlling production cost, reducing operational risk, and achieving operational goals.

Finance Department: Responsible for fund allocation, budget preparation and planning, preparation of financial statements, business analysis, cost analysis, and supervision of investments to reduce exposure to financial risk.

Quality Assurance Department: Enhancing risk management and product quality, continuously improving and preventing risks and striving for quality that satisfies customers in the pursuit of sustainable operations.

Administration Department: Responsible for recruitment, human resource allocation, and planning education and training, to increase the overall labor effectiveness to reduce the exposure of risk arising from human resource management.

Audit Office: Assessing internal control risk and conducting audits on each internal control cycle in order to promptly discover any irregularities within the internal control system and strengthen the function of internal control.

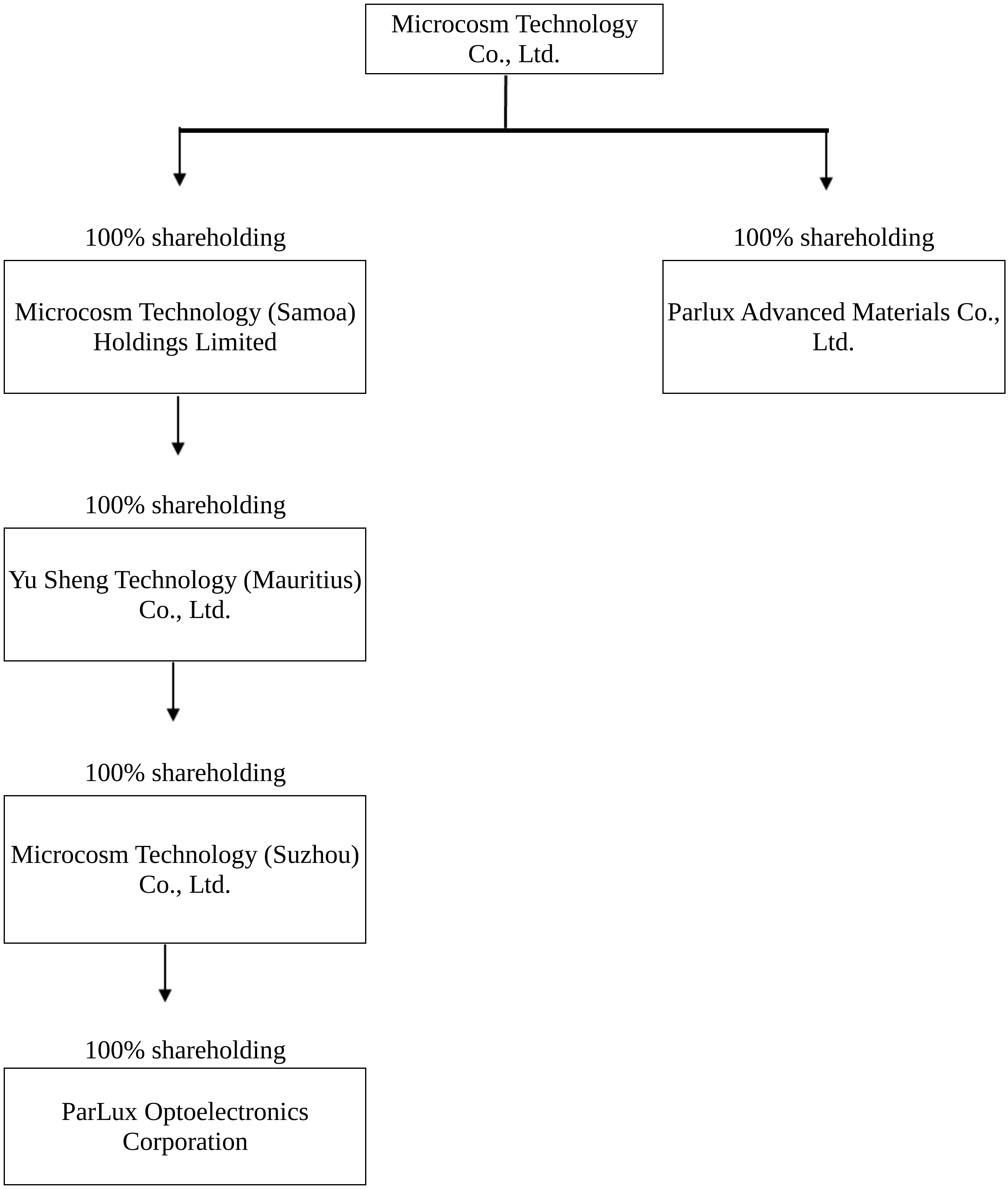
VII. Other important matters:None

VI. Special Items

I. Information on affiliate enterprises:

(I) Consolidated business reports of affiliates

1. Organizational chart of affiliates



2. Name, date of incorporation, address, paid-in capital and major businesses of each affiliate:

December 31, 2024; Unit: NT$ thousand

Name of affiliate	Date of incorporation	Address	Paid-in capital	Major businesses
Microcosm Technology (Samoa) Holdings Limited	2004.12.2	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	USD 16,060	General investment
Yu Sheng Technology (Mauritius) Co., Ltd.	2003.11.5	3rd Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Republic of Mauritius	USD 16,050	General investment
Microcosm Technology (Suzhou) Co., Ltd.	2003.11.25	No. 45, Suhong Middle Road, Suzhou Industrial Park	USD 16,000	Cover layer, stiffener, polyimide, copper clad laminate, rolled copper foil, electro-deposited copper foil, single-sided bonding sheet, double-sided bonding sheet, release film and release paper
Parlux Advanced Materials Co., Ltd.	2008.8.1	No. 916, Dashe, Xinshi Dist., Tainan City	NTD 33,000	Lighting fixtures manufacturing
Suzhou ParLuxOptoelectronics Corporation	2012.1.31	No. 45, Suhong Middle Road, Suzhou Industrial Park	RMB 1,000	Manufacturing and sale of lighting and electronic components, lease of machines and equipment

3. Information on controlling and subordinate companies according to Article 369-2 of the Company Act: None.

December 31, 2024; Unit: NT$ thousand/thousand shares

Name of investee	Major shareholder	Investment amount	Shares held	Shareholding percentage
Microcosm Technology (Samoa) Holdings Limited	Microcosm Technology Co., Ltd.	USD16,060	16,060	100%
Parlux Advanced Materials Co., Ltd.	Microcosm Technology Co., Ltd.	NTD27,399	3,300	100%
Yu Sheng Technology (Mauritius) Co., Ltd.	Microcosm Technology (Samoa) Holdings Limited	USD16,050	16,050	100%
Microcosm Technology (Suzhou) Co., Ltd.	Yu Sheng Technology (Mauritius) Co., Ltd.	USD16,000	-	100%
Suzhou ParLuxOptoelectronics Corporation	Microcosm Technology (Suzhou) Co., Ltd.	RMB 1,000	-	100%

4. Relationship between the businesses among affiliates and the division of labor: Refer to the explanation of item 1 and 2 above.

5. Names of the directors, supervisors and presidents of each affiliate and the Company's shareholding or investment in each affiliate:

April 30, 2025

<table>
<tr><th rowspan="2">Name of affiliate</th><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">Shareholding</th></tr>
<tr><th>Number of shares (shares)</th><th>Shareholding percentage (%)</th></tr>
<tr><td rowspan="7">Microcosm Technology Co., Ltd. (The Company)</td><td>Chairperson</td><td>Huang, Tang-Chieh</td><td>2,451,215</td><td>3.50</td></tr>
<tr><td>Director</td><td>Tong Ying Investment Limited Representative: Lee, Mei-Jung</td><td>20,635,758</td><td>29.43</td></tr>
<tr><td>Director</td><td>Hou Sheng Investment Co., Ltd. Representative: Chuang, Chao-Chin</td><td>3,368,714</td><td>4.80</td></tr>
<tr><td>Director</td><td>Tsai, Ming-Tang</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Lin, Tsai-Chih</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Chen, Chiu-Yueh</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Wu, Kuo-Shih</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Microcosm Technology (Samoa) Holdings Limited</td><td>Investor</td><td>Microcosm Technology Co., Ltd.</td><td>16,060,000</td><td>100.00</td></tr>
<tr><td>Chairperson</td><td>Huang, Tang-Chieh</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Yu Sheng Technology (Mauritius) Co., Ltd.</td><td>Investor</td><td>Microcosm Technology (Samoa) Holdings Limited</td><td>16,050,000</td><td>100.00</td></tr>
<tr><td>Representative</td><td>Huang, Tang-Chieh</td><td>0</td><td>0</td></tr>
<tr><td rowspan="6">Microcosm Technology (Suzhou) Co., Ltd.</td><td>Investor</td><td>Yu Sheng Technology (Mauritius) Co., Ltd.</td><td>0</td><td>100.00</td></tr>
<tr><td>Chairperson</td><td>Lee, Mei-Jung</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Huang, Tang-Chieh</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Huang, Tang-Chieh</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Chuang, Chao-Chin</td><td>0</td><td>0</td></tr>
<tr><td>Supervisor</td><td>Chang, Yu-Hung</td><td>0</td><td>0</td></tr>
<tr><td rowspan="5">Parlux Advanced Materials Co., Ltd.</td><td>Investor</td><td>Microcosm Technology Co., Ltd.</td><td>3,300,000</td><td>100.00</td></tr>
<tr><td>Chairperson</td><td>Huang, Tang-Chieh</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Lee, Mei-Jung</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Chang, Yu-Hung</td><td>0</td><td>0</td></tr>
<tr><td>Supervisor</td><td>Chuang, Chao-Chin</td><td>0</td><td>0</td></tr>
<tr><td rowspan="4">Suzhou ParLuxOptoelectronics Corporation</td><td>Investor</td><td>Microcosm Technology (Suzhou) Co., Ltd.</td><td>0</td><td>100.00</td></tr>
<tr><td>Representative</td><td>Lee, Mei-Jung</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Lee, Mei-Jung</td><td>0</td><td>0</td></tr>
<tr><td>Supervisor</td><td>Chang, Yu-Hung</td><td>0</td><td>0</td></tr>
</table>

6. Overview of operations of affiliates:

December 31, 2024; Unit: NT$ thousand

Name of affiliate	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss after tax	EPS (NT$)
Microcosm Technology Co., Ltd.	701,124	984,778	122,181	862,597	120,418	(64,062)	(23,550)	(0.34)
Microcosm Technology (Samoa) Holdings Limited	526,672	114,382	30	114,352	0	0	(33,324)	(2.08)
Microcosm Technology (Suzhou) Co., Ltd.	524,704	194,478	81,144	113,334	25,022	(39,570)	(33,862)	—
Yu Sheng Technology (Mauritius) Co., Ltd.	526,344	114,393	11	114,382	0	(198)	(34,009)	(2.12)
Parlux Advanced Materials Co., Ltd.	33,000	11,118	1,797	9,321	6,376	574	595	0.18
Suzhou ParLuxOptoelectronics Corporation	4,479	4,235	102	4,133	0	0	0	—

Note: If the affiliate is a foreign company, the relevant figures shall be stated in NTD at the foreign exchange rate prevailing on the date of the report.

(II) Consolidated financial statements of affiliates: Please see Pages 100–170.

(III) Affiliation report

Declaration

The entities that are required to be included in the consolidated financial statements of affiliated enterprises as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of the parent and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the consolidated financial statements of the parent and its subsidiaries. Consequently, the Company does not prepare a separate set of consolidated financial statements of affiliated enterprises.

Declared by:

Company name: Microcosm Technology Co., Ltd.

Responsible person: Huang, Tang-Chieh

February 27, 2025

II. Private placement of securities in the most recent year and up to the date of publication of the annual report: None.

III. Other supplementary information: None.

IV. Any of the situations listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, having occurred in the most recent year and up to the date of publication of the annual report: None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Microcosm Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Microcosm Technology Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2024 consolidated financial statements are stated as follows:

Existence of sales revenue

Description

Please refer to Note 4(27) for accounting policies on sales revenue recognition and Note 6(16) for accounting items on revenue.

The Group’s sales revenue arise mainly from manufacturing and sales of printed circuit board materials and chip on film (COF) flexible printed board. Because the Group’s customers are located in Taiwan, Malaysia, Mainland China and other areas, sales are easily affected by the terminal market demand. Also, the verification of the transaction existence takes a relatively longer time due to the massive transaction volume of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters of our 2024 annual audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the internal control system designed by management and used in the execution of credit checking, and reviewed whether the transaction counterparty and documents of credit assessment had been adequately approved.

2. Confirmed the basic information of significant sales counterparty and analyzed sales amounts and situation in both periods to assess the reasonability of sales amounts and nature.
3. Sampled and tested sales revenue transaction in the current year, including confirming customers' orders, delivery orders and sales invoices to confirm the sales revenue transaction on account had actually occurred.

Appropriateness of inventory valuation

Description

Refer to Note 4(13) for the accounting policies on inventory valuation, Note 5 for the information on accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of inventories. As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT$24,688 thousand and NT$8,996 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of printed circuit board materials and chip on film (COF) flexible printed board. Due to rapid technology innovations of these inventories and the fluctuation of market prices, there is a higher risk of inventory losing value or becoming obsolete. The Group recognized inventories at the lower of cost and net realizable value for regular inventories, and estimated and calculated the net realizable value of inventories aged over a certain period and individually recognized as obsolete inventories. The aforementioned assessment of allowance for inventory valuation losses primarily came from items which were individually identified as obsolete. There was estimate uncertainty since management would judge subjectively in procedures and valuation basis of individually identifying obsolete inventories. Because the allowance for inventory valuation losses is material to the financial statements, we considered the appropriateness inventory valuation as one of the key audit matters of our 2024 annual audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the policy and procedures applied to recognize allowance for inventory valuation losses.
2. Verified the accuracy of statements used to assess inventory age, recalculated, and assessed the reasonableness of allowance for inventory valuation losses to ascertain that the information in the statement agreed with policies.
3. Select a sample of inventory part number to verify their net realizable value and further assessed the reasonableness of allowance for inventory valuation losses.

Other matter－Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Microcosm Technology Co., Ltd. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Fang-Ting

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

February 27, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 198,779	19	$ 357,928	30
1110	Financial assets at fair value through profit or loss - current	6(2)	80,940	8	18,983	2
1136	Financial assets at amortized cost - current	6(1)(3) and 8	157,200	15	188,738	16
1150	Notes receivable, net	6(4)	837	-	469	-
1170	Accounts receivable, net	6(4) and 12(2)	30,939	3	30,751	3
1200	Other receivables		10,077	1	9,342	1
1220	Current tax assets	6(23)	4,076	-	3,258	-
130X	Inventories	6(5)	15,692	2	11,561	1
1410	Prepayments		5,082	1	6,882	-
11XX	**Total current assets**		503,622	49	627,912	53
	Non-current assets					
1535	Financial assets at amortized cost - non-current	6(1)(3) and 8	4,837	1	4,837	1
1600	Property, plant and equipment	6(6)(8) and 8	376,238	36	402,648	34
1755	Right-of-use assets	6(7) and 8	63,137	6	59,090	5
1760	Investment property, net	6(8)(9) and 8	4,928	-	6,508	1
1780	Intangible assets	6(10)	16,709	2	16,552	1
1840	Deferred income tax assets	6(23)	58,189	6	60,247	5
1915	Prepayments for equipment	6(6)	4,538	-	1,014	-
1920	Guarantee deposits paid		494	-	496	-
1975	Net defined benefit asset, non-current	6(12)	1,395	-	759	-
1990	Other non-current assets		3,490	-	4,611	-
15XX	**Total non-current assets**		533,955	51	556,762	47
1XXX	**Total assets**		$ 1,037,577	100	$ 1,184,674	100

(Continued)

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11) and 8	$ 85,845	8	$ 199,760	17
2130	Current contract liabilities	6(16)	89	-	8	-
2150	Notes payable		-	-	582	-
2170	Accounts payable		4,525	1	6,063	-
2200	Other payables		16,999	2	21,332	2
2280	Current lease liabilities	6(7)	1,398	-	1,220	-
2310	Advance receipts		2,276	-	1,845	-
21XX	**Total current liabilities**		111,132	11	230,810	19
	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	3,003	-	2,903	-
2580	Non-current lease liabilities	6(7)	59,053	6	54,683	5
2645	Guarantee deposits received		1,792	-	1,731	-
25XX	**Total non-current liabilities**		63,848	6	59,317	5
2XXX	**Total Liabilities**		174,980	17	290,127	24
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(13)	701,124	68	701,124	59
3200	Capital surplus	6(14)	71,627	7	169,523	15
	Retained earnings	6(15)				
3310	Legal reserve		105,128	10	105,128	9
3320	Special reserve		35,402	3	35,402	3
3350	Accumulated deficit		(23,142)	(2)	(83,877)	(7)
3400	Other equity interest		(27,542)	(3)	(32,466)	(3)
3500	Treasury shares	6(13)	-	-	(287)	-
3XXX	**Total equity**		862,597	83	894,547	76
	Significant contingent liabilities and unrecogized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 1,037,577	100	$ 1,184,674	100

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

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

			Year ended December 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	$ 127,691	100	$ 109,837	100
5000	Operating costs	6(5)(10)(12)(21)(22)	(114,471)	(90)	(124,566)	(113)
5900	Net operating margin (loss)		13,220	10	(14,729)	(13)
	Operating expenses	6(10)(12)(21)(22), 7 and 12(2)				
6100	Selling expenses		(9,766)	(8)	(8,551)	(8)
6200	General and administrative expenses		(30,014)	(23)	(28,986)	(26)
6300	Research and development expenses		(76,765)	(60)	(80,262)	(73)
6450	Expected credit gain		69	-	21	-
6000	Total operating expenses		(116,476)	(91)	(117,778)	(107)
6900	Operating loss		(103,256)	(81)	(132,507)	(120)
	Non-operating income and expenses					
7100	Interest income	6(3)(17)	18,696	15	25,449	23
7010	Other income	6(8)(9)(18)	18,680	15	20,826	19
7020	Other gains and losses	6(2)(9)(19) and 12	48,239	38	(2,979)	(3)
7050	Finance costs	6(7)(20)	(3,523)	(3)	(4,791)	(4)
7000	Total non-operating income and expenses		82,092	65	38,505	35
7900	**Loss before income tax**		(21,164)	(16)	(94,002)	(85)
7950	Income tax (expense) benefit	6(23)	(2,386)	(2)	10,302	9
8200	**Loss for the year**		($ 23,550)	(18)	($ 83,700)	(76)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plan	6(12)	$ 510	-	($ 221)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(23)	(102)	-	44	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		4,924	4	(2,844)	(3)
8300	**Total other comprehensive income (loss) for the year**		$ 5,332	4	($ 3,021)	(3)
8500	**Total comprehensive loss for the year**		($ 18,218)	(14)	($ 86,721)	(79)
	Loss attributable to:					
8610	Owners of the parent		($ 23,550)	(18)	($ 83,700)	(76)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 18,218)	(14)	($ 86,721)	(79)
	Loss per share	6(24)				
9750	Basic		($ 0.34)		($ 1.19)	
9850	Diluted		($ 0.34)		($ 1.19)	

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

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
Year ended December 31, 2023									
Balance at January 1, 2023		$ 701,124	$ 204,083	$ 105,128	$ 35,402	($ 20,542)	($ 29,622)	($ 287)	$ 995,286
Loss		-	-	-	-	(83,700)	-	-	(83,700)
Other comprehensive loss		-	-	-	-	(177)	(2,844)	-	(3,021)
Total comprehensive loss		-	-	-	-	(83,877)	(2,844)	-	(86,721)
Capital surplus used to offset accumulated deficits	6(14)	-	(20,542)	-	-	20,542	-	-	-
Cash dividends from capital surplus	6(14)	-	(14,018)	-	-	-	-	-	(14,018)
Balance at December 31, 2023		$ 701,124	$ 169,523	$ 105,128	$ 35,402	($ 83,877)	($ 32,466)	($ 287)	$ 894,547
Year ended December 31, 2024									
Balance at January 1, 2024		$ 701,124	$ 169,523	$ 105,128	$ 35,402	($ 83,877)	($ 32,466)	($ 287)	$ 894,547
Loss		-	-	-	-	(23,550)	-	-	(23,550)
Other comprehensive income		-	-	-	-	408	4,924	-	5,332
Total comprehensive loss		-	-	-	-	(23,142)	4,924	-	(18,218)
Capital surplus used to offset accumulated deficits	6(14)	-	(83,877)	-	-	83,877	-	-	-
Cash dividends from capital surplus	6(14)	-	(14,018)	-	-	-	-	-	(14,018)
Treasury stocks transferred to employees	6(13)	-	(1)	-	-	-	-	287	286
Balance at December 31, 2024		$ 701,124	$ 71,627	$ 105,128	$ 35,402	($ 23,142)	($ 27,542)	$ -	$ 862,597

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

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 21,164)	($ 94,002)
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss	6(2)(19)	(6,181)	774
Expected credit gain	12(2)	(69)	(21)
Reversal of allowance for inventory market price decline	6(5)	(1,617)	(4,695)
Depreciation	6(6)(7)(9)	39,473	43,053
Gain on disposal of property, plant and equipment	6(19)	(19,974)	-
Amortization	6(10)(21)	1,479	1,482
Loss on disposal of intangible assets	6(19)	124	-
Interest income	6(17)	(18,696)	(25,449)
Interest expense	6(20)	3,523	4,791
Foreign exchange loss (gain)		10,963	(10,963)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(55,776)	(3,514)
Notes receivable		(368)	1,387
Accounts receivable		(152)	1,796
Other receivables		(2,570)	1,377
Inventories		(2,590)	17,920
Prepayments		1,800	222
Net defined benefit asset, non-current		(126)	(128)
Changes in operating liabilities			
Current contract liabilities		81	(979)
Notes payable		(582)	(90)
Accounts payable		(1,538)	3,013
Other payables		(4,471)	1,651
Advance receipts		431	29
Cash outflow generated from operations		(78,000)	(62,346)
Interest received		20,531	23,408
Interest paid		(3,616)	(4,831)
Income tax paid		(818)	(3,258)
Net cash flows used in operating activities		(61,903)	(47,027)

(Continued)

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortized cost - current		$ 20,575	$ 41,107
Cash paid for acquisition of property, plant and equipment	6(25)	(4,219)	(9,943)
Proceeds from disposal of property, plant and equipment		20,028	-
Acquisition of intangible assets	6(10)	(1,672)	(1,466)
Increase in prepayments for equipment		(3,596)	(720)
Decrease in guarantee deposits paid		2	4
Decrease in other non-current assets		1,121	916
Net cash flows from investing activities		32,239	29,898
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(26)	(113,915)	(32,540)
Payments of lease liabilities	6(26)	(1,365)	(1,206)
Cash dividends from capital surplus	6(14)	(14,018)	(14,018)
Treasury stocks transferred to employees	6(13)	286	-
Net cash flows used in financing activities		(129,012)	(47,764)
Effect of exchange rate changes on cash and cash equivalents		(473)	199
Net decrease in cash and cash equivalents		(159,149)	(64,694)
Cash and cash equivalents at beginning of year	6(1)	357,928	422,622
Cash and cash equivalents at end of year	6(1)	$ 198,779	$ 357,928

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

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) Microcosm Technology Co., Ltd. (the "Company") was incorporated in December, 1996 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, development, manufacture and sale of research, development, manufacture and sales of ultra-thin flexible printed circuit board materials, adhesive-free flexible printed circuit board materials and film-on-chip flexible substrates.

(2) The common stocks of the Company were originally listed on the Taipei Exchange from December, 2005.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2)Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by ISAB
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3)IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by ISAB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by ISAB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2)Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Business activities	December 31, 2024	December 31, 2023	Note
Microcosm Technology Co., Ltd.	Microcosm Technology (Samoa) Holdings Limited	Professional investment	100	100	-
Microcosm Technology Co., Ltd.	Parlux Advanced Materials Co., Ltd.	Lighting Equipment Manufacturing	100	100	-
Microcosm Technology (Samoa) Holdings Limited	Yu Sheng Technology (Mauritius) Co., Ltd.	Professional investment	100	100	-

			Ownership (%)		
Name of investor	Name of subsidiary	Business activities	December 31, 2024	December 31, 2023	Note
Yu Sheng Technology (Mauritius) Co., Ltd.	Microcosm Technology (Suzhou) Co., Ltd.	Protective film, reinforced film, polyalkylene amine film, copper foil substrate, calendered copper foil, electrolytic copper foil, single-sided pure film, double-sided pure film, release film and release paper	100	100	-
Microcosm Technology (Suzhou) Co., Ltd.	Parlux (Suzou) Optoelectronics Corporation	Manufacturing and sales of lighting and electronic components, leasing of machinery and equipment	100	100	-

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4)Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

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

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

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5)Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6)Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7)Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8)Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and is measured at initial investment amount as the effect of discounting is immaterial.

(9)Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10)Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs). On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11)Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has no retained control of the financial asset.

(12)Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13)Inventories

Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the cost of inventory is higher than net realizable value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(14)Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings and structures	3~50 years
Machinery and equipment	1~10 years
Office equipment	1~10 years
Transportation equipment	5~10 years
Other equipment	2~15 years

(15)Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(16)Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. It is depreciated on a straight-line basis over its estimated useful life of 20 years.

(17)Intangible assets

A. Trademarks are stated at cost and amortized on a straight-line basis over their estimated useful lives of 8 to 10 years.

B. Patents are stated at cost and amortized on a straight-line basis over their estimated useful lives of 6 to 19 years.

C. Computer software is stated at cost, are amortized on a straight-line basis over their estimated useful lives of 3 to 10 years.

(18)Impairment of non-financial assets

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

(19)Borrowings

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

(20)Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21)Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22)Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23)Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Employees’ compensation and directors’ remuneration

Employees’ compensation and directors’ remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25)Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26)Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(27)Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells ultra-thin flexible printed circuit board materials, adhesive-free flexible printed circuit board materials and chip-on-film flexible substrates. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue is recognized based on the price specified in the contract, net of the estimated sales discounts. The products are often sold with sales discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30~165 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2024, the carrying amount of inventories was $15,692.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash:		
Cash on hand	$ 40	$ 40
Checking accounts and demand deposits	93,373	69,184
	93,413	69,224
Cash equivalents:		
Time deposits	105,366	288,704
	$ 198,779	$ 357,928

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2024 and 2023, the Group classified time deposits pledged as collateral as 'financial assets at amortized cost'. Details are described in Note 8, 'PLEDGED ASSETS'.

(2) Financial assets at fair value through profit or loss - current

Items	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	$ 62,237	$ -
Beneficiary certificates	20,764	26,708
	83,001	26,708
Valuation adjustment	(2,061)	(7,725)
	$ 80,940	$ 18,983

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss (list as 'Other gains and losses') are listed below:

	For the years ended December 31,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	$ 3,742	$ -
Beneficiary certificates	2,439	(774)
	$ 6,181	($ 774)

B. The Group has no financial assets at fair value through profit or loss - current pledged to others as of December 31, 2024 and 2023.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3)Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposit above three months	$ 157,200	$ 922
Time deposit of pledge	-	187,816
	$ 157,200	$ 188,738
Non-current items:		
Time deposit of pledge	$ 4,837	$ 4,837

A. The Group recognized interest income of $5,751 and $11,275 for financial assets at amortized cost for the years ended December 31, 2024 and 2023, respectively.

B. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8, 'PLEDGED ASSETS'.

C. As of December 31, 2024 and 2023 without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was the carrying amount.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4)Notes and accounts receivable, net

	December 31, 2024	December 31, 2023
Notes receivable	$ 837	$ 469
Accounts receiable	$ 31,132	$ 31,793
Less: Allowance for uncollectible accounts	(193)	(1,042)
	$ 30,939	$ 30,751

A. The ageing analysis of the Group's notes and accounts receivable is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Within 30 days	$ 272	$ 9,021	$ -	$ 7,017
31 to 90 days	218	14,574	213	16,161
91 to 180 days	347	7,318	256	5,745
Over 180 days	-	219	-	2,870
	$ 837	$ 31,132	$ 469	$ 31,793

The above ageing analysis was based on invoice date.

B. As of December 31, 2024 and 2023, the balance of notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to $35,445.

C. The Group entered into a factoring agreement with CTBC Bank to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable, and the related information is as follows:

December 31, 2024

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advance
CTBC Bank Co., Ltd.	$ 5,755	$ 5,755	$ -	$ 5,180	—

December 31, 2023

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advance
CTBC Bank Co., Ltd.	$ 2,861	$ 2,861	$ -	$ 2,575	—

On December 31, 2024 and 2023, the accounts receivable factored and qualified for derecognition were reclassified to other receivables.

D. As of December 31, 2024 and 2023, the Group did not hold any collateral as security for notes receivable and accounts receivable.

E. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was the book value.

F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), ‘Financial instruments’.

(5)Inventories

	December 31, 2024		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 12,932	($ 5,960)	$ 6,972
Work in process	1,047	(307)	740
Finished goods	10,709	(2,729)	7,980
	$ 24,688	($ 8,996)	$ 15,692

	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 10,716	($ 6,235)	$ 4,481
Work in process	915	(183)	732
Finished goods	10,467	(4,119)	6,348
	$ 22,098	($ 10,537)	$ 11,561

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	$ 100,969	$ 113,062
Reversal of allowance for inventory market price (Note)	(1,617)	(4,695)
Revenue from sale of scraps	-	(1,032)
Loss on discarding inventory	-	203
Unallocated overhead expense	15,119	17,028
	$ 114,471	$ 124,566

(Note) For the years ended December 31, 2024 and 2023, the Group reversed a previous inventory write-down because the inventories which were previously provided with allowance were subsequently sold and discarded.

(6)Property, plant and equipment

At January 1, 2024	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipemnt	Unfinished construction and equipment under acceptance	Total
Cost	$ 69,217	$ 329,657	$ 717,979	$ 25,848	$ 11,053	$ 24,746	$ 1,121	$ 1,179,621
Accumulated depreciation	-	(141,000)	(580,343)	(23,033)	(10,232)	(19,864)	-	(774,472)
Accumulated impairment	-	(2,501)	-	-	-	-	-	(2,501)
	$ 69,217	$ 186,156	$ 137,636	$ 2,815	$ 821	$ 4,882	$ 1,121	$ 402,648
For the year ended December 31, 2024								
At January 1	$ 69,217	$ 186,156	$ 137,636	$ 2,815	$ 821	$ 4,882	$ 1,121	$ 402,648
Additions	-	-	3,647	56	433	314	-	4,450
Transferred from prepayments for equipment	-	-	-	72	-	-	-	72
Disposal－Cost	-	(2,000)	(66,066)	(428)	(333)	(1,777)	-	(70,604)
－Accumulated depreciation	-	1,980	66,066	428	299	1,777	-	70,550
Depreciation	-	(10,552)	(23,601)	(355)	(301)	(753)	-	(35,562)
Net currency exchange differences	-	1,683	2,811	81	22	48	39	4,684
At December 31	$ 69,217	$ 177,267	$ 120,493	$ 2,669	$ 941	$ 4,491	$ 1,160	$ 376,238
At December 31, 2024								
Cost	$ 69,217	$ 331,728	$ 666,424	$ 26,297	$ 11,393	$ 23,516	$ 1,160	$ 1,129,735
Accumulated depreciation	-	(151,960)	(545,931)	(23,628)	(10,452)	(19,025)	-	(750,996)
Accumulated impairment	-	(2,501)	-	-	-	-	-	(2,501)
	$ 69,217	$ 177,267	$ 120,493	$ 2,669	$ 941	$ 4,491	$ 1,160	$ 376,238

At January 1, 2023	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipemnt	Unfinished construction and equipment under acceptance	Total
Cost	$ 69,217	$ 318,219	$ 716,470	$ 26,209	$ 11,183	$ 24,872	$ 1,142	$ 1,167,312
Accumulated depreciation	-	(140,789)	(557,545)	(22,869)	(9,606)	(19,008)	-	(749,817)
Accumulated impairment	-	(2,501)	-	-	-	-	-	(2,501)
	$ 69,217	$ 174,929	$ 158,925	$ 3,340	$ 1,577	$ 5,864	$ 1,142	$ 414,994
For the year ended December 31, 2023								
At January 1	$ 69,217	$ 174,929	$ 158,925	$ 3,340	$ 1,577	$ 5,864	$ 1,142	$ 414,994
Additions	-	2,699	5,917	44	-	-	-	8,660
Transferred from prepayments for equipment	-	19,323	1,685	-	-	-	-	21,008
Disposal－Cost	-	(8,375)	(200)	-	-	-	-	(8,575)
－Accumulated depreciation	-	8,375	200	-	-	-	-	8,575
Depreciation	-	(9,853)	(27,286)	(525)	(744)	(954)	-	(39,362)
Net currency exchange differences	-	(942)	(1,605)	(44)	(12)	(28)	(21)	(2,652)
At December 31	$ 69,217	$ 186,156	$ 137,636	$ 2,815	$ 821	$ 4,882	$ 1,121	$ 402,648
At December 31, 2023								
Cost	$ 69,217	$ 329,657	$ 717,979	$ 25,848	$ 11,053	$ 24,746	$ 1,121	$ 1,179,621
Accumulated depreciation	-	(141,000)	(580,343)	(23,033)	(10,232)	(19,864)	-	(774,472)
Accumulated impairment	-	(2,501)	-	-	-	-	-	(2,501)
	$ 69,217	$ 186,156	$ 137,636	$ 2,815	$ 821	$ 4,882	$ 1,121	$ 402,648

A. As of December 31, 2024, the carrying value of certain machinery and equipment used for operating leases by the Group is as follows:

	December 31, 2024
Machinery and equipment	$ 4,035

The situation did not occur in 2023.

B. The Group has not capitalized borrowing costs as part of property, plant and equipment for the years ended December 31, 2024 and 2023.

C. As of December 31, 2024 and 2023, details of the Group's property, plant and equipment pledged to others as collateral are provided in Note 8, 'PLEDGED ASSETS'.

(7)Leasing arrangements－lessee

A. The Group leased parcels of land. Rental contracts are typically made for periods of 20 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but part of leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less pertain to buildings and structures and transportation equipment and low-value assets pertain to office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	$ 63,137	$ 59,090

	For the years ended December 31,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	$ 2,109	$ 1,915

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,487	$ 1,373
Expense on short-term lease contracts	252	298
Expense on leases of low-value assets	27	27

E. For the years ended December 31, 2024 and 2023, there were no additions to right-of-use assets; revaluations to right-of-use assets were $5,913 and $－, respectively.

F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were $3,131 and $2,904, respectively.

G. Extension and termination options

(a) The Nanke Land Lease Contract of the Group’s lease contract includes the Group’s exercisable extension option, and this clause is signed in the lease contract for the purpose of the Group’s long-term operation.

(b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

H. As of December 31, 2024 and 2023, details of the Group’s right-of-use assets pledged to others as collateral are provided in Note 8, ‘PLEDGED ASSETS’.

(8)Leasing arrangements – lessor

A. The Group leases various assets including buildings (listed as ‘Property, plant and equipment’ and ‘Investment property’). Rental contracts are typically made for periods of 6 months to 15 years. Lease terms are negotiated on an individual basis. To protect the lessor’s ownership rights on the leased assets restrict the purpose of use of the lessee.

B. For the years ended December 31, 2024 and 2023, the Group has recognized rental income of $8,481 and $7,439 based on operating lease contracts (listed as ‘other revenue’), of which no variable lease payments are included.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2024	December 31, 2023
Within next 1 year	$ 6,475	$ 6,254
Next 1~2 years	6,637	6,254
Next 2~3 years	6,799	6,410
Next 3~4 years	6,799	6,566
Next 4~5 years	6,969	6,566
Next over 5 years	17,846	23,967
	$ 51,525	$ 56,017

(9)Investment property, net

Buildings and structures	For the years ended December 31, 2024	2023
At January 1		
Cost	$ 38,856	$ 39,602
Accumulated depreciation	(32,348)	(31,187)
	$ 6,508	$ 8,415
Opening net book amount as at January 1	$ 6,508	$ 8,415
Depreciation (listed as "other gain and losses")	(1,802)	(1,776)
Net exchange differences	222	(131)
Closing net book amount as at December 31	$ 4,928	$ 6,508
At December 31		
Cost	$ 40,231	$ 38,856
Accumulated depreciation	(35,303)	(32,348)
	$ 4,928	$ 6,508

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31, 2024	2023
Rental income from investment property (listed as "other income")	$ 6,444	$ 6,201
Direct operating expenses arising from the investment property that generated rental income during the year (listed as "other gain and losses")	$ 1,802	$ 1,776

B. The fair value of the investment property held by the Group as at December 31, 2024 and 2023 was $32,416 and $33,548, respectively, it is the result of the evaluation based on the transaction price information near the real estate agency, and it belongs to the third level of fair value.

C. The Group has not capitalized borrowing costs as part of investment property for the years ended December 31, 2024 and 2023.

D. As of December 31, 2024 and 2023, details of the Group's investment property pledged to others as collateral are provided in Note 8, 'PLEDGED ASSETS'.

(10)Intangible assets

	Trademarks	Patents	Software	Total
At January 1, 2024				
Cost	$ 419	$ 22,619	$ 12,727	$ 35,765
Accumulated amortisation	(189)	(6,989)	(12,035)	(19,213)
	$ 230	$ 15,630	$ 692	$ 16,552
For the year ended December 31, 2024				
Opening net book amount as at January 1	$ 230	$ 15,630	$ 692	$ 16,552
Additions－acquired separately	-	1,672	-	1,672
Disposal－Cost	-	(156)	-	(156)
－Accumulated amortisation	-	32	-	32
Amortisation charge	(43)	(1,201)	(235)	(1,479)
Net exchange differences	-	88	-	88
Closing net book amount as at December 31	$ 187	$ 16,065	$ 457	$ 16,709
At December 31, 2024				
Cost	$ 419	$ 24,246	$ 12,727	$ 37,392
Accumulated amortisation	(232)	(8,181)	(12,270)	(20,683)
	$ 187	$ 16,065	$ 457	$ 16,709

	Trademarks	Patents	Software	Total
At January 1, 2023				
Cost	$ 419	$ 21,212	$ 12,727	$ 34,358
Accumulated amortisation	(146)	(5,795)	(11,801)	(17,742)
	$ 273	$ 15,417	$ 926	$ 16,616
For the year ended December 31, 2023				
Opening net book amount as at January 1	$ 273	$ 15,417	$ 926	$ 16,616
Additions－acquired separately	-	1,466	-	1,466
Amortisation charge	(43)	(1,205)	(234)	(1,482)
Net exchange differences	-	(48)	-	(48)
Closing net book amount as at December 31	$ 230	$ 15,630	$ 692	$ 16,552
At December 31, 2023				
Cost	$ 419	$ 22,619	$ 12,727	$ 35,765
Accumulated amortisation	(189)	(6,989)	(12,035)	(19,213)
	$ 230	$ 15,630	$ 692	$ 16,552

A. The Group has not capitalized borrowing costs as part of intangible assets for the years ended December 31, 2024 and 2023.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,			
	2024		2023	
Operating costs	$	141	$	141
Selling expenses		23		23
General and administrative expenses		78		78
Research and development expenses		1,237		1,240
	$	1,479	$	1,482

(11)Short-term borrowings

Type of borrowings	December 31, 2024		Interest rate range	Collateral
Bank borrowings				
Secured borrowings	$	79,790	0.50%~3.10%	Buildings and structures, investment property, right-of-use assets
Unsecured borrowings		6,055	5.18%~5.53%	None
	$	85,845		

Type of borrowings	December 31, 2023		Interest rate range	Collateral
Bank borrowings				
Secured borrowings	$	164,608	1.60%~3.55%	Time deposits, Buildings and structures, investment property, right-of-use assets
Unsecured borrowings		35,152	0.50%~6.34%	None
	$	199,760		

For more information about interest expense recognized by the Group for the years ended December 31, 2024 and 2023, refer to Note 6(20), ‘Finance costs’.

(12)Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	($ 3,342)	($ 3,441)
Fair value of plan assets	4,737	4,200
Net defined benefit asset	$ 1,395	$ 759

(b) Movements in net defined benefit assets are as follows:

	For the year ended December 31, 2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 3,441)	$ 4,200	$ 759
Interest (expense) income	(42)	52	10
	(3,483)	4,252	769
Remeasurements:			
Change in financial assumptions	159	-	159
Return on plan assets	-	369	369
Experience adjustments	(18)	-	(18)
	141	369	510
Pension fund contribution	-	116	116
At December 31	($ 3,342)	$ 4,737	$ 1,395

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 3,147)	$ 3,999	$ 852
Interest (expense) income	(44)	57	13
	(3,191)	4,056	865
Remeasurements:			
Change in financial assumptions	(61)	-	(61)
Return on plan assets	-	29	29
Change in demographic assumptions	(6)	-	(6)
Experience adjustments	(183)	-	(183)
	(250)	29	(221)
Pension fund contribution	-	115	115
At December 31	($ 3,441)	$ 4,200	$ 759

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the years ended December 31,	
	2024	2023
Discount rate	1.65%	1.25%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are both set based on actuarial advice in accordance with Taiwan Life Insurance 6th Mortality Table for the years ended December 31, 2024 and 2023.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	($ 95)	$ 98	$ 97	($ 94)
December 31, 2023				
Effect on present value of defined benefit obligation	($ 100)	$ 105	$ 103	($ 99)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ended December 31, 2025 amount to $119.

(f) As of December 31, 2024, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 76
2-5 years	408
Over 6 years	3,478
	$ 3,962

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The subsidiaries in Mainland China are subject to a government sponsored defined contribution plan. In accordance with related laws of the respective local government, the independent pension fund of employees is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023 were $2,947 and $2,734, respectively.

(13)Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: in thousands of shares)

	For the years ended December 31,	
	2024	2023
At January 1	70,091	70,091
Treasury stocks transferred	21	-
At December 31	70,112	70,091

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows: (Unit: in thousands of shares)

	For the year ended December 31, 2024			
Reason for reacquisition	Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	21	-	21	-

	For the year ended December 31, 2023			
Reason for reacquisition	Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	21	-	-	21

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2024 and 2023, the treasury shares were \$－ and \$287, respectively.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 year period are to be retired.

(e) For the year ending December 31, 2024, the Company transferred treasury stocks to employees and received \$286. Since this amount was less than the book value of the treasury stocks, the difference was offset against the capital surplus arising from the treasury stock transactions. The situation did not occur in 2023.

C. As of December 31, 2024, the Company's authorized capital was \$1,000,000 (including \$20,000 reserved for employee stock options), and the paid-in capital was \$701,124 (70,112 thousand shares) with par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14)Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Details of changes in capital surplus for the years ended December 31, 2024 and 2023 are as follows:

	For the year ended December 31, 2024			
	Share premium	Treasury share transactions	Donated assets	Total
Balances at beginning of the year	$161,137	$ 8,291	$ 95	$169,523
Capital surplus used to offset accumulated deficits	(83,877)	-	-	(83,877)
Cash dividends from capital surplus	(14,018)	-	-	(14,018)
Treasury stocks transferred to employees	-	(1)	-	(1)
Balances at ended of the year	$ 63,242	$ 8,290	$ 95	$ 71,627

	For the year ended December 31, 2023			
	Share premium	Treasury share transactions	Donated assets	Total
Balances at beginning of the year	$195,697	$ 8,291	$ 95	$204,083
Capital surplus used to offset accumulated deficits	(20,542)	-	-	(20,542)
Cash dividends from capital surplus	(14,018)	-	-	(14,018)
Balances at ended of the year	$161,137	$ 8,291	$ 95	$169,523

B. On June 20, 2024, and June 21, 2023, the shareholders' meetings resolved to offset accumulated deficits of $83,877 and $20,542, respectively, using the capital surplus derived from the premium on the issuance of stocks exceeding their par value.

C. On March 1, 2024, and March 3, 2023, the Board of Directors resolved to distribute cash amounts of $14,018 each (per share NT$0.20) from the capital surplus derived from the premium on the issuance of stocks exceeding their par value.

D. On February 27, 2025, the Board of Directors resolved to distribute cash amounts of $14,022 (per share NT$0.20) from the capital surplus derived from the premium on the issuance of stocks exceeding their par value.

(15)Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.

B. According to the Articles of Incorporation of the Company, taking into consideration the volatile business environment and the growth of the Company, responding to future capital needs and long-term planning, and meeting the shareholders’ needs on cash inflows, the current year's earnings, if any, shall first be used to pay all taxes in accordance with the law and offset prior year operating losses. If any, 10% of the remaining amount shall be set aside as legal reserve and setting aside for special reserve in accordance with related laws or Competent Authority’s rule, after adding the accumulated undistributed earnings of the previous year, it is the accumulated distributable earnings. Based on relevant factors such as future business or reinvestment needs, the Board of Directors will propose an earning distribution to the shareholders for obtaining the approval. The Board of Directors of the Company’s attendance of over two thirds of the Board of Directors’ members and approval of over the half of attendees, all or part of dividends and bonus, capital surplus or legal reserve that shall be distributed in cash, and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting. The aforesaid requirement that resolution shall be resolved at the shareholders’ meeting is not applicable. Dividends distributed to shareholders from distributable earnings, of which the total amount of cash dividends distributed shall not be less than 50% of the total amount of distributed dividends.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve of $35,402 on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate - 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are disposed subsequently.

D. The Company recognized cash dividends distributed to owners amounting to $－ for the years ended December 31, 2024 and 2023. On February 27, 2025, the Board of Directors proposed to offset accumulated deficits by using the capital surplus of premium obtained by issuing stocks exceeding the par value of $23,142, which is not yet approved by the shareholders.

(16)Operating revenue

	For the years ended December 31,	
	2024	2023
Revenue from contracts with custormers	$ 127,691	$ 109,837

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in segments. Refer to Note 14, 'Segment information' for details.

B. Contract liabilities

(a) The Group has recognized revenue-related contract liabilities related to the contract revenue of $89, $8 and $987 on December 31, 2024, December 31, 2023 and January 1, 2023, respectively.

(b) The revenue recognized that was included in the contract liability balance at the beginning of the year amounted to $8 and $987 for the years ended December 31, 2024 and 2023, respectively.

(17)Interest income

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits	$ 10,518	$ 14,174
Interest income from financial assets at amortized cost	5,751	11,275
Other interest income	2,427	-
	$ 18,696	$ 25,449

(18)Other income

	For the years ended December 31,	
	2024	2023
Rent income	$ 8,481	$ 7,439
Other income	10,199	13,387
	$ 18,680	$ 20,826

(19)Other gains and losses

	For the years ended December 31,	
	2024	2023
Gains (losses) on financial assets at fair value through profit or loss	$ 6,181	($ 774)
Foreign exchange gains (losses)	24,111	(391)
Gains on disposals of property, plant and equipment	19,974	-
Depreciation on investment property	(1,802)	(1,776)
Losses on disposal of intangible assets	(124)	-
Miscellaneous disbursements	(101)	(38)
	$ 48,239	($ 2,979)

(20)Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	$ 2,036	$ 3,418
Interest expense on lease liabilities	1,487	1,373
	$ 3,523	$ 4,791

(21)Expenses by nature

	For the year ended December 31, 2024		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 15,270	$ 43,690	$ 58,960
Depreciation	15,138	22,533	37,671
Amortization	141	1,388	1,479
	$ 30,549	$ 67,611	$ 98,110

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 16,546	$ 40,498	$ 57,044
Depreciation	22,563	18,714	41,277
Amortization	141	1,341	1,482
	$ 39,250	$ 60,553	$ 99,803

(22)Employee benefit expense

	For the year ended December 31, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	$ 12,228	$ 35,824	$ 48,052
Labor and health insurance expenses	1,613	3,319	4,932
Pension costs	785	2,152	2,937
Other personnel expenses	644	2,395	3,039
	$ 15,270	$ 43,690	$ 58,960

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 13,167	$ 33,108	$ 46,275
Labor and health insurance expenses	1,666	3,125	4,791
Pension costs	805	1,916	2,721
Other personnel expenses	908	2,349	3,257
	$ 16,546	$ 40,498	$ 57,044

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees ‘compensation and directors’ remuneration. The ratio shall not be lower than 8% for employees’ compensation and shall not be higher than 5% for directors’ remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the abovementioned employees’ compensation distributed in the form of shares or in cash.

B. For the years ended December 31, 2024 and 2023, the Company had loss, net of tax, so it did not estimate and distribute employees’ compensation and directors’ remuneration.

Information about employees’ compensation and directors’ remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(23)Income tax

A. Income tax expense (benefit):

(a) Components of income tax expense (benefit):

	For the years ended December 31,	
	2024	2023
Current income tax:		
Income tax incurred in current year	$ 330	($ 182)
Deferred income tax:		
Origination and reversal of temporary differences	2,056	(10,120)
Income tax expense (benefit)	$ 2,386	($ 10,302)

(b) The income tax relating to components of other comprehensive income is as follow:

	For the years ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	$ 102	($ 44)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	For the years ended December 31,	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	($ 12,409)	($ 18,685)
Expenses disallowed by tax regulation	(14)	(146)
Taxable loss not recognized as deferred tax assets	8,296	-
Effect from taxable loss	(119)	495
Effect from tax-exempt income	(37)	-
Temporary difference not recognised as deferred tax assets	6,665	7,434
Change in assessment of realisation of deferred tax assets	4	600
Income tax expense (benefit)	$ 2,386	($ 10,302)

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

	For the year ended December 31, 2024			
	January 1	Recognised in Profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Allowance for bad debts exceeded	$ 666	$ 487	$ -	$ 1,153
Unrealized loss on inventory market value decline	2,209	(960)	-	1,249
Unrealized investment losses	17,735	(1,058)	-	16,677
Unrealized loss on interafflilates	731	(668)	-	63
Tax losses	38,906	141	-	39,047
	$ 60,247	($ 2,058)	$ -	$ 58,189
Deferred tax liabilities				
Temporary differences				
Pension tax differences	($ 340)	($ 26)	($ 102)	($ 468)
Unrealized exchange gain	(2,563)	28	-	(2,535)
	($ 2,903)	$ 2	($ 102)	($ 3,003)
	$ 57,344	($ 2,056)	($ 102)	$ 55,186

	For the year ended December 31, 2023			
	January 1	Recognised in Profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Allowance for bad debts exceeded	$ 668	($ 2)	$ -	$ 666
Unrealized loss on inventory market value decline	3,312	(1,103)	-	2,209
Unrealized investment losses	17,599	136	-	17,735
Unrealized loss on interafflilates	80	651	-	731
Tax losses	29,875	9,031	-	38,906
	$ 51,534	$ 8,713	$ -	$ 60,247
Deferred tax liabilities				
Temporary differences				
Pension tax differences	($ 358)	($ 26)	$ 44	($ 340)
Unrealized exchange gain	(3,996)	1,433	-	(2,563)
	($ 4,354)	$ 1,407	$ 44	($ 2,903)
	$ 47,180	$ 10,120	$ 44	$ 57,344

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2019	$ 39,099	$ 39,099	$ 39,099	2029
2020	51,749	50,957	31,619	2030
2021	95,938	95,938	42,883	2031
2022	77,610	77,610	48,183	2032
2023	105,848	105,848	54,655	2033
2024	33,340	33,340	-	2034
	$ 403,584	$ 402,792	$ 216,439	

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2019	$ 37,764	$ 37,764	$ 37,764	2024
2020	50,668	50,668	30,538	2025~2030
2021	94,473	94,473	41,418	2026~2031
2022	75,964	75,964	42,351	2027~2032
2023	87,733	87,733	-	2028~2033
	$ 346,602	$ 346,602	$ 152,071	

E. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences		
Unrealized investment losses	$ 339,325	$ 306,002
Impairment loss on assets	2,501	2,501
	$ 341,826	$ 308,503

F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of February 27 , 2024.

(24)Loss per share

	For the year ended December 31, 2024		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 23,550)	70,094	($ 0.34)

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 83,700)	70,091	($ 1.19)

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	$ 4,450	$ 8,660
Add: Opening balance of other payables	347	1,630
Less: Ending balance of other payables	(578)	(347)
Cash paid for acquisition of property, plant and equipment	$ 4,219	$ 9,943

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2024	2023
(a) Write-offs of allowance for bad debts	$ 813	$ -
(b) Prepayments for equipment reclassified to property, plant and equipment	$ 72	$ 21,008

(26) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2024	$ 199,760	$55,903	$ 1,731	$ 257,394
Changes in cash flow from financing	(113,915)	(1,365)	-	(115,280)
Changes in other non-cash items	-	5,913	-	5,913
Impact of changes in foreign exchange rate	-	-	61	61
At December 31, 2024	$ 85,845	$60,451	$ 1,792	$ 148,088

	Short-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	$ 232,300	$57,109	$ 1,764	$ 291,173
Changes in cash flow from financing	(32,540)	(1,206)	-	(33,746)
Impact of changes in foreign exchange rate	-	-	(33)	(33)
At December 31, 2023	$ 199,760	$55,903	$ 1,731	$ 257,394

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
All directors, general manager and key management	The main management level and governance units of the Group

(2) Significant related party transactions

Key management compensation

	For the years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	$ 2,786	$ 2,781

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Asset pledged	Book value December 31, 2024	Book value December 31, 2023	Purpose of collateral
Time deposit of pledge (Note)	$ 4,837	$ 192,653	Performance guarantee, Short-term borrowings
Buildings and structures of pledge (Note)	144,185	34,133	Short-term borrowings
Right-of-use assets of pledge (Note)	6,918	6,910	Short-term borrowings
	$ 155,940	$ 233,696	

(Note): Listed as "Financial assets at amortized cost - current", "Financial assets at amortized cost - non-current", "Property, plant and equipment", "Right-of-use assets" and "Investment property".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2024 and 2023, the Group's contracted but outstanding capital expenditures are $867 and $－, respectively.

(2) As of December 31, 2024 and 2023, the Group's unused letters of credit amounted to $6,807 and $5,620, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Details of the Group's financial instruments by category are provided in Note6 and Note12(3).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries denominated in various functional currency, primarily with respect to USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,190	32.794	$ 235,789
USD:RMB	33	7.1884	1,082
RMB:NTD	6,458	4.479	28,925
Financial liabilities			
Monetary items			
USD:NTD	232	32.794	7,608
RMB:NTD	42	4.479	188

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 15,562	30.707	$ 477,862
USD:RMB	36	7.083	1,105
RMB:NTD	18,961	4.326	82,025
Financial liabilities			
Monetary items			
USD:NTD	83	30.707	2,549
RMB:NTD	152	4.326	658

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. When the NTD appreciated/depreciated by 1% against USD, the Group's after-tax net (loss) profit in 2024 and 2023 would increase/decrease by $1,825 and $3,803, respectively. When NTD appreciated/depreciated by 1% against RMB, the Group's after-tax net (loss) profit in 2024 and 2023 would increase/decrease by $230 and $651, respectively.

iv The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023 amounted to 24,111 and ($391), respectively.

Price risk

i The Group's equity instruments and debt instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity instruments and debt instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii The Group mainly invests in open-end funds and corporate bonds. The prices of these financial assets are subject to the uncertainty of the future value of the investment targets. If the prices of these financial assets had increased/decreased by 1%, with all other variables held constant, the post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by $809 and $190, respectively, as a result of gains/losses on financial assets classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

i The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in NTD and USD.

ii The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii If the borrowing interest rate had increased/decreased by 1%, with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have decreased/increased by $687 and $1,598, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and fair value through profit or loss.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

iii. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group manages its credit risk, whereby if the contract payments are past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument.

v. In line with credit risk management, the default occurs when the contract payments are past due over 180 days.

vi. The Group classifies customer's accounts receivable in accordance with geographic area and credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Group will group customers' accounts receivable according to the characteristics of geographical regions and customer ratings, and adopt a simplified approach to adjust the estimated expected credit losses based on historical and current information for a specific period in consideration of future prospects. The provision ratios for losses on December 31, 2024 and 2023 are as follows:

December 31, 2024

Geographic area	Customer rating	Not past due	Up to 2 months past due	2~4 months past due	4~6 months past due	More than 6 months past due
Taiwan	A	0.03%	0.03%	0.03%	10.00%	100.00%
〃	B	0.03%	0.03%	0.03%	25.00%	100.00%
〃	C	0.03%	0.03%	5.00%	50.00%	100.00%

	Customer rating	Not past due	1~29 days past due	30~59 days past due	60~89 days past due	More than 90 days past due
China	A	0.03%	0.03%	0.03%	0.03%	100.00%
〃	B	0.03%	0.03%	0.03%	79.62%	100.00%
〃	C	0.03%	0.03%	0.03%	100.00%	100.00%

December 31, 2023

Geographic area	Customer rating	Not past due	Up to 2 months past due	2~4 months past due	4~6 months past due	More than 6 months past due
Taiwan	A	0.03%	0.03%	0.03%	10.00%	100.00%
〃	B	0.03%	0.03%	0.03%	25.00%	100.00%
〃	C	0.03%	0.03%	5.00%	50.00%	100.00%

	Customer rating	Not past due	1~29 days past due	30~59 days past due	60~89 days past due	More than 90 days past due
China	A	0.26%	3.05%	12.20%	20.13%	100.00%
〃	B	1.92%	8.48%	21.36%	100.00%	100.00%
〃	C	1.49%	10.35%	28.37%	100.00%	100.00%

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2024	2023
At January 1	$ 1,042	$ 1,084
Expected credit gain	(69)	(21)
Write-offs for the Period	(813)	-
Impact of change in foreign exchange rate	33	(21)
At December 31	$ 193	$ 1,042

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the following table are undiscounted contractual cash flows.

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 87,082	$ -	$ -	$ -
Accounts payable	4,525	-	-	-
Other payables	16,999	-	-	-
Lease liabilities	2,852	2,852	8,555	71,294
Guarantee deposits received	-	-	-	1,792

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 201,111	$ -	$ -	$ -
Notes payable	582	-	-	-
Accounts payable	6,063	-	-	-
Other payables	21,332	-	-	-
Lease liabilities	2,579	2,579	7,738	67,062
Guarantee deposits received	-	-	-	1,731

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rate		
Expiring within one year	$ 674,932	$ 548,587

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in corporate bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6 (9), "Investment property, net".

C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including

cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable, other receivables, financial assets at amortized cost – non-current, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received) are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 14,961	$ -	$ -	$ 14,961
Debt instruments	-	65,979	-	65,979
	$ 14,961	$ 65,979	$ -	$ 80,940

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 18,983	$ -	$ -	$ 18,983

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Open-end fund
Market quoted price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

E. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information for the year ended December 31, 2024 is disclosed.)

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions. The reportable department of the Group is the FPC business department, and other business departments are not included in the reportable department because of their small scale of operation and relevant information is not included in the operational decision-making report. Their operating results are consolidated and expressed under "Others" .

The Group's corporate composition, the basis for division and the basis for measuring departmental information have not changed significantly during the current period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income. For details of operating segments' accounting policies, please refer to Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2024		
	FPC Division	Others	Total
Segment revenue	$ 145,439	$ 6,376	$ 151,815
Inter-segment revenue	(17,748)	(6,376)	(24,124)
External revenue	127,691	-	127,691
Depreciation and amortization	40,952	-	40,952
Operating loss	(97,454)	(5,802)	(103,256)
Interest income	18,634	62	18,696
Financial cost	(3,523)	-	(3,523)
Segment pre-tax loss	(15,978)	(5,781)	(21,759)
Segment assets	1,048,570	15,354	1,063,924
Segment liabilities	199,117	1,899	201,016
Capital expenditure of non-current assets	9,487	-	9,487

	For the year ended December 31, 2023		
	FPC Division	Others	Total
Segment revenue	$ 132,858	$ 11,343	$ 144,201
Inter-segment revenue	(23,021)	(11,343)	(34,364)
External revenue	109,837	-	109,837
Depreciation and amortization	44,535	-	44,535
Operating loss	(122,510)	(9,997)	(132,507)
Interest income	25,398	51	25,449
Financial cost	(4,791)	-	(4,791)
Segment pre-tax loss	(85,334)	(10,006)	(95,340)
Segment assets	1,195,885	14,613	1,210,498
Segment liabilities	310,405	1,894	312,299
Capital expenditure of non-current assets	12,129	-	12,129

(4) Reconciliation for segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before income tax from continuing operations for the years ended December 31, 2024 and 2023 is provided as follows:

	For the years ended December 31,	
	2024	2023
Reportable segments pre-tax loss	($ 15,978)	($ 85,334)
Other segments pre-tax loss	(5,781)	(10,006)
Inter segments (loss)/gain	595	1,338
Loss before income tax	($ 21,164)	($ 94,002)

B. The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2024	December 31, 2023
Assets of reportable segments	$ 1,048,570	$ 1,195,885
Assets of other operating segments	15,354	14,613
Less: Inter-segment transaction	(26,347)	(25,824)
Total assets	$ 1,037,577	$ 1,184,674

C. The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

	December 31, 2024	December 31, 2023
Liabilities of reportable segments	$ 199,117	$ 310,405
Liabilities of other operating segments	1,899	1,894
Less: Inter-segment transaction	(26,036)	(22,172)
Total liabilities	$ 174,980	$ 290,127

(5) Information on products and services

Income from external customers is primarily from sales of flexible printed circuit board materials, therefore it is not necessary to disclose the details of this amount.

(6) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 74,973	$ 332,124	$ 62,129	$ 339,329
Malaysia	28,327	-	25,711	-
China	23,837	136,916	21,689	151,094
Others	554	-	308	-
	$ 127,691	$ 469,040	$ 109,837	$ 490,423

(Note) The revenue is classified based on the location of the customer's country.

(7) Major customer information

Major customer information of the Group (revenue is more than 10% of consolidated net operating income) for the years ended December 31, 2024 and 2023 are as follows:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Revenue	Segment	Revenue	Segment
Company A	$ 43,179	FPC Division	$ 32,123	FPC Division
Company B	21,574	FPC Division	19,461	FPC Division
Company C	15,841	FPC Division	8,963	FPC Division

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Loans to others
For the year ended December 31, 2024

Table 1 Expressed in thousands of NTD

No.	Creditor	Borrower	Account	Related party	Maximum balance	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Total transation amount	Reason for financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Note
0	Microcosm Technology Co., Ltd.	Microcosm Technology (Suzhou) Co., Ltd.	Other receivables	Y	$ 15,000	$ 15,000	$ 14,155	-	2	$ -	Operational needs	$ -	-	$ -	$ 43,130	$ 172,519	(Note 2) (Note 4)
	〃	〃	〃	Y	16,000	16,000	1,101	-	2	-	Operational needs	-	-	-	43,130	172,519	(Note 2) (Note 4)
1	Parlux (Suzhou) Optoelectronics Corporation	Microcosm Technology (Suzhou) Co., Ltd.	Other receivables	Y	4,228	4,228	4,228	-	2	-	Operational needs	-	-	-	4,546	4,546	(Note 3)

Note 1: The numbers filled in for the 'Nature of loan' provided by the Company are as follows:
1. Business transaction
2. Short-term financing

Note 2 : The calculation of limit on loans granted to a single party and ceiling on total loans granted are as follows:
1. Ceiling on total loans granted: 20 % of the Company's net assets.
2. Limit on a single party:
(1) Business transaction: The individual limit should not exceed the amount of business transactions of the borrower.
(2) Financing: Financing activities to a single party should not be in excess of 5% of creditor's net assets, and the total loan amount should not be in excess of 10% of creditor's net assets.

Note 3 : The calculation of limit on loans granted to a single party and ceiling on total loans granted are as follows:
1. Ceiling on total loans granted: 110 % of creditor's net assets.
2. Limit on a single party:
(1) Business transaction: The individual limit should not exceed the amount of business transactions of the borrower.
(2) Financing: Financing activities to a single party should not be in excess of 110% of the subsidiary's net assets, and the total loan amount should not be in excess of 110% of the subsidiary's net assets.

Note 4: In accordance with “Procedures for Provision of Loans”, it shall be implemented after having approval from the Board of Directors and reported to the shareholders.

Note 5: The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the annual reporting period. (RMB:NTD 1:4.479).

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2024

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024 Number of shares (in thousand shares or thousand units)	Book value	Ownership (%)	Fair value	Note
Microcosm Technology Co., Ltd.	Beneficiary certificates:							
	JPMorgan Funds - China Fund - JPM China A(acc) - USD	—	Financial assets at fair value through profit or loss — current	3	$ 4,264	-	$ 4,264	—
	JPMorgan Funds - Greater China Fund A (acc) - USD	—	Financial assets at fair value through profit or loss — current	4	5,735	-	5,735	—
	JPMorgan Korea Fund - JPMorgan Korea (acc) - USD	—	Financial assets at fair value through profit or loss — current	1	2,923	-	2,923	—
	Allianz Global Investors Greater China Fund - CNY	—	Financial assets at fair value through profit or loss — current	20	2,039	-	2,039	—
	Corporate bonds							
	UBS Group AG	—	Financial assets at fair value through profit or loss — current	-	9,951	-	9,951	—
	Mizuho Financial Group Inc.	—	Financial assets at fair value through profit or loss — current	-	6,643	-	6,643	—
	Société Générale S.A.	—	Financial assets at fair value through profit or loss — current	-	6,715	-	6,715	—
	HSBC Holdings PLC	—	Financial assets at fair value through profit or loss — current	-	6,931	-	6,931	—
	Morgan Stanley	—	Financial assets at fair value through profit or loss — current	-	6,483	-	6,483	—
	Hyundai Capital America	—	Financial assets at fair value through profit or loss — current	-	6,737	-	6,737	—
	JPMorgon Chase & Co.	—	Financial assets at fair value through profit or loss — current	-	6,791	-	6,791	—
	Barclays PLC	—	Financial assets at fair value through profit or loss — current	-	15,728	-	15,728	—

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2024

Table 3 Expressed in thousands of NTD

				Transaction			
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Microcosm Technology Co., Ltd.	Microcosm Technology (Suzhou) Co., Ltd.	1	Sales revenue	($ 16,563)	150 days after monthly-closing, T/T	(13%)
			1	Accounts receivable	10,293	—	1%
			1	Other receivables	15,256	—	1%
		Parlux Advanced Materials Co., Ltd.	1	Research and development expense	5,981	—	5%
1	Parlux (Suzhou) Optoelectronics Corporation	Microcosm Technology (Suzhou) Co., Ltd.	3	Other receivables	4,228	—	—

Note 1: Transactions among the Company and subsidiaries with amount over NT$1 million and one side of them are disclosed.

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 3: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in Mainland China)

For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD

				Initial investment amount		Shares held as of December 31, 2024					
Investor	Investee	Location	Main business activities	Balance as of December 31, 2024	Balance as of December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Note
Microcosm Technology Co., Ltd.	Microcosm Technology (Samoa) Holdings Limited	Independent State of Samoa	General investment	$ 526,402	$ 526,402	16,060,000	100	$ 114,041	($ 33,324)	($ 33,324)	Subsidiary
	Parlux Advanced Materials Co., Ltd.	Taiwan	Manufacture of lighting	27,399	27,399	3,300,000	100	9,321	595	595	Subsidiary
Microcosm Technology (Samoa) Holdings Limited	Yu Sheng Technology (Mauritius) Co., Ltd.	Republic of Mauritius	General investment	526,344	526,244	16,050,000	100	114,382	(34,009)	(Note 1)	Subsidiary

Note 1: The investment income (loss) does not need to be disclosed per the rules.

Note 2: The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the annual reporting period. (USD:NTD 1:32.794).

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Company for the year ended December 31, 2024（Note 3）	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Microcosm Technology (Suzhou) Co., Ltd.	Protective film, reinforced film, polyimide film, copper clad laminate, rolled copper foil, electrolytic copper foil, single-sided pure film, double-sided pure film, release film and release paper	$ 524,704	（Note 1）	$ 524,704	$ -	$ -	$ 524,704	($ 33,862)	100.00	($ 33,862)	$ 113,334	$ -	—
Parlux (Suzhou) Optoelectronics Corporation	Manufacture and sales of lighting and electronic	4,479	（Note 2）	-	-	-	-	-	100.00	-	4,133	-	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024 (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Microcosm Technology Co., Ltd.	$ 524,704	$ 524,704	$ 517,558

Note 1: Through investing in a company in the third area, which then invested in the investee (Yu Sheng Technology (Mauritius) Co., Ltd.) in Mainland China.
Note 2: Through investing in a company in Mainland China, which then invested in the investee (MICROCOSM TECHNOLOGY(Suzhou) CO., LTD.) in Mainland China.
Note 3: The investment income (loss) is recognized based on the investees' financial statements that were audited by the parent company's auditors for the year ended December 31, 2024.
Note 4: The Group invested CNY1,000 thousand in Parlux (Suzhou) Optoelectronics Corporation. In accordance with the 'Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China', reinvestments of the Mainland China investees, excecpt those investees who are holding companies shall first be approved by the Investment Commission of the Ministry of Economic Affairs (MOEA), other reveinvestments are not required to apply for approval from the MOEA.
Note 5: The ceiling of investment amount of the Company is calculated based on the 60% of the investor's net assets or combined net assets (which is higher).
Note 6: The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the annual reporting period. (USD:NTD 1:32.794; RMB:NTD 1:4.479).

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2024

Table 6

Expressed in thousands of NTD

	Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2024	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate	Interest during the year ended December 31, 2024	Others
Microcosm Technology (Suzhou) Co., Ltd.	$ 16,563	14%	$ -	-	$ 10,293	29%	$ -	-	$ 31,000	$ 15,256 (Note)	-	$ -	—

Note : It was an actual drawdown.

MICROCOSM TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2024

Table 7 Expressed in shares

Name of major shareholders	Number of shares held		Ownership (%)	Note
	Common share	Preference share		
Tong Ying Investment Limited	20,635,758	-	29.43%	—
Yi Ying Investment Co., Ltd.	14,136,157	-	20.16%	—
Yong Ying Investment Co., Ltd.	8,957,012	-	12.77%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by the Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Microcosm Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Microcosm Technology Co., Ltd. (the "Company") as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Existence of sales revenue

Description

Please refer to Note 4(25) for accounting policies on sales revenue recognition and Note 6(15) for accounting items on revenue.

The Company's sales revenue arise mainly from manufacturing and sales of printed circuit board materials and chip on film (COF) flexible printed board. Because the Company's customers are located in Taiwan, Malaysia, Mainland China and other areas, sales are easily affected by the terminal market demand. Also, the verification of the transaction existence takes a relatively longer time due to the massive transaction volume of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters of our 2024 annual audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the internal control system designed by management and used in the execution of credit checking, and reviewed whether the transaction counterparty and documents of credit assessment had been adequately approved.
2. Confirmed the basic information of significant sales counterparty and analyzed sales amounts and situation in both periods to assess the reasonability of sales amounts and nature.

3. Sampled and tested sales revenue transaction in the current year, including confirming customers' orders, delivery orders and sales invoices to confirm the sales revenue transaction on account had actually occurred.

Appropriateness of inventory valuation

Description

Refer to Note 4(11) for the accounting policies on inventory valuation, Note 5 for the information on accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of inventories. As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT$18,788 thousand and NT$6,014 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of printed circuit board materials and chip on film (COF) flexible printed board. Due to rapid technology innovations of these inventories and the fluctuation of market prices, there is a higher risk of inventory losing value or becoming obsolete. The Company recognized inventories at the lower of cost and net realizable value for regular inventories, and estimated and calculated the net realizable value of inventories aged over a certain period and individually recognized as obsolete inventories. The aforementioned assessment of allowance for inventory valuation losses primarily came from items which were individually identified as obsolete. There was estimate uncertainty since management would judge subjectively in procedures and valuation basis of individually identifying obsolete inventories. Because the allowance for inventory valuation losses is material to the financial statements, we considered the appropriateness inventory valuation as one of the key audit matters of our 2024 annual audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the policy and procedures applied to recognize allowance for inventory valuation losses.

2. Verified the accuracy of statements used to assess inventory age, recalculated, and assessed the reasonableness of allowance for inventory valuation losses to ascertain that the information in the statement agreed with policies.
3. Select a sample of inventory part number to verify their net realizable value and further assessed the reasonableness of allowance for inventory valuation losses.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to error or fraud, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Fang-Ting

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

February 27, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICROCOSM TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 161,819	17	$ 324,572	28
1110	Financial assets at fair value through profit or loss - current	6(2)	80,940	8	18,983	2
1136	Financial assets at amortized cost - current	6(1)(3) and 8	151,200	15	187,816	17
1150	Notes receivable, net	6(4)	272	-	124	-
1170	Accounts receivable, net	6(4)	24,486	3	22,883	2
1180	Accounts receivable - related parties, net	6(4) and 7	10,293	1	12,752	1
1200	Other receivables		9,755	1	9,342	1
1210	Other receivables - related parties	7	15,256	2	6,520	1
1220	Current tax assets	6(22)	4,068	-	3,255	-
130X	Inventories	5(2) and 6(5)	12,774	1	10,979	1
1410	Prepayments		3,644	-	4,323	-
11XX	**Total current assets**		474,507	48	601,549	53
	Non-current assets					
1535	Financial assets at amortized cost - non-current	6(1)(3) and 8	4,837	1	4,837	-
1550	Investments accounted for under equity method	6(6)	123,362	13	147,827	13
1600	Property, plant and equipment	6(7) and 8	254,566	26	267,828	23
1755	Right-of-use assets	6(8)	56,219	6	52,180	5
1780	Intangible assets	6(9)	14,169	1	14,026	1
1840	Deferred income tax assets	6(22)	48,514	5	50,901	5
1915	Prepayments for equipment	6(7)	3,680	-	684	-
1920	Guarantee deposits paid		39	-	39	-
1975	Net defined benefit asset, non-current	6(11)	1,395	-	759	-
1990	Other non-current assets		3,490	-	4,611	-
15XX	**Total non-current assets**		510,271	52	543,692	47
1XXX	**Total assets**		$ 984,778	100	$ 1,145,241	100

(Continued)

MICROCOSM TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 41,055	4	$ 165,152	15
2130	Current contract liabilities		64	-	-	-
2150	Notes payable		-	-	582	-
2170	Accounts payable	7	2,967	-	4,767	-
2200	Other payables	7	14,641	2	21,387	2
2280	Current lease liabilities	6(8)	1,398	-	1,220	-
21XX	**Total current liabilities**		60,125	6	193,108	17
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	3,003	-	2,903	-
2580	Non-current lease liabilities	6(8)	59,053	6	54,683	5
25XX	**Total non-current liabilities**		62,056	6	57,586	5
2XXX	**Total Liabilities**		122,181	12	250,694	22
	Equity					
	Share capital					
3110	Common stock	6(12)	701,124	71	701,124	61
3200	Capital surplus	6(13)	71,627	7	169,523	15
	Retained earnings	6(14)				
3310	Legal reserve		105,128	11	105,128	9
3320	Special reserve		35,402	4	35,402	3
3350	Accumulated deficit		(23,142)	(2)	(83,877)	(7)
3400	Other equity interest	6(6)	(27,542)	(3)	(32,466)	(3)
3500	Treasury shares	6(12)	-	-	(287)	-
3XXX	**Total equity**		862,597	88	894,547	78
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 984,778	100	$ 1,145,241	100

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

MICROCOSM TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

	Items	Notes	Year ended December 31 2024 AMOUNT	2024 %	2023 AMOUNT	2023 %
4000	Operating revenue	6(15) and 7	$ 120,418	100	$ 105,186	100
5000	Operating costs	6(5)(9)(11)(20)(21) and 7	(96,904)	(81)	(96,549)	(92)
5900	Net operating margin		23,514	19	8,637	8
5910	Unrealized profit from sales	6(6) and 7	(311)	-	(3,651)	(3)
5920	Realized profit from sales	6(6) and 7	3,651	3	401	-
5950	Net operating margin		26,854	22	5,387	5
	Operating expenses	6(9)(11)(20)(21) and 7				
6100	Selling expenses		(5,974)	(5)	(5,674)	(5)
6200	General and administrative expenses		(22,521)	(18)	(21,600)	(21)
6300	Research and development expenses		(62,421)	(52)	(69,657)	(66)
6000	Total operating expenses		(90,916)	(75)	(96,931)	(92)
6900	Operating loss		(64,062)	(53)	(91,544)	(87)
	Non-operating income and expenses					
7100	Interest income	6(3)(16)	18,575	15	25,363	24
7010	Other income	6(17)	9,650	8	12,738	12
7020	Other gains and losses	6(2)(18)	50,146	42	(1,064)	(1)
7050	Finance costs	6(8)(19)	(2,745)	(2)	(4,429)	(4)
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(32,729)	(27)	(35,829)	(34)
7000	Total non-operating income and expenses		42,897	36	(3,221)	(3)
7900	**Loss before income tax**		(21,165)	(17)	(94,765)	(90)
7950	Income tax (expense) benefit	6(22)	(2,385)	(2)	11,065	11
8200	**Loss for the year**		($ 23,550)	(19)	($ 83,700)	(79)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plan	6(11)	$ 510	-	($ 221)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(22)	(102)	-	44	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)	4,924	4	(2,844)	(3)
8300	**Total other comprehensive income (loss) for the year**		$ 5,332	4	($ 3,021)	(3)
8500	**Total comprehensive loss for the year**		($ 18,218)	(15)	($ 86,721)	(82)
	Loss per share	6(23)				
9750	Basic		($ 0.34)		($ 1.19)	
9850	Diluted		($ 0.34)		($ 1.19)	

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

MICROCOSM TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Treasury stocks	Total
Year ended December 31, 2023									
Balance at January 1, 2023		$ 701,124	$ 204,083	$ 105,128	$ 35,402	($ 20,542)	($ 29,622)	($ 287)	$ 995,286
Loss		-	-	-	-	(83,700)	-	-	(83,700)
Other comprehensive loss	6(6)	-	-	-	-	(177)	(2,844)	-	(3,021)
Total comprehensive loss		-	-	-	-	(83,877)	(2,844)	-	(86,721)
Capital surplus used to offset accumulated deficits	6(13)	-	(20,542)	-	-	20,542	-	-	-
Cash dividends from capital surplus	6(13)	-	(14,018)	-	-	-	-	-	(14,018)
Balance at December 31, 2023		$ 701,124	$ 169,523	$ 105,128	$ 35,402	($ 83,877)	($ 32,466)	($ 287)	$ 894,547
Year ended December 31, 2024									
Balance at January 1, 2024		$ 701,124	$ 169,523	$ 105,128	$ 35,402	($ 83,877)	($ 32,466)	($ 287)	$ 894,547
Loss		-	-	-	-	(23,550)	-	-	(23,550)
Other comprehensive income	6(6)	-	-	-	-	408	4,924	-	5,332
Total comprehensive income (loss)		-	-	-	-	(23,142)	4,924	-	(18,218)
Capital surplus used to offset accumulated deficits	6(13)	-	(83,877)	-	-	83,877	-	-	-
Cash dividends from capital surplus	6(13)	-	(14,018)	-	-	-	-	-	(14,018)
Treasury stocks transferred to employees	6(12)	-	(1)	-	-	-	-	287	286
Balance at December 31, 2024		$ 701,124	$ 71,627	$ 105,128	$ 35,402	($ 23,142)	($ 27,542)	$ -	$ 862,597

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

MICROCOSM TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 21,165)	($ 94,765)
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss	6(2)(18)	(6,181)	774
Reversal of allowance for inventory market price decline	6(5)	(2,494)	(1,660)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	32,729	35,829
Unrealized profit from sales	6(6) and 7	311	3,651
Realized profit from sales	6(6) and 7	(3,651)	(401)
Depreciation	6(7)(8)(20)	18,962	21,726
Gain on disposal of property, plant and equipment	6(18)	(19,980)	-
Loss on disposal of intangible assets	6(9)(18)	124	-
Amortization	6(9)(20)	1,319	1,334
Interest income	6(16)	(18,575)	(25,363)
Interest expense	6(19)	2,745	4,429
Foreign exchange loss (gain)		10,963	(10,963)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(55,776)	(3,514)
Notes receivable		(148)	731
Accounts receivable		(1,603)	(878)
Accounts receivable - related parties		2,459	(305)
Other receivables		(2,247)	1,146
Other receivables - related parties		2	421
Inventories		699	11,454
Prepayments		679	736
Net defined benefit asset, non-current		(126)	(128)
Changes in operating liabilities			
Current contract liabilities		64	-
Notes payable		(582)	(90)
Accounts payable		(1,800)	2,508
Other payables		(6,790)	3,231
Cash outflow generated from operations		(70,062)	(50,097)
Interest received		20,409	23,322
Interest paid		(2,840)	(4,488)
Income tax paid		(813)	(3,255)
Net cash flows used in operating activities		(53,306)	(34,518)

(Continued)

MICROCOSM TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortized cost - current		$ 25,653	$ 42,029
(Increase) decrease in other receivables - related parties		(8,738)	4,086
Cash paid for acquisition of property, plant and equipment	6(24)	(3,707)	(9,646)
Proceeds from disposal of property, plant and equipment		20,000	-
Acquisition of intangible assets	6(9)	(1,586)	(1,052)
Increase in prepayments for equipment		(2,996)	(325)
Decrease in other non-current assets		1,121	916
Net cash flows from investing activities		29,747	36,008
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(25)	(124,097)	(67,148)
Payments of lease liabilities	6(25)	(1,365)	(1,206)
Cash dividends from capital surplus	6(13)	(14,018)	(14,018)
Treasury stocks transferred to employees	6(12)	286	-
Net cash flows used in financing activities		(139,194)	(82,372)
Net decrease in cash and cash equivalents		(162,753)	(80,882)
Cash and cash equivalents at beginning of year	6(1)	324,572	405,454
Cash and cash equivalents at end of year	6(1)	$ 161,819	$ 324,572

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

MICROCOSM TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Microcosm Technology Co., Ltd. (the "Company") was incorporated in December, 1996 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company are primarily engaged in the research, development, manufacture and sale of research, development, manufacture and sales of ultra-thin flexible printed circuit board materials, adhesive-free flexible printed circuit board materials and film-on-chip flexible substrates.

(2) The common stocks of the Company were originally listed on the Taipei Exchange from December, 2005.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	International AccountingStandards Board ("IASB")
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature – dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following important items below, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of parent company only financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the ” IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within 12 months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(7) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs). On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has no retained control of the financial asset.

(11) Inventories

Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the cost of inventory is higher than net realizable value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(12) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains on inter-company transactions between subsidiaries within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company continues to recognize the losses in proportion to its ownership.

D. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, "Profit for the year" and "Other comprehensive income for the year" reported in an entity's nonconsolidated statement of comprehensive income, shall equal to "profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's nonconsolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings and structures	3 ～ 50 years
Machinery and equipment	1 ～ 10 years
Office equipment	1 ～ 6 years
Transportation equipment	5 ～ 10 years
Other equipment	3 ～ 15 years

(14) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

A. Trademarks are stated at cost and amortized on a straight-line basis over their estimated useful life of 8 to 10 years.

B. Patents are stated at cost and amortized on a straight-line basis over their estimated useful life of 6 to 19 years.

C. Computer software is stated at cost and amortized on a straight-line basis over their estimated useful life of 3 to 10 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

(c) Employees’ compensation and directors’ remuneration

Employees’ compensation and directors’ remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company' s shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells ultra-thin flexible printed circuit board materials, adhesive-free flexible printed circuit board materials and chip-on-film flexible substrates. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue is recognized based on the price specified in the contract, net of the estimated sales discounts. The products are often sold with sales discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30~165 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(26) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2024, the carrying amount of inventories was $12,774.

6. DETAILS OF SIGNIFICANT ACCOUNT

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash:		
Cash on hand	$ 40	$ 40
Checking accounts and demand deposits	57,397	35,828
	57,437	35,868
Cash equivalents:		
Time deposits	104,382	288,704
	$ 161,819	$ 324,572

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2024 and 2023, the Company classified time deposits pledged as collateral as 'financial assets at amortized cost'. Details are described in Note 8, 'PLEDGED ASSETS'.

(2) Financial assets at fair value through profit or loss - current

Items	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	$ 62,237	$ -
Beneficiary certificates	20,764	26,708
	83,001	26,708
Valuation adjustment	(2,061)	(7,725)
	$ 80,940	$ 18,983

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss (list as ‘Other gains and losses’) are listed below:

	For the years ended December 31,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	$ 3,742	$ -
Beneficiary certificates	2,439	(774)
	$ 6,181	($ 774)

B. The Company has no financial assets at fair value through profit or loss - current pledged to others as of December 31, 2024 and 2023.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), ‘Financial instruments’.

(3) Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits above three months	$ 151,200	$ -
Time deposits of pledge	-	187,816
	$ 151,200	$ 187,816
Non-current items:		
Time deposits of pledge	$ 4,837	$ 4,837

A. The Company recognized interest income of $5,699 and $11,275 for financial assets at amortized cost for the years ended December 31, 2024 and 2023, respectively.

B. Details of the Company’s financial assets at amortized cost pledged to others as collateral are provided in Note 8, ‘PLEDGED ASSETS’.

C. As of December 31, 2024 and 2023 without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was the carrying amount.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable, net

	December 31, 2024	December 31, 2023
Notes receivable	$ 272	$ 124
Accounts receivable	$ 24,486	$ 22,883

A. The ageing analysis of the Company's notes and accounts receivable (including related parties) is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Within to 30 days	$ 272	$ 7,718	$ -	$ 7,372
31 to 90 days	-	15,298	124	16,283
91 to 180 days	-	9,069	-	7,556
Over 180 days	-	2,694	-	4,424
	$ 272	$ 34,779	$ 124	$ 35,635

The above ageing analysis was based on invoice date.

B. As of December 31, 2024 and 2023, the balance of notes receivable and accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers (including related parties) amounted to $35,307.

C. The Company entered into a factoring agreement with CTBC Bank to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognized the transferred accounts receivable, and the related information is as follows:

December 31, 2024

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advance
CTBC Bank Co., Ltd.	$ 5,755	$ 5,755	$ -	$ 5,180	—

December 31, 2023

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advance
CTBC Bank Co., Ltd.	$ 2,861	$ 2,861	$ -	$ 2,575	—

On December 31, 2024 and 2023, the accounts receivable factored and qualified for derecognition were reclassified to other receivables.

D. As of December 31, 2024 and 2023, the Company did not hold any collateral as security for notes and accounts receivable.

E. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was the book value.

F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2024		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 10,659	($ 3,806)	$ 6,853
Work in progress	1,047	(307)	740
Finished goods	7,082	(1,901)	5,181
	$ 18,788	($ 6,014)	$ 12,774

	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 9,171	($ 4,412)	$ 4,759
Work in progress	915	(183)	732
Finished goods	9,401	(3,913)	5,488
	$ 19,487	($ 8,508)	$ 10,979

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	$ 99,398	$ 99,038
Reversal of allowance for inventory market price (Note)	(2,494)	(1,660)
Loss on discarding inventory	-	203
Revenue from sale of scraps	-	(1,032)
	$ 96,904	$ 96,549

(Note) For the years ended December 31, 2024 and 2023, the Company reversed a previous inventory write-down because the inventories which were previously provided with allowance were subsequently sold and discarded.

(6) Investments accounted for under equity method

A. Movements in investments accounted for under equity method were as follows:

	For the years ended December 31, 2024	For the years ended December 31, 2023
At January 1	$ 147,827	$ 189,750
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	(32,729)	(35,829)
Other equity－financial statement translation differences of foreign operations	4,924	(2,844)
Unrealised profit from sales	(311)	(3,651)
Realised profit from sales	3,651	401
At December 31	$ 123,362	$ 147,827

B. Details of investments accounted for using equity method are as follows:

	December 31, 2024	December 31, 2023
Subsidiaries:		
Microcosm Technology (Samoa) Holdings Limited	$ 114,041	$ 139,101
Parlux Advanced Materials Co., Ltd.	9,927	9,332
	123,968	148,433
Less: Accumulated impairment	(606)	(606)
	$ 123,362	$ 147,827

C. Information on the Company's subsidiaries is provided in Note 4(3) of the Company's 2024 consolidated financial report.

D. As of December 31, 2024 and 2023, no investment accounted for under equity method was pledged as collateral.

(7) Property, plant and equipment

At January 1, 2024	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Total
Cost	$ 69,217	$ 214,566	$ 410,811	$ 4,699	$ 4,293	$ 16,390	$ 719,976
Accumulated depreciation	-	(74,133)	(354,415)	(4,165)	(4,069)	(12,865)	(449,647)
Accumulated impairment	-	(2,501)	-	-	-	-	(2,501)
	$ 69,217	$ 137,932	$ 56,396	$ 534	$ 224	$ 3,525	$ 267,828
For the year ended December 31, 2024							
At January 1	$ 69,217	$ 137,932	$ 56,396	$ 534	$ 224	$ 3,525	$ 267,828
Additions	-	-	3,532	-	-	314	3,846
Disposals－Cost	-	(2,000)	(66,066)	(428)	-	-	(68,494)
－Accumulated depreciation	-	1,980	66,066	428	-	-	68,474
Depreciation	-	(5,818)	(10,202)	(287)	(168)	(613)	(17,088)
At December 31	$ 69,217	$ 132,094	$ 49,726	$ 247	$ 56	$ 3,226	$ 254,566
At December 31, 2024							
Cost	$ 69,217	$ 212,566	$ 348,277	$ 4,271	$ 4,293	$ 16,704	$ 655,328
Accumulated depreciation	-	(77,971)	(298,551)	(4,024)	(4,237)	(13,478)	(398,261)
Accumulated impairment	-	(2,501)	-	-	-	-	(2,501)
	$ 69,217	$ 132,094	$ 49,726	$ 247	$ 56	$ 3,226	$ 254,566

At January 1, 2023	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Total
Cost	$ 69,217	$ 200,919	$ 403,545	$ 4,699	$ 4,293	$ 16,390	$ 699,063
Accumulated depreciation	-	(77,320)	(341,352)	(3,879)	(3,573)	(12,055)	(438,179)
Accumulated impairment	-	(2,501)	-	-	-	-	(2,501)
	$ 69,217	$ 121,098	$ 62,193	$ 820	$ 720	$ 4,335	$ 258,383
For the year ended December 31, 2023							
At January 1	$ 69,217	$ 121,098	$ 62,193	$ 820	$ 720	$ 4,335	$ 258,383
Additions	-	2,699	5,781	-	-	-	8,480
Transfer from prepayments for equipment	-	19,323	1,685	-	-	-	21,008
Disposals－Cost	-	(8,375)	(200)	-	-	-	(8,575)
－Accumulated depreciation	-	8,375	200	-	-	-	8,575
Depreciation	-	(5,188)	(13,263)	(286)	(496)	(810)	(20,043)
At December 31	$ 69,217	$ 137,932	$ 56,396	$ 534	$ 224	$ 3,525	$ 267,828
At December 31, 2023							
Cost	$ 69,217	$ 214,566	$ 410,811	$ 4,699	$ 4,293	$ 16,390	$ 719,976
Accumulated depreciation	-	(74,133)	(354,415)	(4,165)	(4,069)	(12,865)	(449,647)
Accumulated impairment	-	(2,501)	-	-	-	-	(2,501)
	$ 69,217	$ 137,932	$ 56,396	$ 534	$ 224	$ 3,525	$ 267,828

A. The Company has not capitalized borrowing costs as part of property, plant and equipment for the years ended December 31, 2024 and 2023.

B. Property, plant and equipment of the Company were all for operating purposes as of December 31, 2024 and 2023.

C. As of December 31, 2024 and 2023, details of the Company’s property, plant and equipment pledged to others as collateral are provided in Note 8, ‘PLEDGED ASSETS’.

(8) Leasing arrangements－lessee

A. The Company leased parcels of land. Rental contracts are typically made for periods of 20 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less pertain to transportation equipment and low-value assets pertain to office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	$ 56,219	$ 52,180

	For the years ended December 31,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	$ 1,874	$ 1,683

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,487	$ 1,373
Expense on short-term lease contracts	57	33
Expense on leases of low-value assets	27	27

E. For the years ended December 31, 2024 and 2023, there were no additions to right-of-use assets; revaluations to right-of-use assets were $5,913 and $－, respectively.

F. For the years ended December 31, 2024 and 2023, the Company’s total cash outflow for leases were $2,936 and $2,639, respectively.

G. Extension and termination options

(a) The Nanke Land Lease Contract of the Company’s lease contract includes the Company’s exercisable extension option, and this clause is signed in the lease contract for the purpose of the Company’s long-term operation.

(b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Intangible assets

	Trademarks	Patents	Software	Total
At January 1, 2024				
Cost	$ 419	$ 19,263	$ 12,727	$ 32,409
Accumulated amortisation	(189)	(6,159)	(12,035)	(18,383)
	$ 230	$ 13,104	$ 692	$ 14,026
For the year ended December 31, 2024				
Opening net book amount as at January 1	$ 230	$ 13,104	$ 692	$ 14,026
Additions － acquired separately	-	1,586	-	1,586
Disposals － Cost	-	(156)	-	(156)
－ Accumulated amortisation	-	32	-	32
Amortisation charge	(43)	(1,041)	(235)	(1,319)
Closing net book amount as at December 31	$ 187	$ 13,525	$ 457	$ 14,169
At December 31, 2024				
Cost	$ 419	$ 20,693	$ 12,727	$ 33,839
Accumulated amortisation	(232)	(7,168)	(12,270)	(19,670)
	$ 187	$ 13,525	$ 457	$ 14,169

	Trademarks	Patents	Software	Total
At January 1, 2023				
Cost	$ 419	$ 18,211	$ 12,727	$ 31,357
Accumulated amortisation	(146)	(5,102)	(11,801)	(17,049)
	$ 273	$ 13,109	$ 926	$ 14,308
For the year ended December 31, 2023				
Opening net book amount as at January 1	$ 273	$ 13,109	$ 926	$ 14,308
Additions － acquired separately	-	1,052	-	1,052
Amortisation charge	(43)	(1,057)	(234)	(1,334)
Closing net book amount as at December 31	$ 230	$ 13,104	$ 692	$ 14,026
At December 31, 2023				
Cost	$ 419	$ 19,263	$ 12,727	$ 32,409
Accumulated amortisation	(189)	(6,159)	(12,035)	(18,383)
	$ 230	$ 13,104	$ 692	$ 14,026

A. The Company has not capitalized borrowing costs as part of intangible assets for the years ended December 31, 2024 and 2023.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2024	2023
Operating costs	$ 141	$ 141
Selling expenses	23	23
General and administrative expenses	78	78
Research and development expenses	1,077	1,092
	$ 1,319	$ 1,334

(10) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 35,000	0.50%	Buildings and Structures
Unsecured borrowings	6,055	5.18%～5.53%	None
	$ 41,055		

Type of borrowings	December 31, 2023	Interest rate	Collateral
Bank borrowings			
Secured borrowings	$ 130,000	1.60%～1.75%	Time deposits
Unsecured borrowings	35,152	0.5%～6.34%	None
	$ 165,152		

For more information about interest expense recognized by the Company for the years ended December 31, 2024 and 2023, refer to Note 6(19), 'Finance costs'.

(11) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	($ 3,342)	($ 3,441)
Fair value of plan assets	4,737	4,200
Net defined benefit asset	$ 1,395	$ 759

(b) Movements in net defined benefit assets are as follows:

	For the year ended December 31, 2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 3,441)	$ 4,200	$ 759
Interest (expense) income	(42)	52	10
	(3,483)	4,252	769
Remeasurements:			
Change in financial assumptions	159	-	159
Return on plan assets	-	369	369
Experience adjustments	(18)	-	(18)
	141	369	510
Pension fund contribution	-	116	116
At December 31	($ 3,342)	$ 4,737	$ 1,395

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 3,147)	$ 3,999	$ 852
Interest (expense) income	(44)	57	13
	(3,191)	4,056	865
Remeasurements:			
Change in financial assumptions	(61)	-	(61)
Return on plan assets	-	29	29
Change in demographic assumptions	(6)	-	(6)
Experience adjustments	(183)	-	(183)
	(250)	29	(221)
Pension fund contribution	-	115	115
At December 31	($ 3,441)	$ 4,200	$ 759

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the years ended December 31,	
	2024	2023
Discount rate	1.65%	1.25%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are both set based on actuarial advice in accordance with Taiwan Life Insurance 6th Mortality Table for the years ended December 31, 2024 and 2023.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	($ 95)	$ 98	$ 97	($ 94)
December 31, 2023				
Effect on present value of defined benefit obligation	($ 100)	$ 105	$ 103	($ 99)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ended December 31, 2025 amount to $119.

(f) As of December 31, 2024, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	76
2～5 years		408
Over 6 years		3,478
	$	3,962

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were $2,237 and $2,169, respectively.

(12) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: in thousands of shares)

	For the years ended December 31,	
	2024	2023
At January 1	70,091	70,091
Treasury stocks trandferred	21	-
At December 31	70,112	70,091

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (Unit: in thousands of shares)

	For the year ended December 31, 2024			
Reason for reacquisition	Shares at beginning of the year	Increase	Decrease	Shares at end of the year
To be reissued to employees	21	-	(21)	-

	For the year ended December 31, 2023			
Reason for reacquisition	Shares at beginning of the year	Increase	Decrease	Shares at end of the year
To be reissued to employees	21	-	-	21

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2024 and 2023, the treasury shares were $－ and $287, respectively.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(e) For the year ending December 31, 2024, the Company transferred treasury stocks to employees and received $286. Since this amount was less than the book value of the treasury stocks, the difference was offset against the capital surplus arising from the treasury stock transactions. The situation did not occur in 2023.

C. As of December 31, 2024, the Company's authorized capital was $1,000,000 (including $20,000 reserved for employee stock options), and the paid-in capital was $701,124 (70,112 thousand shares) with par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Details of changes in capital surplus for the years ended December 31, 2024 and 2023 are as follows:

	Fot the year ended December 31, 2024			
	Share premium	Treasury share transactions	Donated assets	Total
Balance at beginning of the year	$ 161,137	$ 8,291	$ 95	$ 169,523
Capital surplus used to offset accumulated deficits	(83,877)	-	-	(83,877)
Cash dividends from capital surplus	(14,018)	-	-	(14,018)
Treasury stocks transferred to employees	-	(1)	-	(1)
Balance at the end of the year	$ 63,242	$ 8,290	$ 95	$ 71,627

	Fot the year ended December 31, 2023			
	Share premium	Treasury share transactions	Donated assets	Total
Balance at beginning of the year	$ 195,697	$ 8,291	$ 95	$ 204,083
Capital surplus used to offset accumulated deficits	(20,542)	-	-	(20,542)
Cash dividends from capital surplus	(14,018)	-	-	(14,018)
Balance at the end of the year	$ 161,137	$ 8,291	$ 95	$ 169,523

B. On June 20, 2024, and June 21, 2023, the shareholders' meetings resolved to offset accumulated deficits of $83,877 and $20,542, respectively, using the capital surplus derived from the premium on the issuance of stocks exceeding their par value.

C. On March 1, 2024, and March 3, 2023, the Board of Directors resolved to distribute cash amounts of $14,018 each (per share NT$0.20) from the capital surplus derived from the premium on the issuance of stocks exceeding their par value.

D. On February 27, 2025, the Board of Directors resolved to distribute cash amounts of $14,022 (per share NT$0.20) from the capital surplus derived from the premium on the issuance of stocks exceeding their par value.

(14) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.

B. According to the Articles of Incorporation of the Company, taking into consideration the volatile business environment and the growth of the Company, responding to future capital needs and long-term planning, and meeting the shareholders’ needs on cash inflows, the current year's earnings, if any, shall first be used to pay all taxes in accordance with the law and offset prior year operating losses. If any, 10% of the remaining amount shall be set aside as legal reserve and setting aside for special reserve in accordance with related laws or Competent Authority's rule, after adding the accumulated undistributed earnings of the previous year, it is the accumulated distributable earnings. Based on relevant factors such as future business or reinvestment needs, the Board of Directors will propose an earning distribution to the shareholders for obtaining the approval. The Board of Directors of the Company's attendance of over two thirds of the Board of Directors' members and approval of over the half of attendees, all or part of dividends and bonus, capital surplus or legal reserve that shall be distributed in cash, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The aforesaid requirement that resolution shall be resolved at the shareholders' meeting is not applicable. Dividends distributed to shareholders from distributable earnings, of which the total amount of cash dividends distributed shall not be less than 50% of the total amount of distributed dividends.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve of $35,402 on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate - 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are disposed subsequently.

D. The Company recognized cash dividends distributed to owners amounting to $－ both for the years ended December 31, 2024 and 2023. On February 27, 2025, the Board of Directors proposed to offset accumulated deficits by using the capital surplus of premium obtained by issuing stocks exceeding the par value of $ 23,142, which is not yet approved by the shareholders.

(15) Operating revenue

	For the years ended December 31,	
	2024	2023
Revenue from contracts with customers	$ 120,418	$ 105,186

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

	For the years ended December 31,	
	2024	2023
Taiwan	$ 74,973	$ 62,129
Malaysia	28,327	25,711
China	16,564	17,038
Others	554	308
	$ 120,418	$ 105,186

(16) Interest income

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits	$ 10,449	$ 14,088
Interest income from financial assets at amortized cost	5,699	11,275
Other interest income	2,427	-
	$ 18,575	$ 25,363

(17) Other income

	For the years ended December 31,	
	2024	2023
Other income	$ 9,650	$ 12,738

(18) Other gains and losses

	For the years ended December 31,	
	2024	2023
Foreign exchange gains (losses)	$ 24,139	($ 290)
Gains (losses) on financial assets at fair value through profit or loss	6,181	(774)
Gains on disposals of property, plant and equipment	19,980	-
Losses on disposals of intangible assets	(124)	-
Miscellaneous disbursements	(30)	-
	$ 50,146	($ 1,064)

(19) Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	$ 1,258	$ 3,056
Interest expense on lease liabilities	1,487	1,373
	$ 2,745	$ 4,429

(20) Expenses by nature

	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 14,933	$ 36,147	$ 51,080
Depreciation	7,358	11,604	18,962
Amortisation	141	1,178	1,319
	$ 22,432	$ 48,929	$ 71,361

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 16,224	$ 34,219	$ 50,443
Depreciation	13,893	7,833	21,726
Amortisation	141	1,193	1,334
	$ 30,258	$ 43,245	$ 73,503

(21) Employee benefit expense

	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 11,986	$ 29,375	$ 41,361
Labour and health insurance expenses	1,600	3,085	4,685
Pension costs	747	1,480	2,227
Directors' compensation	-	1,070	1,070
Other personnel expenses	600	1,137	1,737
	$ 14,933	$ 36,147	$ 51,080

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 12,937	$ 27,500	$ 40,437
Labour and health insurance expenses	1,655	2,958	4,613
Pension costs	771	1,385	2,156
Directors' compensation	-	1,057	1,057
Other personnel expenses	861	1,319	2,180
	$ 16,224	$ 34,219	$ 50,443

A. For both the years ended December 31, 2024 and 2023, the average number of employees of the Company was 72, including 4 non-employee directors.

The employee benefit expense was $735 and $726, while the average employee wages and salaries were $608 and $595 for the years ended December 31, 2024 and 2023, respectively. The average employee wages and salaries for the year ended December 31, 2024 increased by approximately 2.18% compared to the year ended December 31, 2023.

B. The Company's compensation policy and payment, standards and combination, the remuneration determination process, the correlation between the Company’s operational performance and future risk exposure and directors’ remuneration distributed in accordance with the Articles of Incorporation of the Company. Taking the Company’s operating results and the contribution to Company’s performance into account, the remuneration distribution shall be proposed by remuneration committee to the Board of Directors for approval and the amount of payment shall be resolved by the Board of Directors. The emoluments payment of the president and vice president were according to the market average of each position, and the duties and responsibilities of such position, as well as personal contribution to the Company’s operation target. Besides taking overall operating performance of the Company into consideration, personal achievements and contributions made to business operations are also evaluated during the remuneration determination process. The employee compensation policy of the Company is established based on the employee’s ability, work performance, and the market value of the position, which has a positive correlation with the Company’s operating performance. The overall employee compensation includes basic salaries, bonuses and benefits three parts. The payment standard of basic salaries is set based on the market value for the positions. Bonuses are linked to the achievement of the employee and department key performance targets. The Company designs a well-thought-out benefits measures in accordance with the laws and regulations and by taking into consideration the needs of employees.

C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees ‘compensation and directors’ remuneration. The ratio shall not be lower than 8% for employees’ compensation and shall not be higher than 5% for directors’ remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the abovementioned employees’ compensation distributed in the form of shares or in cash.

D. For the years ended December 31, 2024 and 2023, the Company had loss, net of tax, so it did not estimate and distribute employees’ compensation and directors’ remuneration.

Information about employees’ compensation and directors’ remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense (benefit):

(a) Components of income tax expense (benefit):

	For the years ended December 31,	
	2024	2023
Deferred income tax:		
Origination and reversal of temporary differences	2,385	(11,065)
Income tax expense (benefit)	$ 2,385	($ 11,065)

(b) The income tax relating to components of other comprehensive income is as follow:

	For the years ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	$ 102	($ 44)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	For the years ended December 31,	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	($ 4,233)	($ 18,953)
Expense disallowed by tax requlation	(14)	(146)
Temporary difference not recognized as deferred tax assets	6,665	7,434
Change in assessment of realisation of deferred tax assets	4	600
Effect from tax-exempt income	(37)	-
Income tax expense (benefit)	$ 2,385	($ 11,065)

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

	For the year ended December 31, 2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts exceeded	$ 408	$ -	$ -	$ 408
Unrealized loss on inventory market value decline	1,702	(499)	-	1,203
Unrealized investment losses	17,735	(1,058)	-	16,677
Unrealized loss on interaffiliates	731	(668)	-	63
Tax losses	30,325	(162)	-	30,163
	$ 50,901	($ 2,387)	$ -	$ 48,514
Deferred tax liabilities				
Temporary differences:				
Pension tax differences	($ 340)	($ 26)	($ 102)	($ 468)
Unrealized exchange gain	(2,563)	28	-	(2,535)
	($ 2,903)	$ 2	($ 102)	($ 3,003)
	$ 47,998	($ 2,385)	($ 102)	$ 45,511

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts exceeded	$ 401	$ 7	$ -	$ 408
Unrealized loss on inventory market value decline	2,034	(332)	-	1,702
Unrealized investment losses	17,599	136	-	17,735
Unrealized loss on interaffiliates	80	651	-	731
Tax losses	21,129	9,196	-	30,325
	$ 41,243	$ 9,658	$ -	$ 50,901
Deferred tax liabilities				
Temporary differences:				
Pension tax differences	($ 358)	($ 26)	$ 44	($ 340)
Unrealized exchange gain	(3,996)	1,433	-	(2,563)
	($ 4,354)	$ 1,407	$ 44	($ 2,903)
	$ 36,889	$ 11,065	$ 44	$ 47,998

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2024					
Year incurred	Amount filed/ assessed		Unused amount	Unrecognized deferred tax assets	Expiry year
2020	$ 20,129	(Note 1)	$ 19,338	$ -	2030
2021	53,055	(Note 1)	53,055	-	2031
2022	29,427	(Note 1)	29,427	-	2032
2023	48,996	(Note 2)	48,996	-	2033
	$ 151,607		$ 150,816	$ -	

December 31, 2023					
Year incurred	Amount filed/ assessed		Unused amount	Unrecognized deferred tax assets	Expiry year
2020	$ 20,129	(Note 1)	$ 20,129	$ -	2030
2021	53,055	(Note 1)	53,055	-	2031
2022	29,427	(Note 2)	29,427	-	2032
2023	49,015	(Note 2)	49,015	-	2033
	$ 151,626		$ 151,626	$ -	

(Note 1) Amount assessed.

(Note 2) Amount field.

E. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences:		
Unrealized investment losses	$ 339,325	$ 306,002
Impairment loss on assets	2,501	2,501
	$ 341,826	$ 308,503

F. The Company’s income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of February 27, 2024.

(23) Loss per share

	For the year ended December 31, 2024		
	Amount after tax	Weighted average number of shares outstanding (share in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders	($ 23,550)	70,094	($ 0.34)

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (share in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders	($ 83,700)	70,091	($ 1.19)

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Purchase of property, plant and equipment	$ 3,846	$ 8,480
Add: Opening balance of other payables	178	1,344
Less: Ending balance of other payables	(317)	(178)
Cash paid for acquisition of property, plant and equipment	$ 3,707	$ 9,646

B. Investing activities with no cash flow effects:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Prepayment for equipment reclassified to property, plant and equipment	$ -	$ 21,008

(25) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Liabilities from financing activities-gross
At January 1, 2024	$ 165,152	$ 55,903	$ 221,055
Changes in cash flow from financing	(124,097)	(1,365)	(125,462)
Changes in other non-cash items	-	5,913	5,913
At December 31, 2024	$ 41,055	$ 60,451	$ 101,506

	Short-term borrowings	Lease liability	Liabilities from financing activities-gross
At January 1, 2023	$ 232,300	$ 57,109	$ 289,409
Changes in cash flow from financing	(67,148)	(1,206)	(68,354)
At December 31, 2023	$ 165,152	$ 55,903	$ 221,055

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Microcosm Technology (Samoa) Holding Limited	Subsidiary
Parlux Advanced Materials Co., Ltd.	Subsidiary
Yu Sheng Technology (Mauritius) Co., Ltd.	Subsidiary
Microcosm Technology (Suzhou) Co., Ltd.	Subsidiary
All directors, general managers and key management	The main management level and governance units of the Company

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2024	2023
Microcosm Technology (Suzhou) Co., Ltd.	$ 16,563	$ 17,038

(a) The transaction price of goods sold to subsidiaries is negotiated individually for each shipment, and the payment terms are 150 days after monthly billings, receiving from telegraphic transfer, and 30 to 165 days after monthly billings for general customers.

(b) For the years ended December 31, 2024 and 2023, the Company sold raw materials, work-in-process and finished goods to its subsidiaries, and the unrealized gain on inter-affiliate accounts were $311 and $3,651, respectively, which were recognized in ‘investments accounted for using equity method’.

B. Purchases

	For the years ended December 31,	
	2024	2023
Subsidiaries	$ 395	$ 1,106

The transaction price of goods purchase from subsidiaries is roughly the same as the general suppliers, and the payment terms are 30 to 90 days after monthly billings, receiving from telegraphic transfer, and 30 to 120 days after monthly billings for general suppliers.

C. Research and development expenditures

	For the years ended December 31,	
	2024	2023
Parlux Advanced Materials Co., Ltd.	$ 5,981	$ 10,688
Subsidiaries	959	1,515
	$ 6,940	$ 12,203

D. Accounts receivable

	December 31, 2024	December 31, 2023
Microcosm Technology (Suzhou) Co., Ltd.	$ 10,293	$ 12,752

E. Other receivables (financing not included)

	December 31, 2024	December 31, 2023
Subsidiaries	$ -	$ 2

F. Accounts payable

	December 31, 2024	December 31, 2023
Subsidiaries	$ 29	$ 341

G. Other payables

	December 31, 2024	December 31, 2023
Subsidiaries	$ 208	$ 2,271

H. Loans to related parties (list as ‘other receivables - related parties’)

Outstanding balance:

	December 31, 2024	December 31, 2023
Microcosm Technology (Suzhou) Co., Ltd.	$ 15,256	$ 6,518

The loan to the subsidiary is repayable after 1 year maturity, and the loan to subsidiaries bear no interest.

(3) Key management compensation

	For the years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	$ 2,786	$ 2,781

8. PLEDGED ASSETS

The Company’s assets pledged as collateral are as follows:

Assrt pledged	December 31, 2024	December 31, 2023	Purpose of collateral
Time deposits of pledged (Note)	$ 4,837	$ 192,653	Performance guarantee, short-term borrowings
Buildings and structures of pledged (Note)	113,408	-	Short-term borrowings
	$ 118,245	$ 192,653	

(Note): Listed as "Financial assets at amortized cost - current", "Financial assets at amortized cost - non-current" and "Property, plant and equipment".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2024 and 2023, the Company's contracted but outstanding capital expenditures are $778 and $－, respectively.

(2) As of December 31, 2024 and 2023, the Company’s unused letters of credit amounted to $6,807 and $5,620, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Details of the Company’s financial instruments by category are provided in Note6 and Note12(3).

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i The Company operates internationally and is exposed to foreign exchange risk arising from the transactions various used in different currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and net investment in foreign operations.

ii Management has set up a policy to require company to manage their foreign exchange risk against their functional currency. The company is required to hedge the entire foreign exchange risk exposure with the Company treasury.

iii The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,181	32.794	$ 235,494
RMB:NTD	6,458	4.479	28,895
Investments accounted for under equity method			
USD:NTD	3,487	32.794	114,352
Financial liabilities			
Monetary items			
USD:NTD	232	32.794	7,608
RMB:NTD	42	4.479	188

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 15,553	30.707	$ 477,586
RMB:NTD	18,961	4.326	82,025
Investments accounted for under equity method			
USD:NTD	4,649	30.707	142,752
Financial liabilities			
Monetary items			
USD:NTD	83	30.707	2,549
RMB:NTD	152	4.326	658

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. When the NTD appreciated/depreciated by 1% against USD, the Company's after-tax net (loss) profit in 2024 and 2023 would increase/decrease by $1,823 and $3,800, respectively. When NTD appreciated/depreciated by 1% against RMB, the Company's after-tax net (loss) profit in 2024 and 2023 would increase/decrease by $230 and $651, respectively.

iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to $24,139 and ($290), respectively.

Price risk

i. The Company's equity instruments and debt instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity instruments and debt instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company mainly invests in open-end funds and corporate bonds. The prices of these financial assets are subject to the uncertainty of the future value of the investment targets. If the prices of these financial assets had increased/decreased by 1%, with all other variables held constant, the post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by $809 and $190, respectively, as a result of gains/losses on financial assets classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. However, partial interest rate risk is offset by the cash and cash equivalents held at variable rates. For the years ended December 31, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in NTD and USD.

ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1%, with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by $328 and $1,321, respectively. The main factor is that changes in interest expense result in floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and fair value through profit or loss.

ii. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

iii. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company manages its credit risk, whereby if the contract payments are past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument.

v. In line with credit risk management, the default occurs when the contract payments are past due over 180 days.

vi. The Company classifies customer's accounts receivable in accordance with geographic area and credit rating of customer. The Company applies the modified approach based on the loss rate methodology basis to estimate expected credit loss.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Company will group customers' accounts receivable according to the customer ratings, and adopt a simplified approach to adjust the estimated expected credit losses based on historical and current information for a specific period in consideration of future prospects. The provision ratios for losses on December 31, 2024 and 2023 are as follows:

December 31, 2024					
Customer rating	Not past due	Up to 2 months past due	2~4 months past due	4~6 months past due	More than 6 months past due
A	0.03%	0.03%	0.03%	10.00%	100.00%
B	0.03%	0.03%	0.03%	25.00%	100.00%
C	0.03%	0.03%	5.00%	50.00%	100.00%

December 31, 2023					
Customer rating	Not past due	Up to 2 months past due	2~4 months past due	4~6 months past due	More than 6 months past due
A	0.03%	0.03%	0.03%	10.00%	100.00%
B	0.03%	0.03%	0.03%	25.00%	100.00%
C	0.03%	0.03%	5.00%	50.00%	100.00%

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the following table are the undiscounted contractual flows.

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 41,069	$ -	$ -	$ -
Accounts payable	2,967	-	-	-
Other payables	14,641	-	-	-
Lease liabilities	2,852	2,852	8,555	71,294

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 165,574	$ -	$ -	$ -
Notes payable	582	-	-	-
Accounts payable	4,767	-	-	-
Other payables	21,387	-	-	-
Lease liabilities	2,579	2,579	7,738	67,062

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rates		
Expiring within one year	$ 674,932	$ 539,935

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in corporate bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortized cost – non-current, guarantee deposit paid, short-term borrowings, notes payable, accounts payable and other payables) are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 14,961	$ -	$ -	$ 14,961
Debt instruments	-	65,979	-	65,979
	$ 14,961	$ 65,979	$ -	$ 80,940

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 18,983	$ -	$ -	$ 18,983

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Open-end fund
Market quoted price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information for the year ended December 31, 2024 is disclosed.)

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting years: None.

J. Significant inter-company transactions during the reporting years: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

Not applicable.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		$ 40
Checking deposits		6
Demand deposits - NTD		25,096
- foreign currency	USD 942 thousand @ 32.794	32,295
	JPY 369 thousand @ 0.2100	
	CNY 298 thousand @ 4.479	
Cash equivalents:		
Time deposits - NTD	Maturity date: January 18, 2025, interest rate range: 1.285%	6,000
Time deposits - foreign currency	USD 3,000 thousand @ 32.794, maturity date: between February 17, 2025 to February 21, 2025, interest rate ranges from 4.7% to 4.9%	98,382
		$ 161,819

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (In Thousand Shares or Units)	Par Value	Total Amount	Interest Rate	Cost	Fair Value Unit Price (In Dollars)	Fair Value Total Amount	Note
Beneficiary certificates	JPMorgan Funds – China Fund - JPM China A(acc) – USD	3	—	$ 4,624	—	$ 7,082	USD 39.92	$ 4,264	—
	JPMorgan Funds - Greater China Fund A (acc) - USD	4	—	5,735	—	7,846	USD 43.27	5,735	—
	JPMorgan Korea Fund - JPMorgan Korea (acc) - USD	1	—	2,923	—	4,082	USD 59.59	2,923	—
	Allianz Global Investors Greater China Fund - CNY	20	—	2,039	—	1,754	CNY 23.08	2,039	—
Corporate bobds	UBS Group AG	-	USD 250 thousand	9,951	9.02%	9,350	USD 1.2138	9,951	—
	Mizuho Financial Group Inc.	-	USD 200 thousand	6,643	5.41%	6,188	USD 1.0128	6,643	—
	Société Générale S.A.	-	〃	6,715	6.45%	6,320	USD 1.0238	6,715	—
	HSBC Holdings PLC	-	〃	6,931	7.39%	6,528	USD 1.0567	6,931	—
	Morgan Stabley	-	〃	6,483	5.25%	6,088	USD 0.9885	6,483	—
	Hyundai Capital America	-	〃	6,737	6.10%	6,453	USD 1.0271	6,737	—
	JPMorgan Chase & Co.	-	〃	6,791	6.09%	6,558	USD 1.0354	6,791	—
	Baralays PLC	-	USD 450 thousand	15,728	6.69%	14,752	USD 1.0658	15,728	—
				$ 80,940		$ 83,001		$ 80,940	

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Time deposits expiring between three months and a year	maturity date: between January 24, 2025 to November 26, 2025, interest rate ranges from 1.28% to 1.69%.	$ 151,200	—

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount
A company	Accounts receivable	$ 14,178
B company	〃	4,009
C company	〃	2,677
D company	〃	1,870
Others (less than 5%)	〃	1,752
		$ 24,486

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES, NET
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollar)

Client Name	Description	Amount
Microcosm Technology (Suzhou) Co., Ltd.	Accounts receivable	$ 10,293

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF OTHER RECEIVABLES - RELATED PARTIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Object Name	Description	Amount
Microcosm Technology (Suzhou) Co., Ltd.	Loans to others	$ 15,256

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note	Collateral
	Cost	Market Value		
Raw materials	$ 10,659	$ 11,230	Work in progress and finished goods were valued by net realisable value while raw materials used replacement cost as net realisable value.	None
Work in progress	1,047	2,810		〃
Finished goods	7,082	6,086		〃
	18,788	$ 20,126		
Less: Allowance for marker price deline	(6,014)			
	$ 12,774			

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
Name	Number of shares (In thousand shares)	Amount	Number of shares (In thousand shares)	Amount	Number of shares (In thousand shares)	Amount	Number of shares (In thousand shares)	Percentage of Ownership	Amount	Unit Price (In Dollars)	Total Amount	Collateral	Note
Microcosm Technology (Samoa) Holdings Limited	16,060	$ 139,101	-	$ 4,924	-	($ 29,984)	16,060	100%	$ 114,041	7.10	114,041	None	—
Parlux Advanced Materials Co., Ltd.	3,300	9,332	-	595	-	-	3,300	〃	9,927	2.82	9,321	〃	—
	19,360	148,433	-	5,519	-	(29,984)	19,360		123,968		123,362		
Less: Accumulated impairment		(606)		-		-			(606)				
		$ 147,827		$ 5,519		($ 29,984)			$ 123,362				

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN COST OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7) for the information related to property, plant and equipment.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7) for the information related to property, plant and equipment. Please refer to Note 4(13) for the method to determine depreciation and useful lives for assets.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Increase/Decrease	Ending Balance	Note
Land	$ 63,534	$ 5,913	$ 69,447	—

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Addition	Ending Balance	Note
Land	$ 11,354	$ 1,874	$ 13,228	—

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(9) for the information related to intangible assets.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN DEFERRED INCOME TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(22) for the information related to income taxes.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Secured bank borrowings	Mega International Commercial Bank	$ 35,000	2024.01.31～2025.01.30	0.50%	$ 120,000	Buildings and structures	—
Unsecured bank borrowings	E.SUN Bank	3,247	2024.11.12～2025.02.20	5.53%	100,000	None	—
〃	Taipei Fubon Bank	2,572	2024.11.07～2025.02.03	5.18%	150,000	〃	—
〃	Shanghai Commercial & Savings Bank	236	2024.11.29～2025.02.03	5.52%	32,794	〃	—
		$ 41,055					

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and rewards payable	$ 6,918
Expendable expenses payable	1,040
Insurance expense payable	977
Others (less than 5%)	5,706
	$ 14,641

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF LEASE LIABILITIES - NON-CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Lease period	Discount Rate	Amount	
Lease liabilities - land	January, 2019 ~ December, 2038	2.41%	$	60,451
Less: Current portion			(	1,398)
			$	59,053

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Volume	Amount
Bonding sheet	828 kilometres	$ 63,918
FPC substrate and coverlayer	325 kilometres	51,627
Raw materials and work in progress	9 kilometres	2,302
Others	1 (Note)	2,571
		$ 120,418

(Note) Units of volume include kilometres and kilograms.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Raw materials at January 1, 2024	$ 9,171
Add: Raw materials purchased	58,687
Less: Transferred to expenses	(744)
Raw materials sold	(410)
Raw materials at December 31, 2024	(10,659)
Raw materials used	56,045
Direct labor	6,648
Manufacturing overhead	34,539
Manufacturing cost	97,232
Work in progress at January 1, 2024	915
Less: Transferred to expenses	(34)
Work in progress at December 31, 2024	(1,047)
Cost of finished goods	97,066
Finished goods at January 1, 2024	9,401
Less: Transferred to expenses	(397)
Finished goods at December 31, 2024	(7,082)
Cost of goods manufactured and sold	98,988
Sale of raw materials	410
Cost of goods sold	99,398
Reversal of allowance for inventory market price	(2,494)
	$ 96,904

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Utility expenses	$ 11,854
Depreciation	7,358
Wages and salaries	6,085
Others (less than 5%)	9,242
	$ 34,539

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Freight expenses	$ 2,119
Export taxes	1,077
Wages and salaries	728
Import/export expenses	646
Advertising expenses	489
Sample expenses	365
Others (less than 5%)	550
	$ 5,974

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	$ 11,312
Service fee	2,687
Traveling expenses	1,238
Security fee	1,199
Insurance expenses	1,192
Others (less than 5%)	4,893
	$ 22,521

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	$ 19,885
Expendable expenses	15,579
Depreciation	11,248
Outsourced research expenses	3,406
Others (less than 5%)	12,303
	$ 62,421

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(19) for the information related to finance costs.

MICROCOSM TECHNOLOGY CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(20) for the information related to expenses by nature and Note 6(21) for the information related to employee benefit expense.

MICROCOSM TECHNOLOGY CO., LTD.
Loans to others
For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	Account	Related party	Maximum balance	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Total transation amount	Reason for financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
0	Microcosm Technology Co., Ltd.	Microcosm Technology (Suzhou) Co., Ltd.	Other receivables	Y	$ 15,000	$ 15,000	$ 14,155	-	2	$ -	Operational needs	$ -	-	$ -	$ 43,130	$ 172,519	(Note 2) (Note 4)
	〃	〃	〃	Y	16,000	16,000	1,101	-	2	-	Operational needs	-	-	-	43,130	172,519	(Note 2) (Note 4)
1	Parlux (Suzhou) Optoelectronics Corporation	Microcosm Technology (Suzhou) Co., Ltd.	Other receivables	Y	4,228	4,228	4,228	-	2	-	Operational needs	-	-	-	4,546	4,546	(Note 3)

Note 1: The numbers filled in for the 'Nature of loan' provided by the Company are as follows:
1. Business transaction
2. Short-term financing

Note 2 : The calculation of limit on loans granted to a single party and ceiling on total loans granted are as follows:
1. Ceiling on total loans granted: 20 % of the Company's net assets.
2. Limit on a single party:
(1) Business transaction: The individual limit should not exceed the amount of business transactions of the borrower.
(2) Financing: Financing activities to a single party should not be in excess of 5% of creditor's net assets, and the total loan amount should not be in excess of 10% of creditor's net assets.

Note 3 : The calculation of limit on loans granted to a single party and ceiling on total loans granted are as follows:
1. Ceiling on total loans granted: 110 % of creditor's net assets.
2. Limit on a single party:
(1) Business transaction: The individual limit should not exceed the amount of business transactions of the borrower.
(2) Financing: Financing activities to a single party should not be in excess of 110% of the subsidiary's net assets, and the total loan amount should not be in excess of 110% of the subsidiary's net assets.

Note 4: In accordance with “Procedures for Provision of Loans”, it shall be implemented after having approval from the Board of Directors and reported to the shareholders.

Note 5: The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the annual reporting period. (RMB:NTD 1:4.479).

MICROCOSM TECHNOLOGY CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2024

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024 Number of shares (in thousand shares or thousand units)	Book value	Ownership (%)	Fair value	Note
Microcosm Technology Co., Ltd.	Beneficiary certificates:							
	JPMorgan Funds - China Fund - JPM China A(acc) - USD	—	Financial assets at fair value through profit or loss — current	3	$ 4,264	-	$ 4,264	—
	JPMorgan Funds - Greater China Fund A (acc) - USD	—	Financial assets at fair value through profit or loss — current	4	5,735	-	5,735	—
	JPMorgan Korea Fund - JPMorgan Korea (acc) - USD	—	Financial assets at fair value through profit or loss — current	1	2,923	-	2,923	—
	Allianz Global Investors Greater China Fund - CNY	—	Financial assets at fair value through profit or loss — current	20	2,039	-	2,039	—
	Corporate bonds:							—
	UBS Group AG	—	Financial assets at fair value through profit or loss — current	-	9,951	-	9,951	—
	Mizuho Financial Group Inc.	—	Financial assets at fair value through profit or loss — current	-	6,643	-	6,643	—
	Société Générale S.A.	—	Financial assets at fair value through profit or loss — current	-	6,715	-	6,715	—
	HSBC Holdings PLC	—	Financial assets at fair value through profit or loss — current	-	6,931	-	6,931	—
	Morgan Stanley	—	Financial assets at fair value through profit or loss — current	-	6,483	-	6,483	—
	Hyundai Capital America	—	Financial assets at fair value through profit or loss — current	-	6,737	-	6,737	—
	JPMorgan Chase & Co.	—	Financial assets at fair value through profit or loss — current	-	6,791	-	6,791	—
	Barclays PLC	—	Financial assets at fair value through profit or loss — current	-	15,728	-	15,728	—

MICROCOSM TECHNOLOGY CO., LTD.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2024

Table 3

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
0	Microcosm Technology Co., Ltd.	Microcosm Technology (Suzhou) Co., Ltd.	1	Sales revenue	($ 16,563)	150 days after monthly-closing, T/T	(13%)
			1	Accounts receivable	10,293	–	1%
			1	Other receivables	15,256	–	1%
		Parlux Advanced Materials Co., Ltd.	1	Research and development expense	5,981	–	5%
1	Parlux (Suzhou) Optoelectronics Corporation	Microcosm Technology (Suzhou) Co., Ltd.	3	Other receivables	4,228	–	–

Note 1: Transactions among the Company and subsidiaries with amount over NT$1 million and one side of them are disclosed.

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 3: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MICROCOSM TECHNOLOGY CO., LTD.
Information on investees (not including investees in Mainland China)
For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD

				Initial investment amount		Shares held as of December 31, 2024					
Investor	Investee	Location	Main business activities	Balance as of December 31, 2024	Balance as of December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Note
Microcosm Technology Co., Ltd.	Microcosm Technology (Samoa) Holdings Limited	Independent State of Samoa	General investment	$ 526,402	$ 526,402	16,060,000	100	$ 114,041	($ 33,324)	($ 33,324)	Subsidiary
	Parlux Advanced Materials Co., Ltd.	Taiwan	Manufacture of lighting	27,399	27,399	3,300,000	100	9,321	595	595	Subsidiary
Microcosm Technology (Samoa) Holdings Limited	Yu Sheng Technology (Mauritius) Co., Ltd.	Republic of Mauritius	General investment	526,344	526,344	16,050,000	100	114,382	(34,009)	(Note 1)	Subsidiary

Note 1: The investment income (loss) does not need to be disclosed per the rules.
Note 2: The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the annual reporting period. (USD:NTD 1:32.794).

MICROCOSM TECHNOLOGY CO., LTD.
Information on investments in Mainland China
For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Company for the year ended December 31, 2024（Note 3）	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Microcosm Technology (Suzhou) Co., Ltd.	Protective film, reinforced film, polyimide film, copper clad laminate, rolled copper foil, electrolytic copper foil, single-sided pure film, double-sided pure film, release film and release paper	$ 524,704	（Note 1）	$ 524,704	$ -	$ -	$ 524,704	($ 33,862)	100.00	($ 33,862)	$ 113,334	$ -	—
Parlux (Suzhou) Optoelectronics Corporation	Manufacture and sales of lighting and electronic	4,479	（Note 2）	-	-	-	-	-	100.00	-	4,133	-	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024 (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Microcosm Technology Co., Ltd.	$ 524,704	$ 524,704	$ 517,558

Note 1: Through investing in a company in the third area, which then invested in the investee (Yu Sheng Technology (Mauritius) Co., Ltd.) in Mainland China.
Note 2: Through investing in a company in Mainland China, which then invested in the investee (MICROCOSM TECHNOLOGY(Suzhou) CO., LTD.) in Mainland China.
Note 3: The investment income (loss) is recognized based on the investees' financial statements that were audited by the parent company's auditors for the year ended December 31, 2024.
Note 4: The Group invested CNY1,000 thousand in Parlux (Suzhou) Optoelectronics Corporation. In accordance with the 'Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China', reinvestments of the Mainland China investees, excecpt those investees who are holding companies shall first be approved by the Investment Commission of the Ministry of Economic Affairs (MOEA), other reveinvestments are not required to apply for approval from the MOEA.
Note 5: The ceiling of investment amount of the Company is calculated based on the 60% of the investor's net assets or combined net assets (which is higher).
Note 6: The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates prevailing at the end of the annual reporting period. (USD:NTD 1:32.794; RMB:NTD 1:4.479).

MICROCOSM TECHNOLOGY CO., LTD.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2024

Table 6 Expressed in thousands of NTD

	Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2024	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate	Interest during the year ended December 31, 2024	Others
Microcosm Technology (Suzhou) Co., Ltd.	$ 16,563	14%	$ -	-	$ 10,293	29%	$ -	-	$ 31,000	$ 15,256 (Note)	-	$ -	—

Note : It was an actual drawdown.

MICROCOSM TECHNOLOGY CO., LTD.
Major shareholders information
December 31, 2024

Table 7 Expressed in shares

Name of major shareholders	Number of shares held		Ownership (%)	Note
	Common share	Preference share		
Tong Ying Investment Limited	20,635,758	-	29.43%	—
Yi Ying Investment Co., Ltd.	14,136,157	-	20.16%	—
Yong Ying Investment Co., Ltd.	8,957,012	-	12.77%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by the Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

MICROCOSM TECHNOLOGY CO.,LTD.

Chairperson： Huang, Tang-Chieh