

**TSEC Corporation
and Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report**

Q1 2025 and 2024

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Independent Auditors' Review Report

To Board of Directors and Shareholders of TSEC Corporation

Introduction

We have reviewed the accompanying consolidated financial statements of TSEC Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of March 31, 2025 and 2024 the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of Group the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews and the report of other auditors (please refer to other matters), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, the financial performance for the three months ended March 31, 2025 and 2024, and the financial performance and consolidated cash flow for three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter Paragraph

In the consolidated financial statements of the invested company included in the evaluation of equity method by the TSEC Corporation Group, the financial statements of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were not reviewed by our auditors, but by other auditors. Therefore, the conclusions made by our auditors regarding the amounts presented in the financial statements of investee companies in the aforementioned consolidated financial statements are based on the review results of the other auditors. As of March 31, 2025 and 2024, the investment balance in investee companies in the aforementioned accounted for NT\$550,547 thousand and NT\$553,197 thousand, representing 5.5% and 4.7% of the total consolidated assets. The share of profit or loss of the investees recognized under the equity method for the three months ended March 31, 2025 and 2024 were NT\$2,178 thousand and NT\$3,130 thousand, respectively, accounting for 1.77% and 14.1% of the consolidated total comprehensive income.

Deloitte & Touche

CPA Cheng-Chuan Yu

CPA Meng-Kuei Yu

Securities and Futures Commission Approval Number
Tai-Cai-Zheng-Liu-Zi No. 0930128050

Financial Supervisory Commission Approval Number
Jin-Guan-Zheng-Shen-Zi No. 1130357402

May 8, 2025

TSEC CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2025 and December 31 and March 31, 2024

Unit: NT\$ thousand

Code	ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 583,181	6	\$ 622,182	6	\$ 876,734	7
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2	-	-	-	-	-
1136	Financial assets at amortized cost - current (Notes 4, 8 and 32)	113,323	1	128,087	1	87,054	1
1150	Notes receivable (Notes 4, 9 and 25)	725,871	7	507,276	5	-	-
1172	Accounts receivable (Notes 4, 9 and 25)	376,768	4	785,407	8	1,744,422	15
1180	Accounts receivable from related parties (Notes 4, 9, 25 and 31)	4	-	8	-	8	-
1200	Other receivables (Notes 4 and 9)	3,500	-	1,375	-	2,654	-
1210	Other receivables from related parties (Notes 4 and 31)	421	-	147	-	389	-
1220	Current tax assets (Note 4)	3,687	-	3,535	-	2,657	-
130X	Inventories (Notes 4 and 10)	1,097,943	11	1,165,372	11	1,219,995	10
1470	Other current assets (Note 18)	55,763	1	25,548	-	80,944	1
11XX	Total current assets	<u>2,960,463</u>	<u>30</u>	<u>3,238,937</u>	<u>31</u>	<u>4,014,857</u>	<u>34</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income – non-current (Note 4 and 11)	45,020	-	-	-	-	-
1535	Financial assets at amortized cost - non-current (Notes 4, 8 and 32)	60,797	1	65,717	1	61,598	1
1550	Investments accounted for using the equity method (Notes 4, 13 and 32)	779,404	8	780,621	8	783,580	7
1600	Property, plant and equipment (Notes 4, 14 and 32)	5,565,169	56	5,661,295	55	6,151,138	52
1755	Right-of-use assets (Notes 4 and 15)	2,557	-	5,780	-	13,883	-
1760	Investment properties (Notes 4 and 16)	3,994	-	4,453	-	-	-
1780	Other intangible assets (Notes 4 and 17)	7,646	-	8,760	-	6,759	-
1840	Deferred tax assets (Note 4)	243,231	2	246,460	2	242,767	2
1990	Other non-current assets (Notes 18 and 31)	266,485	3	310,695	3	486,105	4
15XX	Total non-current assets	<u>6,974,303</u>	<u>70</u>	<u>7,083,781</u>	<u>69</u>	<u>7,745,830</u>	<u>66</u>
1XXX	TOTAL	<u>\$ 9,934,766</u>	<u>100</u>	<u>\$ 10,322,718</u>	<u>100</u>	<u>\$ 11,760,687</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19 and 32)	\$ 113,593	1	\$ 150,204	2	\$ 200,640	2
2110	Short-term bills payable (Notes 19 and 32)	109,847	1	129,842	1	79,905	1
2130	Contract liabilities (Notes 4, 25 and 31)	32,369	-	47,582	1	319,704	3
2150	Notes payable (Note 20)	14	-	10	-	15	-
2170	Accounts payable (Note 20)	216,044	2	213,989	2	289,233	2
2219	Other payables (Notes 21)	201,382	2	294,690	3	424,715	3
2280	Lease liabilities - current (Notes 4 and 15)	2,235	-	4,781	-	11,293	-
2320	Current portion of long-term borrowings (Notes 19 and 32)	464,353	5	446,345	4	560,791	5
2399	Other current liabilities (Note 21)	23,018	-	23,500	-	18,191	-
21XX	Total current liabilities	<u>1,162,855</u>	<u>11</u>	<u>1,310,943</u>	<u>13</u>	<u>1,904,487</u>	<u>16</u>
	Non-current liabilities						
2540	Long term-term borrowings (Notes 19 and 32)	1,735,191	18	1,852,453	18	1,864,142	16
2550	Provision for liabilities (Note 4)	28,915	-	28,604	-	26,089	-
2570	Deferred tax liabilities (Note 4)	7,777	-	7,048	-	3,992	-
2580	Lease liabilities - non-current (Notes 4 and 15)	322	-	1,060	-	2,761	-
2635	Preferred stock liabilities - non-current (Notes 4 and 23)	287,949	3	287,949	3	287,949	3
2670	Other non-current liabilities (Note 21)	1,080	-	1,080	-	-	-
25XX	Total non-current liabilities	<u>2,061,234</u>	<u>21</u>	<u>2,178,194</u>	<u>21</u>	<u>2,184,933</u>	<u>19</u>
2XXX	Total liabilities	<u>3,224,089</u>	<u>32</u>	<u>3,489,137</u>	<u>34</u>	<u>4,089,420</u>	<u>35</u>
	Equity attributable to owners of the Company (Note 24)						
3110	Share capital	5,127,967	52	5,127,967	50	5,127,967	44
3200	Capital surplus	1,965,641	20	1,965,641	19	1,965,635	17
	(Cumulative losses) retained earnings						
3310	Legal reserve	76,100	1	76,100	1	23,373	-
3320	Special reserve	170,900	2	170,900	1	171,049	1
3350	(Losses to be covered) Undistributed earnings	(628,177)	(7)	(339,398)	(3)	550,883	5
3300	(Cumulative losses) Total retained earnings	(381,177)	(4)	(92,398)	(1)	745,305	6
3400	Other equity	(4,632)	-	(170,510)	(2)	(170,627)	(2)
31XX	Total equity attributable to owners of the Company	<u>6,707,799</u>	<u>68</u>	<u>6,830,700</u>	<u>66</u>	<u>7,668,280</u>	<u>65</u>
36XX	Non-controlling interests (Note 24)	2,878	-	2,881	-	2,987	-
3XXX	Total equity	<u>6,710,677</u>	<u>68</u>	<u>6,833,581</u>	<u>66</u>	<u>7,671,267</u>	<u>65</u>
	TOTAL	<u>\$ 9,934,766</u>	<u>100</u>	<u>\$ 10,322,718</u>	<u>100</u>	<u>\$ 11,760,687</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.
(Please refer to the CPA Report by Deloitte Taiwan issued on May 8, 2025)

Chairperson: Wei Jen Investment Co. Ltd.
Representative: Kuo-Jung Liao

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

TSEC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2025 and 2024

Unit: In NT\$1,000 except earnings (loss) per share, which is in NT\$1

Code		For the three months ended March 31, 2025		For the three months ended March 31, 2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 25, 31 and 37)	\$ 741,598	100	\$ 1,167,606	100
5000	Operating costs (Notes 10, 22 and 25)	<u>772,434</u>	<u>104</u>	<u>1,034,198</u>	<u>89</u>
5900	Gross (loss) operating profit	(30,836)	(4)	133,408	11
5920	Realized gross (loss) profit on sales with associates	(<u>120</u>)	<u>-</u>	<u>239</u>	<u>-</u>
5950	Gross (loss) profit from operations, net	(<u>30,956</u>)	(<u>4</u>)	<u>133,647</u>	<u>11</u>
	Operating expenses (Notes 22, 25 and 31)				
6100	Selling and marketing	18,117	3	21,057	2
6200	General and administrative	44,280	6	64,227	5
6300	Research and development	12,487	2	18,083	2
6450	Expected credit impairment loss (reversal gain) (Note 9)	(<u>4,202</u>)	(<u>1</u>)	<u>135</u>	<u>-</u>
6000	Total operating expenses	<u>70,682</u>	<u>10</u>	<u>103,502</u>	<u>9</u>
6500	Other Incomes and expenses, net (Note 25)	(<u>941</u>)	<u>-</u>	(<u>393</u>)	<u>-</u>
6900	Net operating income (loss)	(<u>102,579</u>)	(<u>14</u>)	<u>29,752</u>	<u>2</u>
	Non-operating income and expenses				
7010	Other income (Note 25 and 31)	2,747	1	4,758	1
7020	Other gain and loss (Note 25)	659	-	2,948	-
7050	Finance costs (Note 25)	(15,992)	(2)	(19,388)	(2)
7060	Share of profit or loss of associates	(1,093)	-	2,236	-
7100	Interest income (Note 25)	<u>2,016</u>	<u>-</u>	<u>4,288</u>	<u>1</u>
7000	Total non-operating income and expenses	(<u>11,663</u>)	(<u>1</u>)	(<u>5,158</u>)	<u>-</u>
7900	Net income (loss) before tax	(114,242)	(15)	24,594	2
7950	Income tax expense (Notes 4 and 26)	(<u>3,936</u>)	(<u>1</u>)	(<u>2,623</u>)	<u>-</u>
8200	Net (loss) profit for the period	(<u>118,178</u>)	(<u>16</u>)	<u>21,971</u>	<u>2</u>

(Continued)

(Continued)

Code		For the three months ended March 31, 2025		For the three months ended March 31, 2024	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 24)	(\$ 4,811)	(1)	\$ -	-
8320	The share of other comprehensive income of associates and joint ventures recognized under the equity method (Note 24)	(4)	-	-	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in the translation of the financial statements of foreign operations (Note 24)	111	-	341	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	(22)	-	(68)	-
8300	Other comprehensive income (loss) for the period, net of income tax	(4,726)	(1)	273	-
8500	Total comprehensive income	(\$ 122,904)	(17)	\$ 22,244	2
	Net income (loss) attributable to:				
8610	Owners of the Company	(\$ 118,175)	(16)	\$ 21,973	2
8620	Non-controlling interests	(3)	-	(2)	-
8600		(\$ 118,178)	(16)	\$ 21,971	2
	Total comprehensive income attributable to:				
8710	Owners of the Company	(\$ 122,901)	(17)	\$ 22,246	2
8720	Non-controlling interests	(3)	-	(2)	-
8700		(\$ 122,904)	(17)	\$ 22,244	2
	Earnings (loss) per share (Note 27)				
9710	Basic	(\$ 0.23)		\$ 0.04	
9810	Diluted	(\$ 0.23)		\$ 0.04	

The accompanying notes are an integral part of the financial statements.
(Please refer to the CPA Report by Deloitte Taiwan issued on May 8, 2025)

Chairperson: Wei Jen Investment Co. Ltd.
Representative: Kuo-Jung Liao

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

TSEC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended march 31, 2025 and 2024

Unit: In NT\$ thousand, unless specified otherwise

		Equity attributable to owners of the Company (Note 24)										
		Share capital		Capital surplus	Retained earnings (accumulated losses)			Other equity		Total	Non-controlling interests (Notes 12 and 24)	Total equity
Code		Number of Shares (In Thousands)	Amount		Legal reserve	Special reserve	Unappropriated earnings (Losses to be covered)	Foreign differences in the translation of the financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
A1	Balance at January 1, 2024	512,797	\$ 5,127,967	\$ 1,965,635	\$ 23,373	\$ 171,049	\$ 528,910	(\$ 235)	(\$ 170,665)	\$ 7,646,034	\$ 2,989	\$ 7,649,023
D1	Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	-	21,973	-	-	21,973	(2)	21,971
D3	Other comprehensive (loss) income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	273	-	273	-	273
D5	Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	21,973	273	-	22,246	(2)	22,244
Z1	Balance at March 31, 2024	512,797	\$ 5,127,967	\$ 1,965,635	\$ 23,373	\$ 171,049	\$ 550,883	\$ 38	(\$ 170,665)	\$ 7,668,280	\$ 2,987	\$ 7,671,267
A1	Balance at January 1, 2025	512,797	\$ 5,127,967	\$ 1,965,641	\$ 76,100	\$ 170,900	(\$ 339,398)	\$ 206	(\$ 170,716)	\$ 6,830,700	\$ 2,881	\$ 6,833,581
Q1	Disposal of in equity instruments at fair value through other comprehensive income (Note 11)	-	-	-	-	-	(170,604)	-	170,604	-	-	-
D1	Net loss for the three months ended March 31, 2025	-	-	-	-	-	(118,175)	-	-	(118,175)	(3)	(118,178)
D3	Other comprehensive income after tax for the period for the three months ended March 31, 2025	-	-	-	-	-	-	89	(4,815)	(4,726)	-	(4,726)
D5	Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	(118,175)	89	(4,815)	(122,901)	(3)	(122,904)
Z1	Balance at March 31, 2025	512,797	\$ 5,127,967	\$ 1,965,641	\$ 76,100	\$ 170,900	(\$ 628,177)	\$ 295	(\$ 4,927)	\$ 6,707,799	\$ 2,878	\$ 6,710,677

The accompanying notes are an integral part of the financial statements.
(Please refer to the CPA Report by Deloitte Taiwan issued on May 8, 2025)

Chairperson: Wei Jen Investment Co. Ltd.
Representative: Kuo-Jung Liao

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

TSEC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended March 31, 2025 and 2024

Unit: NT\$ thousand

Code		For the three months ended March 31, 2025	For the three months ended March 31, 2024
	Cash flows from operating activities		
A10000	Net income (loss) before tax	(\$ 114,242)	\$ 24,594
A20010	Adjustments for:		
A20100	Depreciation expense	157,195	172,962
A20200	Amortization expenses	1,114	1,041
A20300	Expected credit impairment loss (reversal gain)	(4,202)	135
A20400	Net gain on fair value changes of financial assets at fair value through profit or loss	(2)	(892)
A20900	Finance costs	15,992	19,388
A21200	Interest income	(2,016)	(4,288)
A22300	Share of profit or loss of associates	1,093	(2,236)
A22500	Loss on disposal of property, plant and equipment	-	25
A23700	Write-down of inventories	-	4,289
A24000	Realized losses from associates (gain)	120	(239)
A24100	Net unrealized (gain) loss on foreign currency exchange	501	(1,223)
A29900	Provision for liabilities	733	1,068
A29900	Lease modification gain	(26)	(10)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	-	168
A31130	Notes receivable	(218,595)	83,894
A31150	Accounts receivable	412,841	(256,063)
A31160	Accounts receivable from related parties	4	42,429
A31180	Other receivables	(268)	447
A31190	Other receivables from related parties	(274)	996
A31200	Inventories	67,007	50,582
A31240	Other current assets	(31,684)	16,190
A32125	Contract liabilities	(15,213)	229,697
A32130	Notes payable	4	(8)
A32150	Accounts payable	1,008	(238,261)
A32180	Other payables	(48,296)	(16,561)
A32230	Other current liabilities	(482)	329
A33000	Cash from operating activities	222,312	128,453

(Continued)

(Continued)

Code		For the three months ended March 31, 2025	For the three months ended March 31, 2024
A33100	Interest received	\$ 1,628	\$ 3,827
A33300	Finance costs paid	(13,112)	(19,576)
A33500	Income tax paid	(152)	(317)
AAAA	Net cash generated from operating activities	<u>210,676</u>	<u>112,387</u>
	Cash Flows from Investing Activities		
B00010	Financial assets obtained at fair value through other comprehensive income (FVTOCI)	(49,831)	-
B00050	Proceeds from sale of financial assets at amortized cost	20,014	54,569
B02700	Payments for property, plant and equipment (Note 28)	(62,743)	(181,865)
B02800	Proceeds from disposal of property, plant, and equipment	-	22
B03800	Decrease in refundable deposits	<u>298</u>	<u>731</u>
BBB	Net cash used in investing activities	(<u>92,262</u>)	(<u>126,543</u>)
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	(36,611)	(141,196)
C00500	Increase in short-term bills payable	-	1
C00600	Decrease in short-term bills payable	(19,995)	-
C01600	Proceeds from long-term borrowings	-	102,000
C01700	Repayments of long-term borrowings	(99,254)	(264,284)
C04020	Repayments of the principal portion of lease liabilities	(<u>1,922</u>)	(<u>2,985</u>)
CCC	Net cash used in financing activities	(<u>157,782</u>)	(<u>306,464</u>)
DDD	Effects of Exchange Rate Changes on The Balance of Cash Held in Foreign Currencies	<u>367</u>	<u>3,000</u>
EEEE	Net decrease in cash and cash equivalents	(39,001)	(317,620)
E00100	Cash and Cash Equivalents at the Beginning of the Period	<u>622,182</u>	<u>1,194,354</u>
E00200	Cash And Cash Equivalents at the End of The Period	<u>\$ 583,181</u>	<u>\$ 876,734</u>

The accompanying notes are an integral part of the financial statements.
(Please refer to the CPA Report by Deloitte Taiwan issued on May 8, 2025)

Chairperson: Wei Jen Investment Co. Ltd.
Representative: Kuo-Jung Liao

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

TSEC CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unit: In NT\$ thousand, unless specified otherwise)

I. Company History

TSEC Corporation (the “Company”) was incorporated on June 24, 2010. The Company is mainly engaged in the design, manufacture, construction and sale of solar cells, modules and power plants.

The Company’s shares have been listed on the Taiwan Stock Exchange since October 1, 2015.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the Group, are presented in the Company’s functional currency, the New Taiwan dollar.

II. Date and Procedure for Approval of Financial Statements

The financial statements were approved by the Company’s Board of Directors on May 8, 2025.

III. Application of Newly Issued, Amended Standards and Interpretations

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

The application of the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Group's accounting policies.

- (II) IFRS Accounting Standards Approved by the FSC Applicable in 2025

New, Amended and Revised Standards and Interpretations	Effective Dates Issued by the International Accounting Standards Board (IASB)
Amendments to the application of the classification of financial assets in the "Classification and Measurement of Financial Instruments" of IFRS 9 and IFRS 7, regarding the application of the guidelines on the classification of financial assets.	January 1, 2026 (Note)

Note: The amendments are applicable for annual reporting periods beginning after January 1, 2026.

Entities may choose to apply them from January 1, 2025.

As of the date the consolidated financial statements were authorized for issue, the Group continues to evaluate the impact that the amendments have on its financial position and performance.

- (III) IFRS Accounting Standards Issued by the IASB but Not Yet Approved and Effective as Issued by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
“Annual Improvements to IFRS Standards - Volume 11”	January 1, 2026
Amendments to the application of the classification of financial assets in the "Classification and Measurement of Financial Instruments" of IFRS 9 and IFRS 7, regarding the application of the guidelines on the financial liability derecognition.	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	To be determined by IASB

New, Amended and Revised Standards and Interpretations Venture”	Effective Date Announced by IASB (Note)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
IFRS 19 “Disclosure of Non-Publicly Accountable Subsidiaries”	January 1, 2027

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

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The income statement shall be reported as operating income, pre-tax income before financing, and the sum and total of profit and loss.
- Provide guidance to strengthen aggregation and segmentation: The Group must identify the assets, liabilities, equity, income, expenses and cash flows generated from individual transactions or other matters, and group and aggregate them based on common characteristics, so that each line item presented in the financial statements has at least one similar characteristic. Items that are dissimilar from other items should be disaggregated. The Group only labels such items as “other” when no it is unable to find a more informative label.

- Increasing the disclosure of the performance measurement defined by management: When the Group has open communication outside the financial statements, and when management's view of the Group's overall financial performance on a certain aspect is disclosed to users of the financial statements, it shall be disclosed in a separate note to the financial statements on performance measurements defined by management, including descriptions of the measurements, how to calculate them, reconciliations between them and any subtotals or totals specified in IFRS, and the impact of relevant adjustments on income tax and non-controlling interests, etc.

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual consolidated financial statements.

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

See Notes 12 and Table 3 of Note 36 for detailed information on subsidiaries.

(IV) Other material accounting policies

Except for the explanations below, other explanations of significant accounting policies are described in the significant accounting policies section of the statements for the year ended December 31, 2024.

Income tax expense

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

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

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

The Group takes into account the impacts of inflation and possible market interest rate fluctuations on the relevant critical accounting estimates of cash flows, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Management of the Group evaluated that, there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

VI. Cash and Cash Equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash in hand and petty cash	\$ 609	\$ 609	\$ 609
Checking accounts and demand deposits	500,693	491,623	471,869
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>81,879</u>	<u>129,950</u>	<u>404,256</u>
	<u>\$ 583,181</u>	<u>\$ 622,182</u>	<u>\$ 876,734</u>

The market interest rate intervals of demand deposits and time deposits with maturities of 3 months or less at the end of reporting period were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Demand deposits	0.01%-1.10%	0%-2.17%	0.001%-1.45%
Time deposits with original maturities of 3 months or less	1.62%-4.44%	1.45%-4.67%	0.55%-5.35%

VII. Financial Instruments at Fair Value Through Profit or Loss

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial liabilities - held for trading</u>			
Derivative financial instruments (not under hedge accounting)-Foreign exchange forward contracts	\$ <u>2</u>	\$ <u>-</u>	\$ <u>-</u>

At the end of the period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

March 31, 2025

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Buy	RMB/NTD	2025.04.10	RMB 180 /NTD 822

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to hedge against most of the market price risk.

VIII. Financial Assets at Amortized Cost

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 55,118	\$ 85,302	\$ 41,854
Restricted assets - cash in banks	<u>58,205</u>	<u>42,785</u>	<u>45,200</u>
	<u>\$ 113,323</u>	<u>\$ 128,087</u>	<u>\$ 87,054</u>
<u>Non-current</u>			
Restricted assets - demand deposits and time deposits	<u>\$ 60,797</u>	<u>\$ 65,717</u>	<u>\$ 61,598</u>

As of March 31, 2025, December 31 and March 31, 2024, the range of interest rate were 0.66%-4.18%, 0.66%-4.55% and 0.54%-5.20%, respectively.

The financial assets at amortized cost-restricted assets of Groups were used as pledged deposits for secured borrowings from banks, performance guarantees, and borrowings for purchases. Refer to Note 32 for the details.

IX. Notes Receivable, Accounts Receivable and Other Receivables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 725,871	\$ 507,276	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 725,871</u>	<u>\$ 507,276</u>	<u>\$ -</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 376,768	\$ 789,609	\$ 1,764,617
Less: Allowance for impairment loss	<u>-</u>	<u>(4,202)</u>	<u>(20,195)</u>
	<u>\$ 376,768</u>	<u>\$ 785,407</u>	<u>\$ 1,744,422</u>
<u>Accounts receivable from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 4	\$ 8	\$ 8
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4</u>	<u>\$ 8</u>	<u>\$ 8</u>
<u>Other receivables</u>			
Interest receivable	\$ 1,699	\$ 1,311	\$ 2,610
Refund of prepayments receivable	1,469	-	-
Others	<u>332</u>	<u>64</u>	<u>44</u>
	<u>\$ 3,500</u>	<u>\$ 1,375</u>	<u>\$ 2,654</u>

(I) Notes receivable

The Group reviews the recoverable amount of the notes receivable on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible notes receivable. As of March 31, 2024, December 31, 2024 and March 31, the Group assessed that notes receivable did not require a provision for expected credit losses.

The aging analysis of notes receivable based on the account journal date is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
1-60 days	\$ 372,992	\$ 312,017	\$ -
61-90 days	157,620	195,259	-
91-180 days	<u>195,259</u>	<u>-</u>	<u>-</u>
	<u>\$ 725,871</u>	<u>\$ 507,276</u>	<u>\$ -</u>

(II) Accounts receivable/accounts receivable from related parties

The average credit period of accounts receivable is 30-75 days. No interest is charged on accounts receivable. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecast and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables (including related parties) based on the Group's provision matrix:

March 31, 2025

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 121 Days	Individual Assessment	Total
Expected credit loss rate	0%	-	-	-		
Gross carrying amount	\$ 130,865	\$ -	\$ -	\$ -	\$ 245,907	\$ 376,772
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 130,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,907</u>	<u>\$ 376,772</u>

December 31, 2024

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 121 Days	Individual Assessment	Total
Expected credit loss rate	0.02%	3.71%	4.55%	-		
Gross carrying amount	\$ 216,334	\$ 12,403	\$ 81,297	\$ -	\$ 479,583	\$ 789,617
Loss allowance (Lifetime ECLs)	(43)	(460)	(3,699)	-	-	(4,202)
Amortized cost	<u>\$ 216,291</u>	<u>\$ 11,943</u>	<u>\$ 77,598</u>	<u>\$ -</u>	<u>\$ 479,583</u>	<u>\$ 785,415</u>

March 31, 2024

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 121 Days	Individual Assessment	Total
Expected credit loss rate	0.02%	3.89%	4.55%	-		
Gross carrying amount	\$ 332,022	\$ 19,818	\$ 7,351	\$ -	\$ 1,405,434	\$ 1,764,625
Loss allowance (Lifetime ECLs)	(66)	(772)	(334)	-	(19,023)	(20,195)
Amortized cost	<u>\$ 331,956</u>	<u>\$ 19,046</u>	<u>\$ 7,017</u>	<u>\$ -</u>	<u>\$ 1,386,411</u>	<u>\$ 1,744,430</u>

The movements of the loss allowance of receivable were as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Balance at January 1	\$ 4,202	\$ 20,060
Add: Provision for impairment loss for the period	-	135
Less: Reversal of impairment loss for the period	(4,202)	-
Balance, end of period	<u>\$ -</u>	<u>\$ 20,195</u>

Refer to Note 30(4) for details of the Group's concentration of credit risk of receivables as of March 31, 2025, December 31 and March 31, 2024.

(III) Other receivables

The Group's account of other receivables is Major interest receivable. The Group adopted a policy of dealing only with credit worthy counterparties. The Group determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of March 31, 2025, December 31 and March 31, 2024, the Group assessed that the expected credit loss rate of other receivables was 0%.

X. Inventory

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 946,848	\$ 953,812	\$ 856,519
Finished goods	132,237	196,138	255,053
Construction in progress	10,089	8,554	71,983
Work in process	<u>8,769</u>	<u>6,868</u>	<u>36,440</u>
	<u>\$ 1,097,943</u>	<u>\$ 1,165,372</u>	<u>\$ 1,219,995</u>

The nature of the cost of goods sold is as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Cost of inventories sold	\$ 744,305	\$ 1,018,080
Inventory write-downs	-	4,289
Others	28,129	11,829
	<u>\$ 772,434</u>	<u>\$ 1,034,198</u>

XI. Financial Assets at Fair Value Through Other Comprehensive Income

Investments in Equity Instruments at FVTOCI

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-current</u>			
Domestic listed common shares			
Quanta Computer Inc.	\$ 35,920	\$ -	\$ -
Taiwan Semiconductor Manufacturing Co., Ltd.	9,100	-	-
	<u>\$ 45,020</u>	<u>\$ -</u>	<u>\$ -</u>
Domestic non-listed common shares			
Eversol Corporation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Group invests in the above-mentioned common shares for medium and long-term strategic purposes, and expects to make profits through long-term investments. The Group's management believes that if the fluctuations of the short-term fair value of these investments are recognized in profit or loss, it will be inconsistent with the aforementioned long-term investment strategy, so it has elected to designate such investments as at fair value through other comprehensive income.

As Eversol Corporation was discontinued on January 2, 2025, the Group therefore derecognized its shares in the company, and transferred the related other equity - unrealized loss of valuation of financial assets measured at fair value through other comprehensive income of NT\$170,604 thousand to retained earnings.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

The entity responsible for preparing these consolidated statements is as follows:

Name of the investment company	Name of subsidiary	Business nature	Percentage of ownership		
			March 31, 2025	December 31, 2024	March 31, 2024
TSEC Corporation	TSEC America, Inc. (Note 1)	Sales of solar related products; main operating risk is exchange rate	100%	100%	100%
	Houchang Energy Corporation (Hou Chang Energy) (Note 3)	Energy storage system operations; main operating risks are government regulations and natural disasters	100%	100%	100%
	Changyang Optoelectronics Corporation (Changyang Optoelectronics) (Note 5)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	-	-	80%
	Yunsheng Optoelectronics Corporation (Yunsheng Optoelectronics)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	100%	100%	100%
	Yunxing Optoelectronics Corporation (Yunxing Optoelectronics)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	100%	100%	100%
	TSECPV (HK) LIMITED (Note 4)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	-	-	100%
	Hengli Energy Corporation (Hengli Energy) (Note 2)	Sales of renewable energy and provision of energy technology services; main operating risks are government regulations and natural disasters	100%	100%	100%
	Yuan Jin Energy Co., Ltd. (Yuan Jin Energy)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	90%	90%	90%
	Hengyong Energy Corporation (Hengyong Energy)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	100%	100%	100%
Hou Chang Energy Corporation	Yongli Energy Corporation (Yongli Energy)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	100%	100%	100%
Yuan Jin Energy Co., Ltd.	Jinjing Electric Power Co., Ltd. (Jinjing Electric Power)	Sales of solar power generating equipment and provision of energy technology services; main operating risks are government regulations and natural disasters	100%	100%	100%

Note 1: On September 11, 2018, the Group resolved to liquidate and dissolve its subsidiary TSEC AMERICA, INC. As of May 8, 2025, TSEC AMERICA, INC. had yet to execute its liquidation process.

Note 2: In May 2024, the company increased its investment in its subsidiary Hengli Energy by NT\$4,900 thousand, with the ownership ratio remaining unchanged.

Note 3: The Company increased its capital in the subsidiary Hou Chang Energy by NT\$40,000 thousand in July 2024, and the Company's shareholding percentage remained unchanged.

Note 4: TSECPV(HK) LIMITED completed the liquidation process in August 2024.

Note 5: Changyang Optoelectronics completed the liquidation process in September 2024.

For the nature of business, primary business premise, and the information on the registered country of the above subsidiary, please refer to Table 3 in Note 36.

XIII. Investments Accounted for Using the Equity Method

Investments in Associates

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Associates with materiality			
Holdgood Energy			
Development Corporation			
(Holdgood)	\$ 228,857	\$ 227,896	\$ 230,383
Yuan-Yu Solar Energy Co.,			
Ltd. (Yuan-Yu)	131,561	131,472	127,175
NFC III Renewable Power			
Co., Ltd. (NFC III)	<u>418,986</u>	<u>421,253</u>	<u>426,022</u>
	<u>\$ 779,404</u>	<u>\$ 780,621</u>	<u>\$ 783,580</u>

Associates with materiality

<u>Company name</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Holdgood	45.49%	45.49%	45.49%
Yuan-Yu	20%	20%	20%
NFC III	24%	24%	24%

Please refer to Table 3 in Note 36 for the business nature, main business location, and country of registration of the associate above.

The Group adopted the equity method to measure all the above-mentioned associates.

Refer to Note 32 for the merged company issued the equity of Yuan-Yu to the financial bank as collateral for Yuan-Yu financing.

The share of profit or loss and other comprehensive income of investments accounted for using the equity method were calculated based on their financial statements which have been reviewed by the auditors for the same periods.

XIV. Property, Plant and Equipment

Assets Used by the Group

	Land	Buildings	Machinery	Office equipment	Other equipment	Construction in progress	Total
<u>Cost</u>							
Balance at January 1, 2025	\$ 1,071,526	\$ 4,693,236	\$ 2,962,082	\$ 24,738	\$ 329,999	\$ 109,295	\$ 9,190,876
Additions	-	5,684	46,895	-	597	5,547	58,723
Reclassification	-	19,414	-	-	-	(19,414)	-
Balance at March 31, 2025	<u>1,071,526</u>	<u>4,718,334</u>	<u>3,008,977</u>	<u>24,738</u>	<u>330,596</u>	<u>95,428</u>	<u>9,249,599</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2025	-	2,045,712	1,227,248	24,674	231,947	-	3,529,581
Depreciation expense	-	33,511	111,873	10	9,455	-	154,849
Balance at March 31, 2025	-	<u>2,079,223</u>	<u>1,339,121</u>	<u>24,684</u>	<u>241,402</u>	-	<u>3,684,430</u>
Net as of March 31, 2025	<u>\$ 1,071,526</u>	<u>\$ 2,639,111</u>	<u>\$ 1,669,856</u>	<u>\$ 54</u>	<u>\$ 89,194</u>	<u>\$ 95,428</u>	<u>\$ 5,565,169</u>
Carrying amount as of December 31, 2024 and January 1, 2025	<u>\$ 1,071,526</u>	<u>\$ 2,647,524</u>	<u>\$ 1,734,834</u>	<u>\$ 64</u>	<u>\$ 98,052</u>	<u>\$ 109,295</u>	<u>\$ 5,661,295</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 1,071,526	\$ 4,533,409	\$ 2,576,222	\$ 24,738	\$ 298,321	\$ 27,614	\$ 8,531,830
Additions	-	3,265	12,198	-	7,019	69,125	91,607
Disposals	-	-	-	-	(55)	-	(55)
Balance at March 31, 2024	<u>1,071,526</u>	<u>4,536,674</u>	<u>2,588,420</u>	<u>24,738</u>	<u>305,285</u>	<u>96,739</u>	<u>8,623,382</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	-	1,555,349	531,597	24,634	190,672	-	2,302,252
Depreciation expense	-	49,979	111,577	11	8,433	-	170,000
Disposals	-	-	-	-	(8)	-	(8)
Balance at March 31, 2024	-	<u>1,605,328</u>	<u>643,174</u>	<u>24,645</u>	<u>199,097</u>	-	<u>2,472,244</u>
Net as of March 31, 2024	<u>\$ 1,071,526</u>	<u>\$ 2,931,346</u>	<u>\$ 1,945,246</u>	<u>\$ 93</u>	<u>\$ 106,188</u>	<u>\$ 96,739</u>	<u>\$ 6,151,138</u>

No impairment loss or reversal gain was recognized for the three months ended March 31, 2025 and 2024.

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

Buildings	
Plant and building	50 years
Building improvement	5-20 years
Machinery	3-20 years
Office equipment	3 years
Other equipment	3 to 15 years

Refer to Note 33 for the details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Note 32 for the financing collateral for property, plant and equipment by the Group to secure as of March 31, 2025, December 31 and March 31, 2024.

Refer to Note 25(11) for capitalized interest for the three months ended March 31, 2025 and 2024.

XV. Lease Agreement

(I) Right-of-use assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying amount of right-of-use assets			
Buildings	\$ 2,255	\$ 5,348	\$ 13,063
Transportation equipment	<u>302</u>	<u>432</u>	<u>820</u>
	<u>\$ 2,557</u>	<u>\$ 5,780</u>	<u>\$ 13,883</u>

	<u>For the three months ended March 31, 2025</u>	<u>For the three months ended March 31, 2024</u>
Additions to right-of-use assets	<u>\$ 1,803</u>	<u>\$ 1,273</u>
Derecognition of the right-of-use assets	(<u>\$ 3,139</u>)	(<u>\$ 644</u>)
Depreciation expenses of right-of-use assets		
Buildings	\$ 1,757	\$ 2,832
Transportation equipment	<u>130</u>	<u>130</u>
	<u>\$ 1,887</u>	<u>\$ 2,962</u>

(II) Lease liabilities

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying amount of lease liabilities			
Current	<u>\$ 2,235</u>	<u>\$ 4,781</u>	<u>\$ 11,293</u>
Non-current	<u>\$ 322</u>	<u>\$ 1,060</u>	<u>\$ 2,761</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Buildings	2.14%-2.81%	2.13%-3.06%	2.13%-3.06%
Transportation equipment	3.06%	3.06%	3.06%

(III) Material leasing activities and terms

The Group leases certain buildings and cars, for the use of offices, office car and employee dormitories with lease terms of 2 to 4 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

(IV) Other lease information

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Expenses relating to short-term leases and low-value asset leases	\$ <u>1,220</u>	\$ <u>897</u>
Total cash outflow for leases	(\$ <u>3,168</u>)	(\$ <u>3,987</u>)

The Group's leases of certain parking spaces and staff dorms qualify as short-term leases, and leases of certain photocopiers qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

XVI. Investment Properties

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1 and March 31, 2025	\$ <u>39,762</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	35,309
Depreciation expense	<u>459</u>
Balance at March 31, 2025	<u>35,768</u>
Net as of March 31, 2025	\$ <u>3,994</u>
Net as of December 31, 2024 and January 1, 2025	\$ <u>4,453</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	
Main building of plant	50 years
Building improvement	3-20 years

The investment properties are leased out for 1 year 6 months.

and the lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Year 1	\$ 9,360	\$ 6,480	\$ -
Year 2	<u>780</u>	<u>2,160</u>	<u>-</u>
	<u>\$ 10,140</u>	<u>\$ 8,640</u>	<u>\$ -</u>

The fair value of investment property is measured by the Level 3 input value of the independent appraisal company, Grand Elite Property Appraisal Co., Ltd, on each balance sheet date. The appraisal is based on the cost approach and the comparative approach. The fair value of the appraisal income is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Fair value	<u>\$ 58,417</u>	<u>\$ 58,417</u>	<u>\$ -</u>

There was no capitalized interest for the investment properties for the three months ended March 31, 2025.

XVII. Other Intangible Assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Computer software	<u>\$ 7,646</u>	<u>\$ 8,760</u>	<u>\$ 6,759</u>

	<u>For the three months ended March 31, 2025</u>	<u>For the three months ended March 31, 2024</u>
<u>Cost</u>		
Balance at January 1	\$ 66,489	\$ 60,591
Disposals	(80)	(80)
Balance, end of period	<u>66,409</u>	<u>60,511</u>
<u>Accumulated amortization</u>		
Balance at January 1	57,729	52,791
Amortization expenses	1,114	1,041
Disposals	(80)	(80)
Balance, end of period	<u>58,763</u>	<u>53,752</u>
Carrying amount, end of period	<u>\$ 7,646</u>	<u>\$ 6,759</u>

Computer software is amortized on a straight-line basis over 1-4 years.

Summary of amortization by function

	<u>For the three months ended March 31, 2025</u>	<u>For the three months ended March 31, 2024</u>
Operating cost	\$ 1,016	\$ 544
Selling and marketing	18	394
General and administrative	67	94
Research and development	<u>13</u>	<u>9</u>
	<u>\$ 1,114</u>	<u>\$ 1,041</u>

XVIII. Other Assets - Current and Non-current

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Prepayments	\$ 34,490	\$ 18,451	\$ 46,316
Prepaid expenses	15,752	3,822	18,889
Others	5,521	3,275	15,739
	<u>\$ 55,763</u>	<u>\$ 25,548</u>	<u>\$ 80,944</u>
<u>Non-current</u>			
Prepayments for equipment (capitalized interest included)	\$ 91,727	\$ 135,639	\$ 311,450
Refundable deposits	174,758	175,056	174,655
	<u>\$ 266,485</u>	<u>\$ 310,695</u>	<u>\$ 486,105</u>

XIX. Borrowings

(I) Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Secured borrowings</u>			
Bank guarantee loans	\$ 110,000	\$ 60,000	\$ 74,261
<u>Unsecured borrowings</u>			
Credit facility loans	3,593	90,204	126,379
	<u>\$ 113,593</u>	<u>\$ 150,204</u>	<u>\$ 200,640</u>
Interest rate range	2.29%-2.34%	2.29%-2.34%	2.40%-2.68%

For guarantees provided by the Group for short-term borrowings, refer to Note 32.

(II) Short-term bills payable

Outstanding short-term bills payable were as follows:

March 31, 2025

Promissory Institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral
<u>Commercial paper</u>					
Mega Bills Finance Co., Ltd.	\$ 20,000	\$ 37	\$ 19,963	2.258%	None
Taiwan Cooperative Bank	30,000	34	29,966	2.278%	None
China Bills Finance Corporation	40,000	45	39,955	2.278%	None
International Bills Finance Corporation	20,000	37	19,963	2.248%	None
	<u>\$ 110,000</u>	<u>\$ 153</u>	<u>\$ 109,847</u>		

December 31, 2024

Promissory Institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral
<u>Commercial paper</u>					
Mega Bills Finance Co., Ltd.	\$ 30,000	\$ 39	\$ 29,961	2.268%	None
Taiwan Cooperative Bank	30,000	39	29,961	2.268%	None
China Bills Finance Corporation	60,000	78	59,922	2.248%	None
International Bills Finance Corporation	10,000	2	9,998	2.248%	None
	<u>\$ 130,000</u>	<u>\$ 158</u>	<u>\$ 129,842</u>		

March 31, 2024

Promissory Institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral
<u>Commercial paper</u>					
Mega Bills Finance Co., Ltd.	\$ 30,000	\$ 34	\$ 29,966	2.138%	None
Taiwan Cooperative Bank	30,000	33	29,967	2.138%	None
International Bills Finance Corporation	20,000	28	19,972	2.138%	None
	<u>\$ 80,000</u>	<u>\$ 95</u>	<u>\$ 79,905</u>		

Guarantees provided for the above short-term bills payable are disclosed in Note 32.

(III) Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Secured borrowings</u>			
Syndicated loans (administration fee for syndicated loans)	\$ 982,326	\$ 1,023,890	\$ 1,329,697
Bank guarantee loans	479,641	512,978	644,978
<u>Unsecured borrowings</u>			
Bank borrowings	<u>737,577</u>	<u>761,930</u>	<u>450,258</u>
Total	2,199,544	2,298,798	2,424,933
Less: Current portion	(<u>464,353</u>)	(<u>446,345</u>)	(<u>560,791</u>)
Long-term borrowings	<u>\$ 1,735,191</u>	<u>\$ 1,852,453</u>	<u>\$ 1,864,142</u>
Interest rate range	1.72%-3.03%	1.72%-3.02%	1.60%-2.79%

1. Syndicated loans

- (1) In December 2024, the Group signed a syndicated credit agreement with a syndicate of banks led by Taiwan Cooperative Bank, with a total credit limit of NT\$2,400,000 thousand (including NT\$500,000 thousand for Type A financing, NT\$1,500,000 thousand for Type B financing, and Type C financing NT\$400,000), and the loan period is five years from the date when the loan is first utilized. The first installment shall be paid upon three months after the first drawdown, and the Group shall pay the following installments every three months in a total of 20 installments to pay off the principal of the loan. During the first 16 quarters, 4% of the principal must be repaid each quarter; in the 17th and 19th quarters, 8% of the principal must be repaid each quarter; and the remaining principal must be repaid in the final quarter. As of March 31, 2025 and December 31, 2024, the balance of the borrowings under the Type A loan was NT\$250,000 thousand, NT\$480,000 thousand and NT\$500,000 thousand, respectively.

In the course of the duration of the above-mentioned borrowings, the Group's financial statements are required to be in compliance with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the Group shall conduct capital increase in cash or make improvements by other means while paying compensation to the group of banks in a lump sum at 0.20% of the outstanding balance of the loan drawn down. Also, the Group shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Group completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Group's financial commitment.

- (2) In March 2023, the Group signed a syndicated loan agreement with a bank syndicate with Mega International Commercial Bank as the lead bank. The credit line is \$1,909,600 thousand (including \$1,573,600 thousand for the limit of Type A loan and \$336,000 thousand for Type B loan), and the loan period is five years from the date the loan is first utilized. The principal of Type A loan should be paid off before the date the credit period expires. As for Type B loans, the 12-month period after the loan is first utilized is considered period 1, and the subsequent period is one month; the principal is divided into 48 installments, with the remaining principal being paid off in the last period. As of March 31, 2025, December 31 and March 31, 2024, the balance of Item A financing borrowings is NT\$250,000 thousand. As of March 31, 2025, December 31 and March 31, 2024, the balance of Item B financing borrowings is NT\$266,000 thousand, NT\$287,000 thousand, and NT\$336,000 thousand, respectively.

During the course of above-mentioned borrowings, the Group's financial statements are required to be in compliance with certain financial ratios. If any non-conformity with the agreed financial ratios occurs, the Group should make improvements to the agreement through cash capital increase or other means. Financial commitments are not deemed to have been breached if completed within the specified time period.

- (3) In November 2020, the Group signed a syndicated loan agreement with a bank syndicate with Taiwan Cooperative Bank as the lead bank. The credit line is NTD2,000,000 thousand (including NTD1,600,000 thousand for the limit of Type A loan and NTD400,000 thousand for the Type B loan), and the loan period is up to November 2025. The first installment shall be paid upon three months after the first drawdown, and the Group shall pay the following installments every three months in a total of 20 installments to pay off the principal of the loan. The Group shall repay 2% of the principal from the 1st to the 12th installments, 4% of the principal from the 13th to the 19th installments, and the remaining principal in the last installment. As of March 31, 2024, the balance of the Type A loan was NT\$757,000 thousand; this syndicated loan was fully repaid in advance in December 2024.

In the course of the duration of the above-mentioned borrowings, the Group's financial statements are required to be in compliance with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the Group shall conduct capital increase in cash or make improvements by other means while paying compensation to the group of banks in a lump sum at 0.20% of the outstanding balance of the loan drawn down. Also, the Group shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Group completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Group's financial commitment.

2. The bank's unsecured and secured loan contract period is 5 to 7 years, and the principal and interest are paid monthly.

For guarantees provided by the Group for long-term borrowings, refer to Note 32.

XX. Notes Payable and Accounts Payable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes payable - from operations	\$ <u>14</u>	\$ <u>10</u>	\$ <u>15</u>
Accounts payable - from operations	\$ <u>216,044</u>	\$ <u>213,989</u>	\$ <u>289,233</u>

The average credit period for accounts payable ranges from 30 to 90 days. The Group has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

XXI. Other Liabilities

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 75,005	\$ 107,718	\$ 168,837
Payables for purchases of equipment	5,916	53,822	93,934
Payables for transportation and customs clearance	39,038	61,876	46,703
Payables for labor and health insurance	13,003	14,644	19,833
Payables for business tax	2,100	10,026	246
Payables for interests	16,998	14,118	17,933
Payables for environmental cost	3,342	4,514	4,265
Others	<u>45,980</u>	<u>27,972</u>	<u>72,964</u>
	<u>\$ 201,382</u>	<u>\$ 294,690</u>	<u>\$ 424,715</u>
Other liabilities			
Deferred revenue-government grants	\$ 14,000	\$ 14,000	\$ 10,000
Others	<u>9,018</u>	<u>9,500</u>	<u>8,191</u>
	<u>\$ 23,018</u>	<u>\$ 23,500</u>	<u>\$ 18,191</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received	<u>\$ 1,080</u>	<u>\$ 1,080</u>	<u>\$ -</u>

XXII. Post-Employment Benefit Plans

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

Pension expenses for these defined contribution plans are classified under the following accounts:

	<u>For the three months ended March 31, 2025</u>	<u>For the three months ended March 31, 2024</u>
Operating cost	\$ 6,819	\$ 8,473
Operating expenses	<u>1,357</u>	<u>1,457</u>
	<u>\$ 8,176</u>	<u>\$ 9,930</u>

XXIII. Preferred Stock Liabilities

On April 7, 2021, the Company's shareholders approved to issue 75,000 thousand shares of convertible preferred stock (Preferred A) with a par value of NT\$10 through private placement. On November 18, 2021, the Company's Board of Directors approved the issuance of 25,895 thousand shares of the Preferred A stock at a price of NT\$23.75 per share. The Company collected the total amount of NT\$615,000 thousand on December 2, 2021, and completed the registration of the share issuance. Subject to the conditions of the issuance, the preferred shares were split into preferred stock liability of NT\$287,949 thousand (included in non-current liabilities) and conversion options of NT\$327,051 thousand (included in capital surplus). The rights and obligations of the preferred stock in this issuance are as follows:

- (1) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated unappropriated dividend shall be appropriated to class A preferred shares in the first priority. If there were no earnings or earnings that were not sufficient to be appropriated to class A preferred shares, the distributable earnings shall be appropriated to class A preferred shares. The dividend deficiency shall be made up in a profitable year or quarter subsequently in the first priority.
- (2) The annual dividend rate of class A preferred shares was 2%, which was calculated at the issuance price per share and paid in cash; the ex-dividend date of the preferred dividend was authorized to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- (3) If the expected dividend distribution amount of common shares exceeds the dividend amount of class A preferred shares in the current year, the shareholders of class A preferred shares can participate in the distribution.
- (4) Except for the aforementioned dividend, the shareholders of class A preferred shares can participate in the appropriation of earnings and reserves to shareholders of common shares of preference shares.
- (5) Class B preferred shares were promised to be transferred to common shares on the day following the third anniversary of the issue.
- (6) Class A preferred stock is non-voting, except during the preferred shareholders' meetings and on matters regarding the shareholders' rights and obligations.
- (7) When it comes to appropriate over common shares residual assets of the Company, class A preferred shares have priority preferred shares. However, the amount was limited to the issuance price plus the total amount of unpaid dividends.

- (8) The issuance period of class A preferred shares was no period, the shareholders of class A preferred shares did not have the right to demand the Company call back class A preferred shares. However, after years of the issuance date, the Company can call back all or some of class A preferred shares at the actual issuance price in cash or other ways permitted by regulations. The rights and obligations of class A preferred shares that have not been called will continue until the Company calls back. In the current year of calling back the class A preferred shares, if the Company's shareholders resolve to appropriate dividends, the amounts of dividends, which have to be the number of actual distributed as of the date of call back, will be calculated according to issuance days in the current year.
- (9) The preemptive rights for stockholders of class A preferred stocks are the same as those of common stocks when the Company increases its capital by issuing shares.
- (10) When class A preferred shares meet the condition of call back or mature in the issuance period, if the Company cannot call back all or some class A preferred shares due to force majeure or inscrutable fault of the Company, the rights of class A preferred shares which have not been called back will continue according to aforementioned issuance conditions until the Company calls back all the class A preferred shares. The dividends will be calculated according to the original annual rate and actual extension period, and the rights of class A preferred shares shall not be diminished according to the Company's articles of incorporation.

On March 7, 2022, the Company's Board of Directors resolved that the offering of the remaining 49,105 thousand shares will not be continued.

XXIV. Equity

(I) Share capital - ordinary shares

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Shares authorized (in thousands of shares)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>512,797</u>	<u>512,797</u>	<u>512,797</u>
Shares issued and fully paid	<u>\$ 5,127,967</u>	<u>\$ 5,127,967</u>	<u>\$ 5,127,967</u>

The par value of the issued ordinary shares is NT\$10. Each share entitles its holder to the right to vote and to receive dividends. And released convertible preferred stock (Preferred A) through private placement 25,895 thousand shares, please refer to Note 23.

Of the authorized capital, a total of 50,000 thousand shares should be reserved for employee share option certificates, which should be issued in batches in accordance with the resolution of the Board of Directors.

(II) Capital surplus

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of ordinary shares			
Premium from issuance of ordinary shares	\$ 1,624,201	\$ 1,624,201	\$ 1,624,201
Expired employee share options	14,372	14,372	14,372
<u>May be used to offset a deficit only</u>			
Changes in the percentage of ownership interest in invested company accounted for using the equity method	11	11	11
Gain from exercising call rights	6	6	-
<u>May not be used for any purpose</u>			
Preferred stock conversion rights (Note 23)	<u>327,051</u>	<u>327,051</u>	<u>327,051</u>
	<u>\$ 1,965,641</u>	<u>\$ 1,965,641</u>	<u>\$ 1,965,635</u>

The capital surplus from shares issued in excess of par and donations could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

(III) Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The policies on the distribution of employees' compensation and remuneration of directors after the amendment refer to employees' compensation and remuneration of directors in Note 25 (9).

In addition, in accordance with the dividend policy as stated in the Company's Articles, dividends shall be distributed in an appropriate manner based on the Company's future capital budget and funding needs. Dividends shall be distributed in the form of cash or shares, with the percentage of cash dividends not less than 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held the shareholders' meeting on May 24, 2024, which resolved the 2023 profit distribution shown as follows:

	2023
Provision of legal reserve	<u>\$ 52,727</u>
(Reversal of) Special reserve	<u>(\$ 149)</u>
Cash dividends	<u>\$ 215,477</u>
Cash dividend per dollar (NT\$)	<u>\$ 0.4</u>

The Company's Board of Directors proposed the following earnings and losses for 2024 on March 5, 2025:

	2024
Legal reserve used to offset losses	<u>\$ 76,100</u>
Deficit compensated through capital surplus	<u>\$ 262,908</u>
Reversal of special reserve	<u>(\$ 390)</u>

The appropriation of 2024 earnings and losses is pending for the resolution of the shareholders' meeting scheduled to be held in May 2025.

(IV) Other equity items

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

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Balance at January 1	<u>\$ 206</u>	<u>(\$ 235)</u>
Incurring in the current period		
Exchange differences on foreign operations	111	341
Income tax related to items that may be reclassified	<u>(22)</u>	<u>(68)</u>
Balance, end of period	<u>\$ 295</u>	<u>\$ 38</u>

2. Unrealized gain on financial assets at FVTOCI

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Balance at January 1	<u>(\$ 170,716)</u>	<u>(\$ 170,665)</u>
Incurring in the current period		
Unrealized gains (losses)		
Equity instruments	(4,811)	-
Share of associates using the equity method	(4)	-
Gain or loss on disposal of equity instrument is transferred to retained earnings.	<u>170,604</u>	<u>-</u>
Balance, end of period	<u>(\$ 4,927)</u>	<u>(\$ 170,665)</u>

(V) Non-controlling interests

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Balance at January 1	<u>\$ 2,881</u>	<u>\$ 2,989</u>
Attributable to non-controlling interests		
Net loss for the period	<u>(3)</u>	<u>(2)</u>
Balance, end of period	<u>\$ 2,878</u>	<u>\$ 2,987</u>

XXV. Net profit (loss)

(I) Operating revenue

1. Contract balance

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Notes receivable (Note 9)	<u>\$ 725,871</u>	<u>\$ 507,276</u>	<u>\$ -</u>	<u>\$ 83,894</u>
Accounts receivable (Note 9)	<u>\$ 376,768</u>	<u>\$ 785,407</u>	<u>\$ 1,744,422</u>	<u>\$ 1,487,008</u>
Accounts receivable from related parties (Notes 9 and 31)	<u>\$ 4</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 42,437</u>
Contract liabilities				
Sale of goods	<u>\$ 32,369</u>	<u>\$ 47,582</u>	<u>\$ 319,704</u>	<u>\$ 90,007</u>

Please refer to Note 9 for the details of the accounts receivable from contracts.

Changes in contract liabilities are mainly due to the difference between the time when the performance obligations are fulfilled and the time when clients make payments.

2. Details of revenue from contracts with customers

Please refer to Note 37(1) for further information about the details of revenue.

3. Partially completed contracts

The timing of revenue recognition for performance obligations that have not been completely.

	March 31, 2025	December 31, 2024	March 31, 2024
Sale of goods			
- Obligations satisfied in 2024	\$ -	\$ -	\$ 319,704
- Obligations satisfied in 2025	<u>32,369</u>	<u>47,582</u>	<u>-</u>
	<u>\$ 32,369</u>	<u>\$ 47,582</u>	<u>\$ 319,704</u>

(II) Other incomes and expenses, net

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Loss on disposal of property, plant and equipment, net	\$ -	(\$ 25)
Others	(<u>941</u>)	(<u>368</u>)
Total	(<u>\$ 941</u>)	(<u>\$ 393</u>)

(III) Interest income

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Cash in banks	\$ 1,011	\$ 3,789
Financial assets at amortized cost	998	485
Others	<u>7</u>	<u>14</u>
Total	<u>\$ 2,016</u>	<u>\$ 4,288</u>

(IV) Other revenue

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Revenue from government grants	\$ -	\$ 3,914
Lease revenue	1,962	105
Others	<u>785</u>	<u>739</u>
	<u>\$ 2,747</u>	<u>\$ 4,758</u>

(V) Other gains and losses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Gains (losses) on financial assets and financial liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	\$ 2	\$ 926
Financial liabilities held for sell	-	(34)
Foreign currency exchange gains, net	636	2,494
Others	<u>21</u>	(<u>438</u>)
	<u>\$ 659</u>	<u>\$ 2,948</u>

(VI) Depreciation and amortization expenses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Property, plant and equipment	\$ 154,849	\$ 170,000
Right-of-use assets	1,887	2,962
Investment property	459	-
Other intangible assets	<u>1,114</u>	<u>1,041</u>
Total	<u>\$ 158,309</u>	<u>\$ 174,003</u>
Depreciation expenses by function		
Operating cost	\$ 151,784	\$ 166,846
Operating expenses	<u>5,411</u>	<u>6,116</u>
	<u>\$ 157,195</u>	<u>\$ 172,962</u>
Amortization expenses by function		
Operating cost	\$ 1,016	\$ 544
Operating expenses	<u>98</u>	<u>497</u>
	<u>\$ 1,114</u>	<u>\$ 1,041</u>

(VII) Operating expenses directly related to investment properties

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Generating rental income of investment properties		
Depreciation expense	\$ 459	\$ -
Tax expense	<u>160</u>	<u>-</u>
	<u>\$ 619</u>	<u>\$ -</u>

(VIII) Employee benefit expenses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Post-employment benefits		
Defined contribution plans (Note22)	\$ 8,176	\$ 9,930
Payroll expenses	200,604	250,938
Labor and health insurance expenses	21,090	25,660
Other employee benefit expenses	<u>19,860</u>	<u>27,508</u>
Total employee benefit expenses	<u>\$ 249,730</u>	<u>\$ 314,036</u>
By function		
Operating cost	\$ 208,678	\$ 249,917
Operating expenses	<u>41,052</u>	<u>64,119</u>
	<u>\$ 249,730</u>	<u>\$ 314,036</u>

(VIX) Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors, after offsetting accumulated deficits, if any. The Company recorded a net loss before tax for the three months ended March 31, 2025, and thus did not provide remuneration to employees and directors. According to the amendment to the Securities and Exchange Act in August 2024, the Company is to amend the Articles of Incorporation at the 2025 shareholders' meeting, stipulating that if the Company makes a profit in a year, no less than 1% of the profit of the year shall be appropriated as the salary adjustment or remuneration to the entry-level employees. However, if there is a loss, the profit shall be retrained in advance to cover the loss.

The remuneration to employees and directors for the three months ended March 31, 2024 are as follows:

	<u>For the three months ended March 31, 2024</u>
<u>Accrual rate</u>	
Compensation of employees	9.39%
Remuneration of directors	3.29%
<u>Amount</u>	
Compensation of employees	<u>\$ 2,529</u>
Remuneration of directors	<u>\$ 885</u>

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

The Company recorded a net loss before tax for 2024, and thus did not provide remuneration to employees and directors.

The remuneration to employees and directors for 2023, was approved at the Board of Directors' meeting held on March 6, 2024, as follows:

<u>Amount</u>	<u>2023</u>
	<u>Cash</u>
Compensation of employees	\$ 31,800
Remuneration to directors	18,000

There is no difference between the amount of remuneration for employees and directors for 2024 and 2023 resolved to be distributed and the amount recognized in the 2024 and 2023 consolidated financial reports.

Information on the remuneration of employees and remuneration of directors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(X) Foreign currency exchange gain or loss

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Total gains on foreign currency exchange	\$ 2,712	\$ 14,658
Total loss on foreign currency exchange	(2,076)	(12,164)
Net gains (losses)	<u>\$ 636</u>	<u>\$ 2,494</u>

(XI) Finance costs

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Interest expense	\$ 13,067	\$ 17,397
Interest on preferred stocks	3,075	3,075
Financing costs	887	1,537
Interest on lease liabilities	26	105
Others	27	54
Less: Capitalized interest	(1,090)	(2,780)
	<u>\$ 15,992</u>	<u>\$ 19,388</u>

Information on capitalized interest is as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Capitalized interest	<u>\$ 1,090</u>	<u>\$ 2,780</u>
Interest capitalization rate	2.13%	2.42%

XXVI. Income Tax

(I) Income tax recognized in profit or loss

The main components of income tax benefits expenses are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Current tax		
In respect of the current period	\$ -	\$ -
Deferred income tax		
In respect of the current period	<u>3,936</u>	<u>2,623</u>
Income tax benefit recognized in profit or loss	<u>\$ 3,936</u>	<u>\$ 2,623</u>

(II) Income tax recognized in other comprehensive income

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
<u>Deferred income tax</u>		
Incurred in the current period		
- Translation of foreign operations	\$ 22	\$ 68

(III) Income tax assessments

The declared cases of the Company and Jinjing Electric Power before 2022 have been approved by the tax collection authority, and there is no significant difference between the approved number and the declared number.

The income tax returns of Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, Houchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation, and Yongli Energy Corporation. and through 2022 have been assessed by the tax authorities, and there is no significant difference between the number of cases assessed and declared. Yuan-Jin Energy was established in 2023, and its income tax return for 2023 has not yet been approved by the tax authorities.

XXVII. Earnings (Losses) per Share

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

Net (loss) profit for the period

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Net income used to calculate basic and diluted earnings per share		
Net income (loss) attributable to the owners of the Company	(\$ 118,175)	\$ 21,973

Shares

	For the three months ended March 31, 2025	Unit: Thousand shares For the three months ended March 31, 2024
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	512,797	512,797
Effect of potentially dilutive ordinary shares:		
Compensation of employees		965
Weighted average number of ordinary shares used in the computation of diluted earnings per share		513,762

If the Company can elect to issue employee remuneration in the form of stock or cash, when calculating diluted earnings per share, it is assumed that the employee remuneration will be issued in the form of stock, and when the potential common shares have a dilutive effect, it will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. When calculating diluted earnings per share before resolving the number of shares to distribute employee remuneration in the following year, the dilutive effect of these potential common shares will also continue to be considered. The Company recorded a net loss after tax for the three months ended March 31, 2025. As the effect is anti-dilutive, the diluted earnings per share is not calculated. From for the three months ended March 31, 2024, the conversion of outstanding preferred shares is also excluded as the effect is anti-dilutive.

XXVIII. Cash Flow Information

(I) Non-cash transactions

For the three months ended March 31, 2025 and 2024, the Group entered into the following non-cash investing activities:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Acquisition of property, plant and equipment	\$ 58,723	\$ 91,607
Net increase in prepayments for equipment	(43,912)	85,772
Net increase in payables for purchase of equipment	47,906	3,358
Effect of exchange rate changes	26	1,128
Cash paid	<u>\$ 62,743</u>	<u>\$ 181,865</u>

(II) Changes in liabilities arising from financing activities

For the three months ended March 31, 2025

	January 1, 2025	Cash flow	Non-cash changes				Others	March 31, 2025
			New lease	Long-term borrowings - current portion	Amortization of interest expenses			
Short-term borrowings	\$ 150,204	(\$ 36,611)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,593
Short-term bills payable	129,842	(19,995)	-	-	606	(606)	-	109,847
Long-term borrowings - current portion	446,345	(99,254)	-	117,262	-	-	-	464,353
Long-term borrowings	1,852,453	-	-	(117,262)	-	-	-	1,735,191
Guarantee deposits received	1,080	-	-	-	-	-	-	1,080
Lease liabilities	5,841	(1,922)	1,803	-	26	(3,191)	-	2,557
Preferred stock liabilities	287,949	-	-	-	-	-	-	287,949
	<u>\$ 2,873,714</u>	<u>(\$ 157,782)</u>	<u>\$ 1,803</u>	<u>\$ -</u>	<u>\$ 632</u>	<u>(\$ 3,797)</u>		<u>\$ 2,714,570</u>

For the three months ended March 31, 2024

	For the Nine Months Ended	Cash flow	Non-cash changes				Others	March 31, 2024
			New lease	Long-term borrowings - current portion	Amortization of interest expenses			
Short-term borrowings	\$ 341,836	(\$ 141,196)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,640
Short-term bills payable	79,904	1	-	-	390	(390)		79,905
Long-term borrowings - current portion	518,933	(264,284)	-	306,142	-	-		560,791
Long-term borrowings	2,068,284	102,000	-	(306,142)	-	-		1,864,142
Lease liabilities	16,420	(2,985)	1,273	-	105	(759)		14,054
Preferred stock liabilities	287,949	-	-	-	-	-		287,949
	<u>\$ 3,313,326</u>	<u>(\$ 306,464)</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>(\$ 1,149)</u>		<u>\$ 3,007,481</u>

XXIX. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group will review the capital structure periodically according to the economic environment and business considerations. Based on the management's recommendations, the Group will adjust the number of new shares issued or the amount of new debt issued in order to balance the overall capital structure.

XXX. Financial Instruments

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

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets classified as at fair value through profit or loss				
Derivatives	\$ -	\$ 2	\$ -	\$ -
Financial assets at fair value through other comprehensive income (FVTOCI)				
Investment in equity instruments				
- Domestic listed stocks (TPEX) and emerging stocks	\$ 45,020	\$ -	\$ -	\$ -

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2025.

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

(III) Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial liabilities at FVTPL			
Financial assets mandatorily measured as at FVTPL	\$ 2	\$ -	\$ -
Financial assets at amortized cost (Note 1)	2,038,623	2,285,255	2,947,514
Financial assets at fair value through other comprehensive income (FVTOCI)			
Investment in equity instruments	45,020	-	-

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial liabilities</u>			
At amortized cost (Note 2)	3,034,050	3,238,199	3,511,338

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable from related parties, other accounts receivable, other accounts receivable - related parties and refundable deposits (recognized as other non-current assets).

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, notes payable, trade and other payables (excluding wage payable, labor and medical insurance, pension and value-added tax) and preferred stock liability.

(IV) Financial risk management objectives and policies

The Group's major financial instruments include financial assets and liabilities measured at FVTPL, financial assets measured at FVTOCI, accounts receivable, accounts payable, and short-term, long-term debt and lease liabilities etc. The Group's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group, and analyzes exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Market risk

The main market risk faced by the Group is the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currencies in the consolidated financial statements), refer to Note 35.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table shows the Group's sensitivity analysis when the functional currency increases and decreases by 5% against each relevant foreign currency. 5% is the sensitivity rate used for reporting exchange rate risk to key management within the Group, and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The positive numbers in the following table indicate the changes in net profit (loss) before tax when the functional currency appreciates 5% against each relevant foreign currency. When the functional currency depreciates 5% against each relevant foreign currency, the net profit (loss) before tax will be the negative number of the same amount.

	USD impact	
	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Profit (loss) gain	(\$ 5,580)	(\$ 4,562)

This was mainly attributable to the exposure on outstanding bank deposits, financial assets at amortized cost, short-term loans, receivables, and payables denominated in U.S. dollars, which were not hedged at the end of the reporting period.

The Group's sensitivity to the U.S. dollar exchange rate has increased during this period, primarily due to an increase in net assets denominated in U.S. dollars.

(2) Interest rate risk

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

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
- Financial liabilities	\$ 400,353	\$ 423,632	\$ 381,908
Cash flow interest rate risk			
- Financial assets	756,082	814,812	1,023,985
- Financial liabilities	2,313,137	2,449,002	2,625,573

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had increased/decreased by 25 basis points, with all other variables held constant, the Group's net profit (loss) before tax for the three months ended March 31, 2025 and 2024 would have increased/decreased by NT\$973 thousand and NT\$1,001 thousand, respectively, mainly due to the Group's exposure to long-term borrowing interest rate risk.

The Group's interest rate sensitivity didn't have a material change during the period.

(3) Other price risk

The Group is exposed to the equity price risk due to its investment in equity securities. The Group's management manages the risk by holding different portfolios with different risks.

Sensitivity analysis

The following sensitivity analysis is based on the exposure to the equity price risk on the balance sheet date.

If the price of equity had increased/decreased by 5%, pre-tax other comprehensive income would have increased/decreased by NT\$2,251 thousand and NT\$0 thousand for the three months ended March 31, 2025 and 2024, respectively, due to the increase/decrease in the fair value of the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group uses available financial information and mutual transaction records to rate major customers. The Group continues to monitor the credit risk exposures and the credit ratings of their counterparties.

The Group's concentration of credit risk of 73.57%, 94.87% and 96.23% in total trade receivables as of March 31, 2025, December 31 and March 31, 2024, respectively, was related to the Group's ten largest customers.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the operations of the Group and mitigate the impact of fluctuations in cash flows with long-term borrowings. The Group's management monitors the use of the bank financing facilities and ensured compliance with the terms of the borrowing terms.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its borrowings with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

March 31, 2025

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 31,343	\$ 207,070	\$ 389,345	\$ 1,863,952
Fixed interest rate liabilities	109,847	-	-	287,949
Non-interest bearing liabilities	141,634	159,187	22,296	-
Lease liabilities	543	399	1,322	323
	<u>\$ 283,367</u>	<u>\$ 366,656</u>	<u>\$ 412,963</u>	<u>\$ 2,152,224</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 2,264</u>	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 71,068	\$ 181,814	\$ 393,877	\$ 2,019,804
Fixed interest rate liabilities	129,842	-	-	287,949
Non-interest bearing liabilities	236,833	103,225	31,348	-
Lease liabilities	728	1,457	2,670	1,072
	<u>\$ 438,471</u>	<u>\$ 286,496</u>	<u>\$ 427,895</u>	<u>\$ 2,308,825</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 4,855</u>	<u>\$ 1,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2024

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 55,895	\$ 219,901	\$ 538,995	\$ 1,963,721
Fixed interest rate liabilities	79,905	-	-	287,949
Non-interest bearing liabilities	269,926	175,020	72,965	-
Lease liabilities	1,026	2,052	8,509	2,808
	<u>\$ 406,752</u>	<u>\$ 396,973</u>	<u>\$ 620,469</u>	<u>\$ 2,254,478</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 11,587</u>	<u>\$ 2,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and

outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2025

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Gross settled Foreign exchange forward contracts				
- Inflows	\$ 822	\$ -	\$ -	\$ -
- Outflows	(820)	-	-	-
	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Financing facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank facilities			
- Amount drawn	\$ 699,172	\$ 697,677	\$ 1,035,076
- Amount undrawn	<u>1,883,785</u>	<u>1,880,240</u>	<u>1,373,021</u>
	<u>\$ 2,582,957</u>	<u>\$ 2,577,917</u>	<u>\$ 2,408,097</u>
Secured bank facilities			
- Amount drawn	\$ 2,279,584	\$ 2,274,387	\$ 3,075,184
- Amount undrawn	<u>3,758,984</u>	<u>3,762,081</u>	<u>2,525,877</u>
	<u>\$ 6,038,568</u>	<u>\$ 6,036,468</u>	<u>\$ 5,601,061</u>

XXXI. Transactions with Related Parties

The terms of the transactions and the prices are negotiated separately, details of the transactions are disclosed below:

(I) Related parties and relationship

Related Party	Relationship with the Group
Holdgood	Associate
Yuan-Yu	Associate
KWE CORPORATION (KWE)	Substantive related party

(II) Operating revenue

Line Item	Related Party Category/Name	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Sales	Associate		
	Holdgood	<u>\$ 41</u>	<u>\$ 8</u>

The prices and collection period of sales transactions are based on the contract, which are similar to those of other companies in general.

c. Rent revenue

Line Item	Related Party Category/Name	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Rent revenue	Associate		
	Holdgood	<u>\$ 96</u>	<u>\$ 105</u>

The rent is determined according to the bargaining method, and the rent is charged on a monthly basis.

(IV) Other revenue

Line Item	Related Party Category/Name	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Other revenue	Associate		
	Holdgood	\$ 696	\$ 350

Other revenue refers to amounts charged to associates and power plant maintenance cleaning costs, transaction contents are made based on the price and collection period stated in the contract.

(V) Accounts receivable - associates

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable from related parties	Associate			
	Holdgood	\$ 4	\$ 8	\$ 8

Outstanding accounts receivable - Related party without guarantee deposits received, and is not overdue. As of March 31, 2025, December 31 and March 31, 2024, no allowance was recognized for accounts receivable from related parties.

(VI) Other receivables from related parties

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables from related parties	Associate			
	Holdgood	\$ 421	\$ 147	\$ 389

Receivables for power plant maintenance fees and rent.

(VII) Endorsements and guarantees

Endorsements and guarantees provided by the groups.

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Associate			
Yuan-Yu	\$ 120,000	\$ 120,000	\$ 120,000

On March 31, 2025, December 31 and March 31, 2024, the amount of the Group's collateral provided for the above endorsements and guarantees was NT\$131,561 thousand, NT\$131,472 thousand and NT\$127,175 thousand respectively.

(VIII) Contract liabilities

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Contract liabilities	Associate			
	Holdgood	\$ -	\$ -	\$ 2,652

(IX) Operating expenses

Line Item	Related Party Category/Name	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Operating expenses	Substantive related party	\$ -	\$ 1

(X) Prepayment for equipment purchase

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Prepayment for equipment purchase	Substantive related party			
	KWE	<u>\$ 14,327</u>	<u>\$ 14,327</u>	<u>\$ 14,327</u>

The price of the equipment for the prepayment of the construction contract for the solar power generation system equipment of Jinjing Electric Power was determined by the Board of Directors of Jinjing Electric Power with reference to the materials and construction cost and the market rate of return.

(XI) Remuneration to key management

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Short-term employee benefits	\$ 10,018	\$ 12,098
Post-employment benefits	<u>162</u>	<u>162</u>
	<u>\$ 10,180</u>	<u>\$ 12,260</u>

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

XXXII. Pledged Assets

The following assets were provided as collateral for import duties, bank borrowings, borrowings for the purchase of material, power plant business and other credit facilities:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	\$ 1,071,526	\$ 1,071,526	\$ 1,071,526
Buildings	1,743,824	1,762,090	1,816,899
Machinery	591,925	628,664	604,450
Other equipment	680	762	-
Investments accounted for using equity method	131,561	131,472	127,175
Financial assets at amortized cost	<u>119,002</u>	<u>108,502</u>	<u>106,798</u>
	<u>\$ 3,658,518</u>	<u>\$ 3,703,016</u>	<u>\$ 3,726,848</u>

XXXIII. Significant Contingent Liabilities and Unrecognized Commitments

As of March 31, 2025, December 31 and March 31, 2024, significant commitments of the Group were as follows:

(I) Commitments for construction contracts

	March 31, 2025	December 31, 2024	March 31, 2024
Amount already requisitioned	\$ 44,152	\$ 105,836	\$ 164,760
To be requisitioned in the future	<u>37,816</u>	<u>52,376</u>	<u>143,125</u>
Total contract amount	<u>\$ 81,968</u>	<u>\$ 158,212</u>	<u>\$ 307,885</u>

(II) Commitments for material purchasing contracts

	March 31, 2025	December 31, 2024	March 31, 2024
Amount already requisitioned	\$ 262,675	\$ 258,279	\$ 292,872
To be requisitioned in the future	<u>273,598</u>	<u>349,459</u>	<u>908,392</u>
Total contract amount	<u>\$ 536,273</u>	<u>\$ 607,738</u>	<u>\$ 1,201,264</u>

(III) Commitments for equipment purchasing contracts

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Amount already requisitioned	\$ 86,941	\$ 76,883	\$ 569,681
To be requisitioned in the future	<u>14,129</u>	<u>23,556</u>	<u>171,938</u>
Total contract amount	<u>\$ 101,070</u>	<u>\$ 100,439</u>	<u>\$ 741,619</u>

XXIV. Material Events After the Reporting Period: None.

XXXV. Foreign Currency Assets and Liabilities with Significantly Impact

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies (including monetary items that have been written off in a non-functional currency in the consolidated financial statements) Foreign currency assets and liabilities with significantly Impact:

Unit: foreign currency in thousand/NTD

March 31, 2025

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,676	33.205 (USD:NTD)	\$ 188,472
<u>Non-monetary items</u>			
USD	263	33.205 (USD:NTD)	8,742
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	2,315	33.205 (USD:NTD)	76,870

December 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,726	32.785 (USD:NTD)	\$ 253,297
<u>Non-monetary items</u>			
USD	263	32.785 (USD:NTD)	8,631
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	3,787	32.785 (USD:NTD)	124,157

March 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 9,753	32 (USD:NTD)	\$ 312,096
<u>Non-monetary items</u>			
USD	263	32 (USD:NTD)	8,418
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	6,902	32 (USD:NTD)	220,864

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign currency	For the three months ended March 31, 2025		For the three months ended March 31, 2024	
	Exchange rate	Unrealized exchange losses, net	Exchange rate	Unrealized exchange gains, net
USD	32.895 (USD:NTD)	(\$ <u>351</u>)	31.448 (USD:NTD)	\$ <u>1,184</u>

XXVI. Additional Disclosures

- (I) Information about significant transactions:
1. Financing provided to others: (None).
 2. Endorsements/guarantees provided: Table 1
 3. Major securities held at the end of the period (excluding investments in subsidiaries and associates): (Table 2).
 4. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (None).
 5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (None).
 6. Intercompany relationships and significant intercompany transactions: (None)
- (II) Information on investees: Table 3.
- (III) Information on investments in mainland China: (None).

XXXVII. Segment Information

Financial Information for Operating Segments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of products delivered or services provided. The reportable segments of the Group are the solar module segment and other segments.

Solar module segment: Provides manufacturing and after-sales services of solar module products.

(I) Segment revenue and results

	Module segment	Other segment	Inter-segment revenue and profit or loss eliminated	Total
<u>For the three months ended March 31, 2025</u>				
Revenue from external customers	\$ <u>730,139</u>	\$ <u>11,459</u>	\$ <u>-</u>	\$ <u>741,598</u>
Segment income (loss)	(\$ <u>94,603</u>)	(\$ <u>8,318</u>)	\$ <u>342</u>	(\$ <u>102,579</u>)
<u>For the three months ended March 31, 2024</u>				
Revenue from external customers	\$ <u>1,155,469</u>	\$ <u>12,137</u>	\$ <u>-</u>	\$ <u>1,167,606</u>
Segment income (loss)	\$ <u>31,790</u>	(\$ <u>2,380</u>)	\$ <u>342</u>	\$ <u>29,752</u>

Segment gains (losses) refer to the profits earned by each segment, excluding non-operating income and expenses, and income tax expenses. The measurement amount is provided to the chief operating decision maker for allocating resources to departments and assessing their performance.

(II) Total segment assets and liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Segment assets			
Solar Module Segment	\$ 9,492,307	\$ 9,867,049	\$ 11,303,380
Other segment	<u>442,459</u>	<u>455,669</u>	<u>457,307</u>
Total consolidated assets	<u>\$ 9,934,766</u>	<u>\$ 10,322,718</u>	<u>\$ 11,760,687</u>
Segment liabilities			
Solar Module Segment	\$ 3,054,745	\$ 3,312,193	\$ 3,898,747
Other segment	<u>169,344</u>	<u>176,944</u>	<u>190,673</u>
Total consolidated liabilities	<u>\$ 3,224,089</u>	<u>\$ 3,489,137</u>	<u>\$ 4,089,420</u>

TSEC CORPORATION AND SUBSIDIARIES
Endorsements and guarantees provided by the groups.
For the three months ended March 31, 2025

Table 1

(Unit: In NT\$1,000, unless specified otherwise)

No.	Guarantor	Guarantee		Limit of Endorsement/ guarantee for Single Enterprise (Note 2)	Maximum Endorsement/ guarantee Balance for Current Period (Note 4)	Balance of Endorsement/ guarantee, End of Period (Note 4)	Actual amount drawn	Endorsement/ guarantee amount with assets pledged	Ratio of the accumulated endorsement and guarantee amount to the net value of the most recent financial statements (%) (Note 3)	Upper Limit of Endorsement/ guarantee Amount (Note 2)	Endorsement/ guarantee from the parent company to a subsidiary (Note 5)	Endorsements/ guarantees made by subsidiaries to the parent company (Note 5)	Endorsements/ guarantees provided in Mainland China (Note 5)	Note
		Company name	Relationship (Note 1)											
0	TSEC Corporation	Yuan-Yu Solar Energy Co., Ltd.	6	\$ 1,341,560	\$ 120,000	\$ 120,000	\$ 120,000	\$ 131,561	1.79	\$ 3,018,510	N	N	N	
0	TSEC Corporation	Houchang Energy Corporation	2	1,341,560	245,000	245,000	194,481	-	3.65	3,018,510	Y	N	N	
0	TSEC Corporation	Jinjing Electric Power Co., Ltd.	2	1,341,560	80,000	80,000	-	-	1.19	3,018,510	Y	N	N	

Note 1: The relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following five categories; fill in the number of categories each case belongs to:

1. A company with which it has business dealings.
2. The Company directly or indirectly holds more than 50% of the voting shares of the other company.
3. The other company directly or indirectly holds more than 50% of the voting shares of the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. However, the restriction does not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
5. The company provides mutual guarantees with other companies in the same industry or joint contractors as required by contract for construction projects.
6. The company provides guarantees for the investee company based on a joint investment relationship, with all contributing shareholders endorsing the guarantee in proportion to their shareholdings.

Note 2: The total amount of the Company's external endorsement guarantees shall not exceed 45% of the current net worth. The ceiling amount of endorsement guarantees to a single company is no more than 20% of the Company's net worth, and no more than 30% of the Company's net worth if it is to a single overseas affiliated company. The net value is based on the financial statements recently verified or audited by independent auditors.

Note 3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note 4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the Board of Directors.

Note 5: "Y" shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland China.

TSEC CORPORATION AND SUBSIDIARIES

Holding of significant securities at the end of the period (excluding investments in subsidiaries and associates)

March 31, 2025

Table 2

Unit: NT\$ thousand

Holder	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the period				Note
				Number of Shares	Carrying amount	Percentage of Ownership (%)	Fair value	
TSEC Corporation	<u>Domestic listed common shares</u>							
	Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value through other comprehensive income (FVTOCI)	10,000	\$ 9,100	-	\$ 9,100	Note 1
	Quanta Computer Inc.	"	"	160,000	35,920	-	35,920	Note 1

Note 1: The fair value of TWSE/TPEX listed companies refers to the closing price on March 31, 2025.

Note 2: None of the significant securities held at the end of the period was pledged.

TSEC CORPORATION AND SUBSIDIARIES

Names, locations, and other information of investees over which the company exercises significant influence

For the three months ended March 31, 2025

Table 3

(Unit: In NT\$1,000, unless specified otherwise)

Name of the investment company	Investee Company	Location	Main Business and Products	Investment Amount		Held at the end of the period			Net Income (Loss) of the Investee	Share of Profit	Note
				End of the period	End of the last period	Number of Shares (In Thousands)	%	Carrying amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Wholesale and retail of power generation equipment	\$ 31,129 (USD 1,000,000)	\$ 31,129 (USD 1,000,000)	100	100	\$ 8,742	\$ -	\$ -	Notes 1, 4 and 6
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Energy Storage System Operations	160,500	160,500	16,050	100	125,977	(7,741)	(7,741)	Notes 1 and 6
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100	484	-	-	Notes 1 and 6
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100	484	-	-	Notes 1 and 6
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Renewable-Energy-Based Electricity Retailing Enterprise	4,989	4,989	500	100	4,924	-	-	Notes 1 and 6
	Yuan Jin Energy Co., Ltd.	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	26,100	26,100	2,610	90	25,895	(32)	(28)	Notes 1 and 6
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	213,804	213,804	21,380	45.49	228,857	2,387	1,085	Notes 2 and 5
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20	131,561	(340)	89	Notes 3 and 7
	NFC III Renewable Power Co., Ltd.	12F-4, No. 89, Songren Road, Xinyi District, Taipei City 110413, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	432,000	432,000	43,200	24	418,986	(9,447)	(2,267)	Note 3
Houchang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100	90	-	-	Notes 1 and 6
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100	90	-	-	Notes 1 and 6
Yuan Jin Energy Co., Ltd.	Jinjing Electric Power Co., Ltd.	No. 85, Guangfu N. Rd., Hukou Township, Hsinchu County 303036, Taiwan	Self-usage power generation equipment utilizing renewable energy industry	28,024	28,024	2,810	100	27,764	(20)	(20)	Notes 1 and 6

- Note 1: The investment gains and losses of the subsidiaries accounted for using the equity method are calculated based on the financial statements that have been reviewed.
- Note 2: The investment gain or loss of the associates under the equity method is calculated based on the financial statements reviewed by the Company's certified public accountants.
- Note 3: The investment gains and losses of the associates accounted for using the equity method are calculated based on the financial statements that have been audited by the other CPAs.
- Note 4: On September 11, 2018, the Group resolved to dissolve and liquidate and its subsidiary TSEC America, Inc. As of May 8, 2025, TSEC America, Inc. had yet to execute its liquidation process.
- Note 5: Carrying amount includes unrealized gross margin.
- Note 6: Eliminated from the consolidated financial statements.
- Note 7: The Company issued the equity of Yuan Yu Company to the bank lender as collateral for Yuan Yu Company's financing in Note 32.