

Protrade Applied Materials Corp.
Parent Company Only Financial
Statements and Independent Auditors'
Report
2024 and 2023

Company Address: 8F, No. 59, Lane 77, Xingai Road, Taipei City
Tel: (02)2795-5338 -

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Independent Auditor's Report

To the Board of Directors of Protrade Applied Materials Corp.,

Auditor's Opinion

We have audited the accompanying balance sheet of Protrade Applied Materials Corp. (the "Company") as of December 31, 2024 and 2023 and the relevant statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibility under those standards is further described in the "Auditor's responsibilities for the audit of the parent company only financial statements" paragraph of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired enough and appropriate audit evidence to serve as the basis of our audit opinion.

Key audit matters

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Protrade Applied Materials Corp. for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters. In our professional judgement, the key audit matters that shall be communicated on the auditor's report are as follows:

I. Recognition of revenue

For accounting policies related to the recognition of revenue, please refer to Note 4 (14) of the parent company only financial statements. As for the disclosure of revenue, please refer to note 6 (19).

Description of key audit matters:

The sales revenue of Protrade Applied Materials Corp. is the main indicator of the evaluation of the financial or business performance by the investors and the management, with a higher risk of deceptive presentation. In addition, Protrade Applied Materials Corp. has entered into contracts or orders with key trading partners. Due to differences in transaction terms among different customers, the complexity of assessing the appropriate timing for revenue recognition has increased. Therefore, we consider revenue recognition to be one of the key audit matters of the financial statements in the current year.

Responsive audit procedures:

The main audit procedures for the above key audit matters include:

- Understand Protrade Applied Materials' operating status and industry characteristics, and review the sales contract to confirm the appropriate timing of revenue recognition and whether the accounting treatment is appropriate.
- Test the effectiveness of the design and implementation of internal controls relevant to revenue recognition.
- The trend analysis for the top ten customers covers the list of customers and the amount of sales revenue in the current period, the previous period and the same period last year, so as to assess whether there is any significant abnormality. If there is any material change, the reason for the change is verified and analyzed.
- The random inspections on sales transactions throughout the year are conducted to assess the authenticity of sales transactions, the accuracy of the amount of sales revenue recognized, and reasonableness of the timing of recognition.
- Examine documentation for sales transactions recorded before and after year end to determine whether they are recorded in the proper period.

II. Inventory valuation

For the accounting policies related to the inventory valuation, please refer to "Note 4(7) Inventory" in the parent company only financial statements. For the uncertainty in accounting estimates and assumptions related to inventory valuation, please refer to Note 5 of the parent company only financial statements. For the information on inventory write-down, please refer to "Note 6(5) Inventory" of the parent company only financial statements.

Description of key audit matters:

The main businesses of Protrade Applied Materials Corp. cover the agency and sale of rubber and plastic products. The risk of inventory write-downs may arise as product prices are easily affected by fluctuations in the international market. As of December 31, 2024, the balance of inventories was NT\$110,695 thousand, which accounted for 7% of total assets. Inventory valuation relies on the subjective judgment of key management personnel, and thus we consider the assessment of inventories impaired to be one of the key audit matters of the financial statements in the current year.

Responsive audit procedures:

The main audit procedures for the above key audit matters include:

- Assess the reasonableness of the inventory write-down or inventory obsolescence policy of Protrade Applied Materials Corp.
- Review the inventory aging report to analyze the reasonableness of changes in inventory aging across reporting periods.
- Assess whether the subsequent measurement of inventories was in accordance with Protrade Applied Materials' established inventory provisioning policy and applied consistently across reporting periods.
- Understand the selling price of Protrade Applied Materials Corp. to assess the reasonableness of the net realizable value of inventories, and verify the accuracy of the selling price and net realizable value calculations through sampling, in order to assess the reasonableness of the year-end inventory write-down provision.
- For inventory with longer aging periods, the subsequent sales performance and the basis for net realizable value were reviewed to verify the reasonableness of Protrade Applied Materials' provision for slow-moving inventory loss.

Responsibilities of management and the governing body for the parent company only financial statements

Management's responsibilities are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governance bodies (including the Audit Committee and supervisors) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

As part of an audit in accordance with the auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosure, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investees under the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant defects in internal control identified during the audit).

From the matters communicated with those charged with governance, we determine those matters that were of most significance of Protrade Applied Materials' 2024 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Competent Securities Authority Document Approval No.
March 11, 2025

Jin-Guan-Zheng-Shen-Zi No. 1120333238
: Jin-Guan-Zheng-Shen-Zi No. 1050036075

Protrade Applied Materials Corp.

Balance Sheet

December 31, 2024 and 2023

Unit: NT\$ thousand

Assets		2024.12.31		2023.12.31		Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (Note 6(1))	\$ 103,057	6	45,797	6	2100	Short-term borrowings (Note 6(11) and 9)	\$ 557,020	34	262,074	30
1111	Financial assets measured at fair value through profit or loss - current (Note 6(2))	-	-	137	-	2130	Contract liabilities - current (Note 6(19))	3,917	-	14,081	2
1150	Notes receivable, net (Notes 6(3) and (19))	3,029	-	1,927	-	2170	Accounts payable	238,303	15	63,007	7
1170	Accounts receivable, net (Notes 6(3) and (19))	289,697	18	202,620	23	2180	Accounts payable - Related parties (Note 7)	311	-	559	-
1180	Accounts receivable - related parties, net (Notes 6(3) and (19) and 7)	506,327	31	28,171	3	2200	Other payables (Note 6(16) and (20))	22,160	1	20,814	2
1200	Other receivables (Note 6 (3) and (4))	15,191	1	2,300	-	2220	Other payables - Related parties (Note 7)	160,238	10	17	-
130X	Inventories (Notes 6(5) and 7)	110,695	7	104,539	12	2230	Current income tax liabilities	12,957	1	4,562	1
1419	Prepayments (Note 7)	51,820	3	35,187	4	2280	Lease liabilities - current (Note 6(12))	6,647	-	-	-
1410	Other current assets	5,590	-	5,788	1	2365	Refund liabilities - current	907	-	571	-
	Total current assets	<u>1,085,406</u>	<u>66</u>	<u>426,466</u>	<u>49</u>	2399	Other current liabilities	96	-	2,389	-
15xx	Non-current assets:						Total current liabilities	<u>1,002,556</u>	<u>61</u>	<u>368,074</u>	<u>42</u>
1550	Investment under the equity method (Note 6(6))	327,767	20	309,547	36	25xx	Non-current liabilities:				
1600	Property, plant and equipment (Notes 6(7) and (9), and 7)	15,219	1	130,746	15	2570	Deferred income tax liabilities (Note 6(15))	11,184	1	6,140	1
1755	Right-of-use assets (Note 6(8))	69,643	4	-	-	2580	Lease liabilities - non-current (Note 6(12))	63,091	4	-	-
1760	Investment property, net (Note 6(7), (9) and 7)	128,731	8	-	-	2640	Net defined benefit liabilities - non-current (Note 6(14))	292	-	-	-
1780	Intangible assets (Note 6(10))	1,245	-	1,441	-	2645	Guarantee deposits received	617	-	-	-
1840	Deferred income tax assets (Note 6(15))	6,441	1	3,706	-		Total non-current liabilities	<u>75,184</u>	<u>5</u>	<u>6,140</u>	<u>1</u>
1920	Refundable deposits	3,066	-	524	-	2xxx	Total liabilities	<u>1,077,740</u>	<u>66</u>	<u>374,214</u>	<u>43</u>
	Total non-current assets	<u>552,112</u>	<u>34</u>	<u>445,964</u>	<u>51</u>	31xx	Equity (Notes 6(15) and (17)):				
						3110	Common share capital	<u>229,347</u>	<u>14</u>	<u>229,347</u>	<u>26</u>
						3200	Capital reserve	<u>248,325</u>	<u>15</u>	<u>248,325</u>	<u>29</u>
						3300	Retained earnings:				
						3310	Legal reserve	5,472	-	3,936	-
						3320	Special reserve	25	-	-	-
						3350	Undistributed earnings	<u>62,175</u>	<u>4</u>	<u>16,633</u>	<u>2</u>
							Total retained earnings	<u>67,672</u>	<u>4</u>	<u>20,569</u>	<u>2</u>
						34XX	Other equity:				
						3410	Exchange differences on translation of financial statements of foreign operations	<u>14,434</u>	<u>1</u>	<u>(25)</u>	<u>-</u>
						3xxx	Total equity	<u>559,778</u>	<u>34</u>	<u>498,216</u>	<u>57</u>
1xxx	Total assets	<u>\$ 1,637,518</u>	<u>100</u>	<u>872,430</u>	<u>100</u>	2-3xx	Total liabilities and equity	<u>\$ 1,637,518</u>	<u>100</u>	<u>872,430</u>	<u>100</u>

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Chia-Chang

Manager: Gordon Christopher Bell

Chief Accounting Officer: Hsu, Ya-Ting

Protrade Applied Materials Corp.
STATEMENT OF COMPREHENSIVE INCOME
For the years ended December 31, 2024 and 2023

Unit: NT\$ thousand

	2024		2023	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(19) and 7)	\$ 3,715,534	100	2,418,148	100
5000 Operating costs (Note 6(5) and 7)	3,454,732	93	2,247,640	93
5900 Gross operating profit	260,802	7	170,508	7
5910 Unrealized gross profit margin	6,661	-	2,915	-
Realized gross profit	254,141	7	167,593	7
6000 Operating expenses (Note 6(3), (7), (8), (10), (12), (14), (20), and 7 and 12)				
6100 Selling expense	122,974	4	98,564	4
6200 Administrative expenses	44,603	1	41,925	2
6450 Expected credit impairment loss (gain on recovery)	5,252	-	(525)	-
Total operating expenses	172,829	5	139,964	6
6900 Net operating income	81,312	2	27,629	1
7000 Non-operating income and expenses (Note 6(2), (9), (12), (13), (21), 7 and 12):				
7100 Interest income	5,298	-	716	-
7010 Other income	1,640	-	22	-
7020 Other gains and losses	12,659	-	7,349	-
7050 Financial costs	(34,482)	-	(21,782)	-
7070 Shares of profit or loss of subsidiaries and associates recognized using the equity method	6,807	-	5,250	-
Total non-operating income and expenses	(8,078)	-	(8,445)	-
7900 Net income before tax	73,234	2	19,184	1
7950 Less: Income tax expense (Note 6(15))	14,664	-	3,823	-
8200 Net income for this period	58,570	2	15,361	1
8300 Other comprehensive income:				
8360 Items that may be reclassified subsequently to profit or loss (Note 6(15))				
8361 Exchange differences on translation of financial statements of foreign operations	18,074	-	(3,431)	-
8399 Less: Income tax related to items that may be reclassified	3,615	-	(686)	-
8300 Other comprehensive income for this period	14,459	-	(2,745)	-
8500 Total comprehensive income for this period	<u>\$ 73,029</u>	<u>2</u>	<u>12,616</u>	<u>1</u>
Earnings per share (Unit: NT\$; Note 6 (18))				
9750 Basic earnings per share	<u>\$ 2.55</u>		<u>0.67</u>	
9850 Diluted earnings per share	<u>\$ 2.55</u>		<u>0.67</u>	

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Chia-Chang Manager: Gordon Christopher Bell Chief Accounting Officer: Hsu, Ya-Ting

Protrade Applied Materials Corp.
STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023

Unit: NTS thousand

	Retained earnings					Total	Exchange differences on translation of financial statements of foreign operations	Total equity
	Common stock capital	Capital reserve	Legal reserve	Special reserve	Undistributed earnings			
Balance as at January 1, 2023	\$ 229,347	264,379	1,756	-	21,800	23,556	2,720	520,002
Appropriation and distribution of earnings:								
Appropriation of legal reserve	-	-	2,180	-	(2,180)	-	-	-
Cash dividends on common shares	-	(16,054)	-	-	(18,348)	(18,348)	-	(34,402)
Net income for this period	-	-	-	-	15,361	15,361	-	15,361
Other comprehensive income for this period	-	-	-	-	-	-	(2,745)	(2,745)
Total comprehensive income for this period	-	-	-	-	15,361	15,361	(2,745)	12,616
Balance on December 31, 2023	229,347	248,325	3,936	-	16,633	20,569	(25)	498,216
Appropriation and distribution of earnings:								
Appropriation of legal reserve	-	-	1,536	-	(1,536)	-	-	-
Appropriation of special reserve	-	-	-	25	(25)	-	-	-
Cash dividends on common shares	-	-	-	-	(11,467)	(11,467)	-	(11,467)
Net income for this period	-	-	-	-	58,570	58,570	-	58,570
Other comprehensive income for this period	-	-	-	-	-	-	14,459	14,459
Total comprehensive income for this period	-	-	-	-	58,570	58,570	14,459	73,029
Balance on December 31, 2024	\$ 229,347	248,325	5,472	25	62,175	67,672	14,434	559,778

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Chia-Chang

Manager: Gordon Christopher Bell

Chief Accounting Officer: Hsu, Ya-Ting

Protrade Applied Materials Corp.
STATEMENT OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	Unit: NTS thousand	
	2024	2023
Cash flows from operating activities:		
Net income before tax for this period	\$ 73,234	19,184
Adjustments:		
Income and expenses		
Depreciation expenses	2,680	2,749
Amortization expenses	906	795
Expected credit impairment loss (gain on recovery)	5,252	(525)
Net loss on financial assets and liabilities at fair value through profit or loss	1,013	147
Interest expenses	34,482	21,782
Interest income	(5,298)	(716)
Shares of profit on subsidiaries, associates, and joint ventures recognized using the equity method	(6,807)	(5,250)
Unrealized gross profit margin	6,661	2,915
Total income and expense	38,889	21,897
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets measured at fair value through profit or loss	(876)	-
Notes receivable	(1,102)	19
Accounts receivable	(104,864)	(28,635)
Accounts receivable - related parties	(478,156)	125,205
Other receivables	(356)	(2,214)
Inventory	(6,156)	33,028
Prepayments	(16,633)	(5,880)
Other current assets	198	(3,663)
Total net change in assets related to operating activities	(607,945)	117,860
Net change in liabilities related to operating activities:		
Financial liabilities measured at fair value through profit or loss	-	(298)
Contract liabilities	(10,164)	869
Accounts payable	175,296	2,095
Accounts payable - related parties	(248)	559
Other payables	46	2,693
Other payables - related parties	(14)	17
Refund liabilities	336	571
Other current liabilities	(2,293)	2,142
Net defined benefit liabilities	292	-
Total net changes in liabilities related to operating activities	163,251	8,648
Total net changes in assets and liabilities related to operating activities	(444,694)	126,508
Total adjustments	(405,805)	148,405
Cash inflows (outflows) from operations	(332,571)	167,589
Interest received	5,298	716
Income tax paid	(7,575)	(682)
Net cash inflows (outflows) from operating activities	(334,848)	167,623
Cash flow from investing activities:		
Acquisition of investments using the equity method	-	(12,056)
Acquisition of property, plant and equipment	(6,366)	(749)
Increase in refundable deposits	(2,542)	(223)
Acquisition of intangible assets	(710)	(269)
Net cash outflows from investing activities	(9,618)	(13,297)
Cash flow from financing activities:		
Increase in short-term borrowings	1,259,114	-
Decrease in short-term borrowings	(964,168)	(81,304)
Increase in guarantee deposits received	617	-
Increase in other payables - related parties	822,486	-
Decrease in other payables - related parties	(670,534)	-
Repayment of lease principal	(1,096)	(1,374)
Distribution of cash dividends	(11,467)	(34,402)
Interest paid	(33,226)	(22,696)
Net cash inflows (outflows) from financing activities	401,726	(139,776)
Effect of exchange rate changes on cash and cash equivalents	-	(5)
Increase in cash and cash equivalents in the current period	57,260	14,545
Opening balance of cash and cash equivalents	45,797	31,252
Closing balance of cash and cash equivalents	\$ 103,057	45,797

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Chia-Chang

Manager: Gordon Christopher Bell

Chief Accounting Officer: Hsu, Ya-Ting

Protrade Applied Materials Corp.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
2024 and 2023

(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

Protrade Applied Materials Corp. (hereinafter referred to as the "Company") was incorporated with approval by the Ministry of Economic Affairs on August 7, 2001, and was approved for public offering on June 13, 2023, and listed on the Emerging Stock Board (ESB) on November 29, 2024. The Company mainly engages in wholesale and international trading of petrochemical raw materials, synthetic resins, plastic raw materials and synthetic rubber.

The Company issued 13,981,000 new shares in July 2022 and acquired the shares in Protrade Asia Limited (hereinafter referred to as "PAL"), Cascadia Resources, Inc. (hereinafter referred to as "CRI"), and Dakota Co., Ltd. (hereinafter referred to as "DCL"), held by the parent company, Protrade Global Limited (hereinafter referred to as "PGL"), and thus gained control over the above companies.

II. Date and Procedures for Approval of the Financial Report

The parent company only financial statements were approved by the Board of Directors for release on March 11, 2025.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) The impact of the adoption of the new and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The Company has adopted the new and amended IFRSs since January 1, 2024, which did not cause a material impact on the parent company only financial statements.

- Amendments to IAS 1 "Non-Current Liabilities with Contractual Terms"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IAS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(II) Impacts of not adopting the IFRS endorsed by the FSC

As per the Company's assessment, the application of the newly revised IFRS that have taken effect on January 1, 2025, which will not cause a material impact on the parent company only financial statements.

- Amendment to IAS No. 21 "Lack of Convertibility"
- The related disclosure requirements for Application Guidance to IFRS 4.1 and IFRS 7 under the amendments to the "Classification and Measurement of Financial Instruments" (amendments to IFRS 9 and IFRS 7) are as follows:

(III) New and revised standards and interpretations not yet endorsed by the FSC

The standards and interpretations that have been issued and amended by the IASB but have not yet been approved by the FSC may be relevant to the Company as follows:

<u>New or Amended Standards</u>	<u>Main Amendments</u>	<u>Effective Date of IASB's Announcement</u>
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standards introduce three categories of income and expenses, two subtotals in the income statement, and one single note on management performance measures. These three amendments and enhanced disaggregation guidance of financial statements, set the stage for better and more consistent information for users, and will affect all companies.</p> <ul style="list-style-type: none"> • A more structured income statement: Under the current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standards promote a more structured income statement. It introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on the Company's main business activities. • Management Performance Measurement (MPM): Companies often use the new standards to explain their financial performance, and companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Company is currently evaluating the impact of the above standards and interpretations on the Company's financial position and operating results. The relevant impact will be disclosed when the evaluation is completed. The Company expects the following new and amendments to standards that have not yet been approved to have no significant impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

- The related disclosure requirements for Application Guidance to IFRS 3.1 and 3.3 under the amendments to the “Classification and Measurement of Financial Instruments” (amendments to IFRS 9 and IFRS 7) are as follows:
- Annual improvements to IFRS
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

IV. Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the parent company only financial statements is as follows. The following accounting policies have been applied throughout the presentation period of the parent company only financial statements.

(I) Statement of compliance

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations").

(II) Basis of preparation

1. Basis of measurement

Except for financial instruments measured at fair value through profit or loss, the parent company only financial statements have been prepared on the basis of historical cost.

2. Functional currency and presentation currency

The Company's functional currency is the currency of its primary economic environment. The parent company only financial statements are presented in the Company's functional currency, NTD. Unless otherwise stated, all financial information presented in NTD is in the unit of NT\$ thousand.

(III) Foreign currencies

1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. On the end date of each reporting period (hereinafter referred to as the “balance sheet date”), foreign currency monetary items are translated into the functional currency at the exchange rate prevailing on the balance sheet date.

Foreign currency non-monetary items measured at fair value are translated into the functional currency at the exchange rate prevailing on the day of measurement. Foreign currency non-monetary items measured at historical cost are translated at the exchange rate prevailing on the transaction date.

Foreign currency exchange differences arising from translation are generally recognized in profit or loss.

2. Foreign operations

Assets and liabilities of foreign operations are translated into NTD at the exchange rate prevailing on the balance sheet date; income and expense items are translated into NTD at the average exchange rate in this period, and the resulting exchange differences are recognized in other comprehensive income.

(IV) Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified by the Company as current assets; all other assets that are not current assets are classified as non-current assets:

1. Assets expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. Assets held primarily for the purpose of trading;

3. Assets to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified by the Company as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Liabilities expected to be settled in normal operating cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities to be settled within 12 months after the balance sheet date; or
4. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, demand deposits and checkable deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the definition referred to above and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are recognized as cash equivalents.

(VI) Financial instruments

Accounts receivable are recognized when incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (except accounts receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that comprise material financial parts shall be initially measured based on the transaction price.

1. Financial assets

If the purchase or sale of financial assets conforms to the regular way of purchase or sale, the Company shall adopt trade date accounting or settlement date accounting consistently to recognize the purchase or sale of the financial assets in the same category.

Financial assets are classified on initial recognition into financial assets measured at amortized cost and financial assets measured at fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition if the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The above assets are measured at initial recognition value plus or minus, and the accumulated amortization is calculated with the effective interest method. And the amortized cost of the loss allowance is adjusted before the measurement. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. During derecognition, the profit or loss is recognized in profit or loss.

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

Financial assets that are not measured at amortized cost (e.g., financial assets held for trading and whose performance is managed and evaluated at fair value) as mentioned above are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce the improper accounting ratio, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or at fair value through other comprehensive income or loss as financial assets at fair value through profit or loss.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest income) is recognized in profit or loss.

(3) Impairment of financial assets

The Company's expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, and refundable deposits, etc.) loss allowance.

Allowance for losses on notes and accounts receivable are measured at lifetime expected credit losses.

If the credit risk of cash in banks, other receivables, and guarantee deposits paid (i.e. the risk of default during the expected duration of the financial instruments)) has not increased significantly since the initial recognition, an allowance for losses on the above assets are measured at 12-month expected credit losses.

Lifetime expected credit losses refer to the expected credit losses arising from all possible default events during the expected duration of a financial instrument.

The 12-month expected credit losses refers to the expected credit losses arising from the possible default of the financial instrument within 12 months after the reporting date (or a shorter period if the expected duration of the financial instrument is shorter than 12 months).

The maximum period over which expected credit losses are measured is the maximum contract period over which the Company is exposed to credit risk.

When determining whether the credit risk has increased significantly since the initial recognition, the Company takes into account reasonable and corroborative information (obtainable without undue cost or effort), including qualitative and quantitative information, and analyzes it based on the Company's historical experience, credit assessments, and forward-looking information.

If a contract payment is past due, the Company assumes that the credit risk of an financial asset has increased significantly.

Expected credit losses are an estimate of weighted probability of credit losses over the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is the difference between the cash flows that the Company can receive as per the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

Impairment provision for financial assets measured at amortized cost are deducted from the carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that have been written off are still enforceable to be aligned with the Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset are terminated, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another party.

2. Financial liabilities and equity instruments

(1) Equity transactions

Equity instrument refers to any contract that demonstrates the Company's remaining interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

(2) Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss if they are held for trading, derivatives, or designated upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and relevant net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains or losses are recognized in profit or loss. Any profit or loss is recognized in profit or loss at the time of derecognition.

(3) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled, or expired. When the terms of financial liabilities are revised and the cash flow of the revised liabilities is significantly different, the initial financial liabilities are derecognized, and new financial liabilities are recognized at fair value as per the revised terms.

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in a net amount on the balance sheet only when the Company has legally enforceable rights to offset financial assets and financial liabilities and intends to settle on a net basis or to realize assets and settle liabilities simultaneously.

3. Derivative financial instruments

The Company holds financial derivatives to hedge the exposure to the foreign currency and interest rate risks. Embedded derivatives are treated separately from the host contract thereof when they meet certain criteria and the host contract thereof is not a financial asset.

Derivatives are measured at fair value upon initial recognition; subsequently, they are measured at fair value, with the gain or loss from re-measurement directly recognized in profit or loss.

(VII) Inventories

Inventories are measured at the lower of cost or net realizable value. Costs include the costs incurred to bring them to a location and condition ready for sale and are calculated using the weighted average method. The net realizable value is the estimated selling price under normal operations less the estimated costs to be invested and selling expenses.

(VIII) Investment in subsidiaries

When preparing the parent company only financial statements, the Company adopts the equity method to value the investees over which the Company has control. With the equity method, the current profit or loss and other comprehensive income in the parent company-only financial statements are the same as the current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial statements. The owner's equity in the parent company only financial statements is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

(IX) Investment property

Investment property refers to property held to earn rentals or for capital appreciation, or both, rather than for sale in the ordinary course of business, or use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at its cost, subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation method, useful life and residual value complies with the requirements for property, plant and equipment.

The gain or loss on disposal of investment property (calculated as the difference between the net disposal proceeds and carrying amount) shall be recognized in profit or loss.

Rental income from investment property is recognized as non-operating revenue on a straight-line basis over the term of the lease. The lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(X) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment.

When the useful lives of material components of property, plant and equipment are different, they are treated as separate items of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that the future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(1) Buildings	45 - 50 years
(2) Office equipment	3 - 8 years
(3) Leasehold improvements	10 years

The Company reviews the depreciation method, useful life, and residual value on each balance sheet date and makes appropriate adjustments if necessary.

4. Reclassified to investment property

For the change in use of self-used property to investment property, the property shall be reclassified as investment property based on the carrying amount where there is an evidenced change in use.

(XI) Lease

The Company assesses whether a contract is or contains a lease on the date of the establishment of the contract and determines a contract is or contains a lease if the contract transfers control over the use of the identified asset for a period of time in exchange for consideration.

1. Lessee

The Company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initially measured amount of the lease liability, adjusted for any lease payments paid on or before the lease commencement date, plus the initial direct costs incurred and the estimated costs for dismantling, removing the asset, or restoring its location or the asset, and less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss that has occurred, and adjusts the right-of-use asset if the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If the interest rate implicit in a lease is easy to be determined, the discount rate is said rate; if it is not easy to determine such a rate, the Company's incremental borrowing rate is adopted. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (1) Fixed payments, including substantive fixed payments;
- (2) For the variable lease payment depending on a certain index or rate, the index or the rate on the lease commencement date is used as the initial measurement;
- (3) The residual value guarantee amount expected to be paid; and
- (4) Payments for purchase or termination options that are reasonably certain to be exercised.

Interest on lease liabilities is subsequently accrued using the effective interest method, and the amount is re-measured under each of the circumstances below:

- (1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) Changes in the residual value guarantee amount expected to be paid;
- (3) Changes in the evaluation of the underlying asset purchase option;
- (4) Change of its assessment on whether it will exercise an extension or termination option;
- (5) A change to the subject, scope, or other terms and conditions of a lease.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications with a reduced scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between said amount and the remeasured amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities not in alignment with the definition of investment property on a separate line in the balance sheet.

For short-term leases and leases of low-value assets, covering officers and warehousing locations, the Company elects not to recognize right-of-use assets and lease liabilities and recognizes relevant lease payments in expenses on a straight-line basis over the lease term instead.

2. Lessor

As lessor, the Company continues to account for leases as either operating or finance leases depending on whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee on the lease commencement date. During the assessment, the Company takes into account specific indicators, such as whether the lease term covers the majority of the economic life of the underlying asset. For the operating lease, the lease payments received are recognized as rental income on a straight-line basis over the lease term.

(XII) Intangible assets

1. Computer software

The computer software system acquired by the Company is measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Intangible assets are amortized using the straight-line method over the estimated useful life of 3 to 5 years from the date available for use, and the amortization amount is recognized in profit or loss.

The Company reviews the amortization method, useful life, and residual value of intangible assets on each balance sheet date and makes appropriate adjustments if necessary.

(XIII) Impairment of non-financial assets

Except for inventories and deferred income tax assets, the Company assesses whether there is any indication that the carrying amount of non-financial assets may be impaired at each reporting date. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment testing aims at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the higher of the individual asset or the fair value of the cash-generating unit less cost of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. When the recoverable amount of an asset or cash-generating unit is lower than the carrying amount thereof, the carrying amount of the asset or the cash-generating unit is adjusted to reduce it to the recoverable amount and recognized as an impairment loss, which is recognized immediately in profit or loss for the current period.

(XIV) Revenue recognition

Revenue is measured as the consideration to which the transfer of goods is expected to be entitled. The Company recognizes revenue when the control over goods is transferred to customers and its performance obligations are fulfilled. The transfer of control over products means that the products have been delivered to customers, who can then fully determine the sales channels and prices of the products, without any outstanding obligations that will affect customers' acceptance of the products. Delivery occurs when a product has been shipped to a specific location with its risk of obsolescence losses passed to the customer, and the customer has accepted the product in accordance with the sales contract; the acceptance clause has become invalid, or the Company has objective evidence that all acceptance criteria have been met.

(XV) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution plan is recognized as an expense within the service period of the employee. The prepaid contribution may be recognized as assets, insofar as it may result in the refunding of cash or the reduction of future payments.

2. Defined benefit plan

The Company's net obligation under the defined benefit plan is converted into cash based on the future benefit earned from the services provided by the employees in the current period or in the past under each benefit plan, and deducting the fair value of plan assets.

The defined benefit obligation is actuarially calculated annually by a qualified actuary using the projected unit credit method. When the calculation result are favorable to the Company, the assets recognized are limited to the present value of any economic benefit obtained in the form of refund from the plan or the reduction in future contributions to the plan. When calculating the present value of economic benefits, any minimum funding requirements are taken into account.

Any remeasurement of the net defined benefit liability, including actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset cap effect (excluding interest), is recognized immediately in other comprehensive income and transferred to other equity in the current period. The net interest expense (income) of the net defined benefit liability (asset) is determined by using the net defined benefit liability (asset) and discount rate at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is amended or reduced, the changes in benefits related to prior service costs or reduced benefits or losses are recognized immediately in profit or loss. The Company recognizes the settlement gain or loss of the defined benefit plan at the time of settlement.

3. Short-term employee benefits

Short-term employee benefits are recognized as expenses when the relevant services are provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(XVI) Income tax

Income taxes include current income and deferred taxes. Current income tax and deferred tax are recognized in profit or loss, except in relation to business combinations or items directly recognized in equity or other comprehensive income.

The Company determines that the interest or penalties related to the income taxes (including uncertain tax positions) does not meet the definition of the income taxes, and, therefore, are accounted for in accordance with International Accounting Standard (IAS) 37.

The Company determines that the additional tax payable under the Global Minimum Tax – Pillar 2 falls within the scope of IAS 12 “Income Tax”, and has applied the temporary compulsory exemption for deferred income tax accounting, and the actual additional tax incurred is recognized as the current income tax.

Current income tax includes the expected income tax payable or tax refund receivable based on the taxable income (loss) for the year and any adjustments to income tax payables for prior years. The amount, after reflecting the uncertainty related to income taxes (if any), is the best estimate of the amount expected to be paid or received at the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss) and (ii) does not generate equivalent taxable and deductible temporary difference;
2. Temporary differences arising from investments in subsidiaries and joint ventures, of which the Company can control the time point of reversal of the temporary differences and it is highly probable that it will not be reversed in the foreseeable future.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rate at which the temporary difference is expected to reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority:
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(XVII) Earnings per share

The Company presents basic and diluted earnings per share attributable to holders of the Company’s common shares. The Company’s basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the ordinary shares by the weighted average number of common shares outstanding in the current period. Diluted earnings per share are calculated by having the profit or loss attributable to the equity holders of the Company’s ordinary shares and the weighted average number of ordinary shares outstanding adjusted for the effect of all potentially dilutive common shares. The Company’s potential dilutive ordinary shares include an estimate of employee remuneration.

(XVIII) Information on Segments

The Company has disclosed the segment information in the consolidated financial statements; therefore, the segment information is not disclosed in the parent company only financial statements.

V. Key Sources of Uncertainties over Critical Accounting Judgments, Assumptions and Estimates

In preparing the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the management must make judgments and estimates regarding the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from estimates.

The management continuously review the estimates and basic assumptions, which are consistent with the Company's risk management and climate-related commitments. Changes in the estimates are deferred and recognized over the adjustment period and the affected future periods.

The Company has no accounting policies which involve critical judgments with a material impact on the amounts recognized in the parent company only financial statements.

Of the uncertainties about assumptions and estimates, a significant risk that a major adjustment will be made in the following year arises from the valuation of inventories. As inventories should be measured at the lower of cost or net realizable value, considering normal wear and tear, obsolescence, or no market selling value on the balance sheet date, the Company wrote down the cost of inventories to the net realizable value. The inventories are valued mainly based on the product demand during a specific period in the future, so there may be significant changes due to rapid changes in the industry. Please refer to Note 6(5) for the details of inventory valuation.

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	<u>2024.12.31</u>	<u>2023.12.31</u>
Cash	\$ 30	47
Demand deposits and checkable deposits	<u>103,027</u>	<u>45,750</u>
	<u>\$ 103,057</u>	<u>45,797</u>

Please refer to Note 6(22) for the details of the interest rate risk to the Company's financial assets and liabilities.

(II) Financial assets measured at fair value through profit or loss

	<u>2024.12.31</u>	<u>2023.12.31</u>
Non-hedging derivatives - foreign exchange forward contract	\$ -	<u>137</u>

The Company's financial derivatives transactions aim to hedge exchange rate risks to the operating activities. The details of forward exchange agreements recognized as financial assets at fair value through profit or loss for not applying hedge accounting are as follows:

<u>2023.12.31</u>		
<u>Contract amount</u>	<u>Type of currency</u>	<u>Due date</u>
<u>(US\$1,000)</u>		
<u>\$ 200</u>	Sell USD/Buy NTD	2024.1.2

Please refer to Note 6(21) for the amount remeasured at fair value and recognized in profit or loss.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

(III) Notes and accounts receivable

	<u>2024.12.31</u>	<u>2023.12.31</u>
Notes receivable	\$ 3,029	1,927
Accounts receivable	310,603	205,739
Accounts receivable - related parties	506,327	28,171
Less: Allowance for losses - accounts receivable	<u>(20,906)</u>	<u>(3,119)</u>
	<u>\$ 799,053</u>	<u>232,718</u>

The Company's notes and accounts receivable are not discounted or provided as collateral.

The Company adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables, measured at lifetime expected credit losses. To this end, such notes and accounts receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated, including macro-economic and relevant industry information. According to the Company's historical experience in credit loss, there is no significant difference in the patterns of loss from different groups of clients, so the provision matrix prepared did not further group clients.

The expected credit losses of notes and accounts receivable of the Company as of December 31, 2024 and 2023 are analyzed as follows:

	<u>2024.12.31</u>		
	<u>Carrying amounts of notes and accounts receivable</u>	<u>Weighted average expected credit loss (%)</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	\$ 167,247	0.77	1,301
Past due for 30 days or less	116,964	2.21	2,584
Past due 31 to 60 days	13,623	8.98	1,223
Past due for 91 days or more	<u>130</u>	100.00	<u>130</u>
	<u>\$ 297,964</u>		<u>5,238</u>

The above carrying amounts of notes receivable and accounts receivable do not include the Company's accounts receivable from specific customers, which amounted to NT\$15,668 thousand, which are assessed by the Company as having a higher risk of default, and for which the full amount has been provided for expected credit losses. For the aforementioned accounts receivable, the Company has purchased credit insurance, and the claims reimbursement of approximately 80% of the accounts receivable. The Company assesses that if a credit loss occurs, compensation will be received. Therefore, when recognizing the relevant expected credit losses, the Company also recognized the compensation right asset of NT\$12,535 thousand and the compensation right benefit of NT\$12,535 thousand, respectively, which are recorded under other receivables and as a reduction of expected credit losses, respectively.

	<u>2023.12.31</u>		
	<u>Carrying amounts of notes and accounts receivable</u>	<u>Weighted average expected credit loss (%)</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	\$ 118,043	0.17	204
Past due for 30 days or less	81,493	0.46	374
Past due 31 to 60 days	5,817	3.92	228
Past due for 91 days or more	<u>2,313</u>	100.00	<u>2,313</u>
	<u>\$ 207,666</u>		<u>3,119</u>

The carrying amount of notes receivable and accounts receivable as of December 31, 2024 and 2023 did not include the Company's accounts receivable from subsidiaries, and were not past due on December 31, 2024 and 2023, amounting to NT\$506,327 thousand and NT\$28,171 thousand, respectively.

The changes in allowances for losses on the Company's notes and accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
Opening balance	\$ 3,119	4,202
Recognized impairment loss (reversal gain)	17,787	(525)
The irrecoverable amount written off in the current year	-	(558)
Ending balance	<u>\$ 20,906</u>	<u>3,119</u>

None of the above financial assets were provided as collateral.

(IV) Other receivables

	<u>2024.12.31</u>	<u>2023.12.31</u>
Other receivables	\$ 15,191	2,300
Less: Loss allowance	-	-
	<u>\$ 15,191</u>	<u>2,300</u>

The other receivables of the Company as of December 31, 2024 and 2023 were not past due.

Please refer to Note 6 (22) for the information on other credit risks.

(V) Inventory

	<u>2024.12.31</u>	<u>2023.12.31</u>
Merchandise inventory	<u>\$ 110,695</u>	<u>104,539</u>

The costs of sales recognized for this period are as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 3,459,969	2,242,093
Inventory valuation losses (gains on inventory value recovery)	(5,342)	5,579
Inventory shrinkage (overage)	<u>105</u>	<u>(32)</u>
	<u>\$ 3,454,732</u>	<u>2,247,640</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

As of December 31, 2024 and 2023, the Company's inventories had not been provided as collateral.

(VI) Investments accounted for using the equity method:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Subsidiary	<u>\$ 327,767</u>	<u>309,547</u>

Please refer to the 2024 consolidated financial statements for information related to subsidiaries' investments.

As of December 31, 2024 and 2023, the Company's investments accounted for using the equity method did not provide collateral.

(VII) Property, plant and equipment

The details of the changes in the cost and accumulated depreciation of the Company's property, plant and equipment as of 2024 and 2023 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:					
Balance on January 1, 2024	\$ 103,223	36,454	2,965	-	142,642
Addition	-	-	2,281	12,412	14,693
Reclassified (Note)	(103,223)	(35,644)	-	-	(138,867)
Disposal of	-	(810)	(1,109)	-	(1,919)
Balance on December 31, 2024	<u>\$ -</u>	<u>-</u>	<u>4,137</u>	<u>12,412</u>	<u>16,549</u>
Balance on January 1, 2023	\$ 103,223	36,454	2,400	-	142,077
Addition	-	-	749	-	749
Disposal of	-	-	(184)	-	(184)
Balance on December 31, 2023	<u>\$ 103,223</u>	<u>36,454</u>	<u>2,965</u>	<u>-</u>	<u>142,642</u>
Accumulated depreciation:					
Balance on January 1, 2024	\$ -	10,182	1,714	-	11,896
Depreciation	-	704	620	105	1,429
Reclassified (Note)	-	(10,076)	-	-	(10,076)
Disposal of	-	(810)	(1,109)	-	(1,919)
Balance on December 31, 2024	<u>\$ -</u>	<u>-</u>	<u>1,225</u>	<u>105</u>	<u>1,330</u>
Balance on January 1, 2023	\$ -	9,296	1,403	-	10,699
Depreciation	-	886	495	-	1,381
Disposal of	-	-	(184)	-	(184)
Balance on December 31, 2023	<u>\$ -</u>	<u>10,182</u>	<u>1,714</u>	<u>-</u>	<u>11,896</u>
Book value:					
Balance on December 31, 2024	<u>\$ -</u>	<u>-</u>	<u>2,912</u>	<u>12,307</u>	<u>15,219</u>
Balance on December 31, 2023	<u>\$ 103,223</u>	<u>26,272</u>	<u>1,251</u>	<u>-</u>	<u>130,746</u>

Note: Reclassified to investment property.

As of December 31, 2024 and 2023, none of the Company's property, plant and equipment had been provided as collateral.

(VIII) Right-of-use assets

The details of the changes in costs and depreciation of the buildings leased by the Company are as follows:

	<u>Buildings</u>
Cost:	
Balance on January 1, 2024	\$ -
Addition	<u>70,834</u>
Balance on December 31, 2024	<u>\$ 70,834</u>
Balance on January 1, 2023	\$ 2,346
Decrease (lease expiry)	<u>(2,346)</u>
Balance on December 31, 2023	<u>\$ -</u>
Accumulated depreciation:	
Balance on January 1, 2024	\$ -
Depreciation during this period	<u>1,191</u>
Balance on December 31, 2024	<u>\$ 1,191</u>
Balance on January 1, 2023	\$ 978
Depreciation during this period	1,368
Decrease (lease expiry)	<u>(2,346)</u>
Balance on December 31, 2023	<u>\$ -</u>
Book value:	
Balance on December 31, 2024	<u>\$ 69,643</u>
Balance on December 31, 2023	<u>\$ -</u>

(IX) Investment property

Investment property refers to the office building leased to other related parties by the Company as rental income over a period of ten years. The details of the changes in the cost, depreciation and impairment loss of the Company's investment property as of 2024 and 2023 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Costs or costs recognized:			
Balance on January 1, 2024	\$ -	-	-
Reclassified (Note)	<u>103,223</u>	<u>35,644</u>	<u>138,867</u>
Balance on December 31, 2024	<u>\$ 103,223</u>	<u>35,644</u>	<u>138,867</u>
Depreciation and impairment loss:			
Balance on January 1, 2024	\$ -	-	-
Depreciation during this period	-	60	60
Reclassified (Note)	<u>-</u>	<u>10,076</u>	<u>10,076</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>10,136</u>	<u>10,136</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount:			
Balance on December 31, 2024	<u>\$ 103,223</u>	<u>25,508</u>	<u>128,731</u>
Fair value			
Balance on December 31, 2024			<u>\$ 218,243</u>

Note: Transferred from property, plant and equipment

The fair value of the Company's investment property was evaluated by the Company with reference to the market evidence of transaction prices of comparable properties on December 31, 2024, while there was no such situation on December 31, 2023.

(X) Intangible assets

The details of the cost, amortization, and impairment loss of the Company's intangible assets for 2024 and 2023 are as follows:

	<u>Computer software</u>
Cost:	
Balance on January 1, 2024	\$ 3,561
Addition	<u>710</u>
Balance on December 31, 2024	<u>\$ 4,271</u>
Balance on January 1, 2023	\$ 3,911
Addition	269
Disposal of	<u>(619)</u>
Balance on December 31, 2023	<u>\$ 3,561</u>
Accumulated amortization:	
Balance on January 1, 2024	\$ 2,120
Amortization during this period	<u>906</u>
Balance on December 31, 2024	<u>\$ 3,026</u>
Balance on January 1, 2023	\$ 1,944
Amortization during this period	795
Disposal of	<u>(619)</u>
Balance on December 31, 2023	<u>\$ 2,120</u>
Carrying amount:	
Balance on December 31, 2024	<u>\$ 1,245</u>
Balance on December 31, 2023	<u>\$ 1,441</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

(XI) Short-term borrowings

The details of the Company's short-term borrowings are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured bank borrowings	<u>\$ 557,020</u>	<u>262,074</u>
Unused credit limit	<u>\$ 1,030,415</u>	<u>1,475,444</u>
Interest rate range (%)	<u>5.65-6.32</u>	<u>1.85~7.29</u>

1. Please refer to Note 9 for the guaranteed promissory notes issued by the Company due to the amount of borrowings.

2. The Company has not provided assets as collateral for bank borrowings.

(XII) Lease liabilities

The carrying amount of the Company's lease liabilities is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Current	\$ 6,647	-
Non-current	63,091	-
	<u>\$ 69,738</u>	<u>-</u>

Please refer to Note (22) "Financial instruments" for maturity analysis.

The amount of lease recognized in profit or loss is as follows:

	<u>2024</u>	<u>2023</u>
Interest expense of lease liabilities	<u>\$ 216</u>	<u>8</u>
Variable lease payments not included in the measurement of the lease liabilities	<u>\$ 7,467</u>	<u>8,345</u>
Expenses of short-term leases	<u>\$ 1,595</u>	<u>2,260</u>

Amounts recognized in the statements of cash flows are as follows:

	<u>2024</u>	<u>2023</u>
Total cash outflows from operating activities	\$ 9,062	10,605
Total cash outflows from financing activities - lease principal	1,096	1,374
Total cash outflows from financing activities - interest expenses	216	8
Total cash outflows from leases	<u>\$ 10,374</u>	<u>11,987</u>

The Company leased buildings as warehousing locations on December 31, 2024 and 2023. The lease terms are usually one to two years.

The payments for some warehouses as per the lease contracts are calculated based on the actual area used per month. The variable rents paid by the Company in 2024 for these contracts are as follows:

	<u>Variable payment</u>	<u>Estimated effect on rents for every 1% increase in the area used</u>
Lease contracts under which variable payments were calculated based on the area used	<u>\$ 7,467</u>	<u>75</u>

In addition, the Company leases offices and some storage locations for a period of one year. These leases are short-term leases. The Company chooses to be exempted from the recognition rules but does not recognize its related right-of-use assets and lease liabilities.

(XIII) Operating lease

The Company leases out its investment properties. As substantially all the risks and rewards incidental to ownership of the underlying assets, the lease contracts are classified as operating leases. Please refer to Note 6(9) Investment property.

The maturity analysis of lease payments is based on the total amount of lease payments that will be collected after the reporting date, as shown in the following table:

	2024.12.31
Less than one year	\$ 2,955
1-2 years	3,523
2-3 years	3,523
3-4 years	3,523
4-5 years	3,553
Five years or more	<u>19,056</u>
Total undiscounted lease payments	<u>\$ 36,133</u>

The rent income arising from investment property totaled NT\$19 thousand in 2024, while there was no such situation in 2023.

(XIV) Employee benefits

1. Defined benefit plan

The present value of the Group's defined benefit obligation and fair value of plan assets are adjusted as follows:

	2024.12.31
Present value of defined benefit obligation	\$ 294
Fair value of plan assets	<u>(2)</u>
Net defined benefit liabilities	<u>\$ 292</u>

The Company's defined benefit plan is allocated to the labor pension reserve account at the Bank of Taiwan. The pension paid to each employee under the Labor Standards Act is calculated based on the year of service and six month's average salary prior to retirement.

(1) Composition of plan assets

The pension fund appropriated by the Company in accordance with the Labor Standards Act is managed by the Bureau Of Labor Funds, Ministry Of Labor (hereinafter referred to as the Bureau Of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum annual distributable income shall be no less than the income calculated based on the two-year fixed deposit interest rate of local banks.

On December 31, 2024, the Company's pension reserve account at the Bank of Taiwan and employee pension account at the Bank of Taiwan totaled NT\$2,000. For information on the utilization of Labor Pension Fund assets, including the fund performance and asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Changes in the present value of defined benefit obligation

Changes in present value of the Company's defined benefit obligation are as follows:

	<u>2024</u>
Defined benefit obligation on January 1	\$ -
Service cost and interest for this period	<u>294</u>
Defined benefit obligation on December 31	<u><u>\$ 294</u></u>

(3) Changes in fair value of plan assets

Changes in fair value of plan assets of the Company's defined benefit plan are as follows:

	<u>2024</u>
Fair value of plan assets on January 1	\$ -
Amount allocated to the plan	<u>2</u>
Fair value of plan assets on December 31	<u><u>\$ 2</u></u>

(4) Expenses recognized in profit or loss

The Company's expenses recognized in 2024 are as follows:

	<u>2024</u>
Service cost for this period	<u><u>\$ 294</u></u>

(5) Actuarial assumptions

The Company's material actuarial assumptions for determining the present value of the defined benefit obligation on the balance sheet date are as follows:

	<u>2024.12.31</u>
Discount rate	2.375 %
Future salary increase	3.000 %

The Company plans to allocate NT\$31 thousand to the defined benefit plan within one year after December 31, 2024. The weighted average duration of the defined benefit plan is 35 years.

(6) Sensitivity analysis

The impact of changes in the key actuarial assumptions on the present value of defined benefit obligation on December 31, 2024 is as follows:

	<u>Impact on defined benefit obligations</u>	
	<u>0.25% increase</u>	<u>0.25% decrease</u>
December 31, 2024		
Discount rate	(27)	24
Future salary increase	24	(27)

The above sensitivity analysis analyzes the impact of changes in an individual assumption, assuming that all other assumptions remain unchanged. In practice, many changes in assumptions may be interrelated. The sensitivity analysis is consistent with the methodology used to calculate the net pension liabilities recognized in the balance sheet. The Company has not established a defined benefit plan as of December 31, 2023.

2. Defined contribution plans

As per the Labor Pension Act, the Company makes a contribution equal to 6% of each employee's monthly salary to employees' individual pension accounts under the Bureau of Labor Insurance for the defined contribution plan. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional payments.

The Company's pension expenses under the 2024 and 2023 defined contribution plan were NTD 2,352 thousand and NTD 2,476 thousand, respectively, and the amount had been appropriated to the Bureau of Labor Insurance.

(XV) Income taxes

1. The details of the Company's income tax expenses (profits) in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax expenses (profits)		
Incurred in the current period	\$ 15,980	5,055
Adjustment to the income tax for the prior period	(13)	16
Imposition on undistributed earnings	3	-
	<u>15,970</u>	<u>5,071</u>
Deferred income tax expenses (profits)		
Occurrence and reversal of temporary difference	(1,306)	(1,248)
Income tax expenses	<u>\$ 14,664</u>	<u>3,823</u>

The details of the Company's income tax expenses (profits) recognized in other comprehensive income in 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<u>\$ 3,615</u>	<u>(686)</u>

The Company's income tax expenses (profits) and net income before tax in 2024 and 2023 are adjusted as follows:

	<u>2024</u>	<u>2023</u>
Net income before tax	<u>\$ 73,234</u>	<u>19,184</u>
Income tax calculated at the domestic tax rate where the Company is located	14,647	3,837
Non-deductible effects	27	(30)
Adjustment to income taxes in the prior period	(13)	16
Imposition on undistributed earnings	3	-
Total	<u>\$ 14,664</u>	<u>3,823</u>

2. Deferred income tax assets and liabilities

(1) Taxable temporary differences of unrecognized deferred income tax liabilities

Before the Company's organizational restructuring, the temporary differences related to the invested subsidiaries were not recognized as deferred income tax liabilities as the Company could control the time of reversal of the temporary differences and was certain that the temporary differences would not reverse in the foreseeable future. However, after organizational restructuring, the Company considered the future capital plan and the group's development strategy, and assessed that the temporary differences related to the investment in subsidiaries may be reversed in the foreseeable future. The temporary differences related to the subsidiaries are recognized as deferred income tax assets or liabilities since 2022. On December 31, 2024 and 2023, the temporary differences of the unrecognized deferred income tax liabilities before the organizational restructure totaled NTD 172,885 thousand.

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2024 and 2023 are as follows:

Deferred income tax assets:

	Allowance for inventory valuation losses	Allowance for bad debts	Bonus for unused vacation	Unrealized gross profit margin	Exchange differences on foreign operations	Net defined benefit liabilities	Total
January 1, 2024	\$ 1,798	289	572	1,041	6	-	3,706
Recognized in profit (loss)	(1,068)	2,364	55	1,332	-	58	2,741
Recognized in other comprehensive income (loss)	-	-	-	-	(6)	-	(6)
December 31, 2024	\$ 730	2,653	627	2,373	-	58	6,441
January 1, 2023	\$ 682	200	530	458	-	-	1,870
Recognized in profit (loss)	1,116	89	42	583	-	-	1,830
Recognized in other comprehensive income (loss)	-	-	-	-	6	-	6
December 31, 2023	\$ 1,798	289	572	1,041	6	-	3,706

Deferred income tax liabilities:

	Exchange gains	Investment gains and losses under the equity method	Exchange differences on foreign operations	Compensating assets	Total
January 1, 2024	\$ 397	5,743	-	-	6,140
Recognized in loss (gain)	(83)	(989)	-	2,507	1,435
Recognized in other comprehensive loss (gain)	-	-	3,609	-	3,609
December 31, 2024	\$ 314	4,754	3,609	2,507	11,184
January 1, 2023	\$ 865	4,693	680	-	6,238
Recognized in loss (gain)	(468)	1,050	-	-	582
Recognized in other comprehensive loss (gain)	-	-	(680)	-	(680)
December 31, 2023	\$ 397	5,743	-	-	6,140

3. Status of income tax assessments

The income tax returns of the Company's profit-seeking business have been audited and approved by the tax authorities up to 2021.

(XIV) Other payables

	<u>2024.12.31</u>	<u>2023.12.31</u>
Salary payable	\$ 7,730	6,010
Commissions payable	2,584	1,454
Freight payable	2,296	5,645
Remuneration payable to employees, directors and supervisors	2,109	392
Service fees payable	1,876	700
Premium payable	1,100	1,035
Others	4,465	5,578
Total	<u>\$ 22,160</u>	<u>20,814</u>

(XVII) Share capital and other interests

1. Issuance of common shares

The total amount of the Company's authorized capital was NT\$600,000 thousand, divided into 22,935,000 shares, as of both December 31, 2024 and 2023, with a par value of NT\$10 per share, and the capital contributions have all been received.

The reconciliation of the outstanding common shares of the Company is as follows:

	Unit: Thousand shares	
	<u>2024</u>	<u>2023</u>
Ending balance (i.e. beginning balance)	<u>22,935</u>	<u>22,935</u>

2. Capital reserve

The balance of the Company's capital reserves is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Additional paid-in capital in excess of par)	<u>\$ 248,325</u>	<u>248,325</u>

3. Retained earnings

Pursuant to the Company's Articles of Incorporation, when there are earnings in the Company's annual final accounts, the Company shall first pay taxes, offset the deficits from prior years, and set aside 10% of the balance for legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In addition, according to the Company's operational needs and laws and regulations, a special reserve shall be set aside. If there is any surplus, the Board of Directors shall prepare an earnings distribution proposal and submit it to the Shareholders' Meeting for resolution.

(1) Legal reserve

As per the Company Act, the Company shall provide 10% of the net income after tax as a legal reserve unless it has reached the total amount of the Company's paid-in capital. The legal reserve can be used to offset losses. When the Company suffers no loss, it may pay out new shares or cash from the legal reserve (only when the legal reserve is at least 25% more than the paid-in capital) by the resolution of the shareholders' meeting.

(2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission (FSC), when the Company allocates distributable earnings, it shall appropriate a special reserve from the current period's profit or the undistributed earnings of prior periods to cover the net deduction from other components of shareholders' equity that occurred during the current year. For the cumulative deductions from "other shareholders' equity" from prior years, a special reserve shall be appropriated from undistributed earnings of prior periods and shall not be distributed. Subsequently, when the amount of deductions from "other shareholders' equity" is reversed, the reversed portion may be distributed as earnings.

4. Earnings distribution

On May 27, 2024 and April 13, 2023, the Company's shareholders' meetings resolved the 2023 and 2022 earnings distribution proposals. The amounts of dividends distributed to the shareholders are as follows:

	<u>2023</u>	<u>2022</u>
Dividends distributed to common shareholders:		
Cash	<u>\$ 11,467</u>	<u>18,348</u>

The Company's 2024 earnings appropriation proposed by the Board of Directors on March 11, 2025 is as follows:

	<u>2024</u>
Dividends distributed to common shareholders:	
Cash	<u>\$ 34,402</u>

Information regarding the earnings distribution as approved by the Board of Directors and resolved by the shareholders' meeting of the Company can be obtained from the MOPS.

(XVIII) Earnings per share

	Unit: Thousand shares	
	<u>2024</u>	<u>2023</u>
Basic earnings per share:		
Net income attributable to the Company for the period	<u>\$ 58,570</u>	<u>15,361</u>
Weighted average of outstanding common shares	<u>22,935</u>	<u>22,935</u>
Basic earnings per share (NTD)	<u>\$ 2.55</u>	<u>0.67</u>
Diluted earnings per share:		
Net income attributable to the Company for the period	<u>\$ 58,570</u>	<u>15,361</u>
Weighted average of outstanding common shares	22,935	22,935
Effect of potentially dilutive common shares		
Employee remuneration	<u>58</u>	<u>29</u>
Weighted average of outstanding common shares (after adjusting for the potential dilutive effect of common shares)	<u>22,993</u>	<u>22,964</u>
Diluted earnings per share (NTD)	<u>\$ 2.55</u>	<u>0.67</u>

(XIX) Revenue from customer contracts

1. Breakdown of revenue

	<u>2024</u>	<u>2023</u>
Main regional markets:		
USA	\$ 1,144,641	411,084
China	954,993	1,075,574
Thailand	295,069	147,671
Canada	279,537	48,968
Malaysia	270,918	37,240
Vietnam	255,002	231,908
Chile	98,596	114,740
Indonesia	81,150	76,447
Other countries	<u>335,628</u>	<u>274,516</u>
	<u>\$ 3,715,534</u>	<u>2,418,148</u>
Main product/service lines:		
Rubber products	\$ 2,597,046	2,136,291
Plastic products	1,079,841	225,492
Others	<u>38,647</u>	<u>56,365</u>
	<u>\$ 3,715,534</u>	<u>2,418,148</u>

2. Contract balance

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Notes and accounts receivable (including related parties)	\$ 819,959	235,837	332,984
Less: Loss allowance	<u>(20,906)</u>	<u>(3,119)</u>	<u>(4,202)</u>
Total	<u>\$ 799,053</u>	<u>232,718</u>	<u>328,782</u>
Contract liabilities	<u>\$ 3,917</u>	<u>14,081</u>	<u>13,212</u>

Please refer to Note 6(3) for the disclosures of notes and accounts receivable and impairment thereof.

The opening balance of contract liabilities on January 1, 2024 and 2023 totaled NT\$13,803 thousand and NT\$12,932 thousand for 2024 and 2023, respectively, recognized as income.

(XX) Remuneration to employees, directors and supervisors

As per the Articles of Incorporation, were the Company makes a profit for a year, it shall provide no less than 2% of the balance as employee remuneration and no greater than 0.008% as director and supervisor remuneration. However, in case of a cumulative deficit, an amount shall first be reserved to offset it. The remuneration to employees in the preceding paragraph may be paid in cash or shares, and the recipients of the remuneration include the employees of the controlling or subordinate companies who meet certain criteria.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

The Company's 2024 and 2023 remuneration to employees was estimated to be NT\$1,959 thousand and NT\$392 thousand, respectively; 2024 and 2023 remuneration to directors/supervisors was estimated at NT\$150 thousand and NT\$0, respectively. The estimates were based on the net profit before deducting the remuneration to employees, directors and supervisors and multiplied by the remuneration to employees and remuneration to directors and supervisors stipulated in the Articles of Incorporation of the Company. The remuneration was reported as operating expenses for 2024 and 2023. If there is a discrepancy between the actual amount distributed and the estimated amount in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year. If the Board of Directors decides to distribute employee remuneration in the form of stock dividends, the number of shares of stock-based remuneration in 2024 shall be calculated based on the fair value on the day prior to the resolution of the Board of Directors. The number of shares of stock-based remuneration in 2023 shall be calculated based on the net worth in the financial statements of the previous fiscal year.

The amount of remuneration to employees, directors and supervisors resolved by the above-mentioned board of directors is no different from the estimated amounts in the Company's parent company only financial statements for 2024 and 2023.

(XXI) Non-operating income and expenses

1. Interest revenue

	<u>2024</u>	<u>2023</u>
Interest on bank deposits	\$ 5,295	716
Accrued interest income on security deposits	3	-
Total	<u>\$ 5,298</u>	<u>716</u>

2. Other income

	<u>2024</u>	<u>2023</u>
Rental income	\$ 19	-
Others	1,621	22
Total	<u>\$ 1,640</u>	<u>22</u>

3. Other gains and losses

	<u>2024</u>	<u>2023</u>
Foreign exchange gain, net	\$ 13,732	7,496
Valuation loss on financial assets and liabilities at fair value through profit or loss	(1,013)	(147)
Investment property depreciation expense	(60)	-
Total	<u>\$ 12,659</u>	<u>7,349</u>

4. Financial costs

	<u>2024</u>	<u>2023</u>
Interest expenses:		
Bank borrowings	\$ 8,008	21,774
Lease liabilities	216	8
Borrowings from related parties	26,258	-
Total	<u>\$ 34,482</u>	<u>21,782</u>

(XXII) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

The carrying amount of the financial assets represents the maximum exposure to credit risk.

(2) Concentration of credit risk

As the Company has a broad customer base and does not conduct transactions with a single customer significantly and has dispersed sales regions, there is no significant concentration of credit risk in accounts receivable. To reduce the credit risk, the Company also regularly and continuously evaluates the clients' financial positions and usually does not require clients to provide collateral.

(3) Credit risk of receivables and refundable deposits

Please refer to Note 6(3) for the information on the credit risk arising from the notes and accounts receivable. Please refer to Note 6(4) for details of other receivables. Other receivables and refundable deposits are financial assets with low credit risk, therefore, the allowance for losses for the period is measured at the amount of expected credit losses for the twelve-month period (please refer to Note 4(6) for details of how the Company determines that the credit risk is low).

2. Liquidity risk

The following table shows the maturity date of the Company's financial liability contract, including estimated interest, which is based on the earliest date on which the Company may be required for repayment and has been prepared based on the undiscounted cash flows.

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 557,020	568,037	568,037	-	-	-
Accounts payable (including payables from related parties)	238,614	238,614	238,614	-	-	-
Other payables (including related parties)	182,398	182,812	182,812	-	-	-
Lease liabilities	69,738	76,103	7,869	7,869	23,641	36,724
Guarantee deposits received	617	617	-	-	-	617
	<u>\$ 1,048,387</u>	<u>1,066,183</u>	<u>997,332</u>	<u>7,869</u>	<u>23,641</u>	<u>37,341</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 262,074	266,105	266,105	-	-	-
Accounts payable (including payables from related parties)	63,566	63,566	63,566	-	-	-
Other payables (including related parties)	20,831	20,831	20,831	-	-	-
	<u>\$ 346,471</u>	<u>350,502</u>	<u>350,502</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company does not expect that the cash flow in the maturity date analysis will occur significantly earlier or that the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's financial assets and liabilities exposed to the significant foreign currency exchange rate risk is as follows:

	2024.12.31			2023.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 27,065	32.78	887,232	8,087	30.74	248,562
EUR	460	33.94	15,617	506	33.93	17,164
RMB	-	-	-	3,140	4.33	13,593
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	26,982	32.78	884,497	7,238	30.74	222,464

(2) Sensitivity analysis

The Company's exchange rate risk mainly arises from non-functional currencies denominated in cash and cash equivalents, accounts receivable (payable), other accounts receivable (payable) and bank borrowings, with foreign currency exchange gains and losses generated during the translation. With NTD depreciated by 1% against USD, EUR, and CNY on December 31, 2024 and 2023, and all other factors remained unchanged, the net profit before tax in 2024 and 2023 would have increased by NT\$184 thousand and NT\$569 thousand, respectively. The analysis of two terms is based on the same basis.

(3) Exchange gains and losses on monetary items

The information on the exchange rates for the translation of the Company's exchange gains and losses on the monetary items (including realized and unrealized) to the Company's functional currency is as follows:

	2024		2023	
	Exchange gains or losses	Average exchange rate	Exchange gains or losses	Average exchange rate
NTD	\$ 13,732	1.000	7,496	1.000

4. Interest rate analysis

The sensitivity analysis below is based on the exposure of non-derivative instruments to the interest rate risk at the reporting date. For financial instruments with floating interest rates, the analysis method is based on the assumption that the amount of assets and liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change used in the Company's internal reporting of interest rates to key management is an increase or decrease of 1%, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increased or decreased by 1%, and all other variables remained unchanged, the net profit before tax for 2024 and 2023 would decrease or increase by NT\$3,953 thousand and NT\$1,074 thousand, respectively. This is mainly due to variable interest rate borrowings of the Company.

5. Fair value information

(1) Types and fair values of financial instruments

Financial assets and liabilities measured at fair value through profit or loss are measured at fair value on a repetitive basis. Carrying amount and fair value of various financial assets and financial liabilities (including the fair value hierarchy information, but the carrying amount of financial instruments not measured at fair value is a reasonable approximation of the fair value and lease liabilities, there is no need to disclose the fair value information as required) are presented as follows:

		2024.12.31				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets at amortized cost						
Cash and cash equivalents	\$	103,057	-	-	-	-
Notes and accounts receivable (including related parties)		799,053	-	-	-	-
Other receivables		15,191	-	-	-	-
Refundable deposits		3,066	-	-	-	-
Total		<u>\$ 920,367</u>	-	-	-	-
Financial liabilities at amortized cost						
Bank borrowings	\$	557,020	-	-	-	-
Accounts payable (including payables from related parties)		238,614	-	-	-	-
Other payables (including related parties)		182,398	-	-	-	-
Lease liabilities		69,738	-	-	-	-
Guarantee deposits received		617	-	-	-	-
Total		<u>\$ 1,048,387</u>	-	-	-	-
		2023.12.31				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss						
Derivative financial assets	\$	137	-	137	-	137
Financial assets at amortized cost						
Cash and cash equivalents		45,797	-	-	-	-
Notes and accounts receivable (including related parties)		232,718	-	-	-	-
Other receivables		2,300	-	-	-	-
Refundable deposits		524	-	-	-	-
Subtotal		281,339	-	-	-	-
Total		<u>\$ 281,476</u>	-	<u>137</u>	-	<u>137</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

	2023.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Bank borrowings	\$ 262,074	-	-	-	-
Accounts payable (including payables from related parties)	63,566	-	-	-	-
Other payables	20,831	-	-	-	-
Total	\$ 346,471	-	-	-	-

There were no financial assets and liabilities transferred to the fair value hierarchy in 2024 and 2023.

(2) Valuation technique for the fair value of financial instruments measured at fair value - derivative financial instruments

Forward exchange contracts are usually evaluated based on the current forward exchange rate.

(XXIII) Financial risk management

1. Overview

The Company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

The Company's risk exposure information and the objectives, policies and procedures of the Company's risk measurement and management are disclosed in this note.

2. Risk management framework

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policies. The establishment of risk management policies is to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to supervise risks and the compliance of risk limits. The risk management policy and system are regularly reviewed to reflect changes in the market conditions and the Company's operations.

The Company's management supervises and reviews the financial activities in accordance with the relevant regulations and internal control system, and the review results are reported to the Board of Directors on a regular basis.

3. Credit risk

Credit risks are the risk of financial losses if a customer or counterparty to a financial instrument fails to meet contractual obligations. The Company's primary credit risks arise from accounts receivable from clients and other receivables.

(1) Notes and accounts receivable

As the Company is a distributor of rubber products and has a broad customer base, the balances of notes and accounts receivable of the Company as of December 31, 2024 and 2023 were not significantly concentrated in a few customers. Therefore, there was no significant concentration of credit risk on accounts receivable. The Company has established a credit policy, and analyzes the credit status of each customer individually to determine the credit limit in accordance with the policy. The Company also regularly evaluates customers' financial status and uses insurance to reduce credit risks.

(2) Derivatives transactions

The counterparties of the Company's deposits and derivative financial product transactions are banks with good credit ratings, and no significant credit risk will arise.

4. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The Company's management personnel supervise the use of bank financing facilities and ensure compliance with the terms of the loan contracts.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2024 and 2023, the unused short-term bank credit lines of the Company totaled NT\$1,030,415 thousand and NT\$1,475,444 thousand, respectively.

5. Market risk

Market risk refers to the risk that affects the Company's revenue or the value of financial instruments held due to changes in market prices, such as changes in exchange rates or interest rates. The purpose of market risk management is to control the exposure to market risks within a range of tolerance and optimize return on investment.

(1) Exchange rate risk

The Company is exposed to exchange rate risk arising from sales and purchases denominated in non-functional currencies, which are primarily USD. The Company did not have major differences or major changes in receivables and payables so adopts natural hedge to hedge the exchange rate risk as the main exchange rate hedge policy.

(2) Interest rate risk

The Company's interest rate risk mainly comes from borrowings with variable interest rates. The Company's management regularly reviews the interest rate fluctuations and repays borrowings early depending on the fund conditions to manage interest rate risks.

(XXIV) Capital management

Based on the characteristics of the current industry and future development of the Company, and taking into account factors such as changes in the external environment, the Company plans its working capital, capital expenditures, and dividend payments for future periods. This ensures that the Company will be able to continue its operations, reward its shareholders while also taking into account the interests of other stakeholders, and maintaining an optimal capital structure to enhance shareholders' value in the long run.

The Company monitors funds by regularly reviewing the debt ratio. The ratio is calculated with net debt divided by total capital. Net debt is the total liabilities shown in the balance sheet, less cash and cash equivalents. Total capital refers to all components of equity (i.e. share capital, retained earnings, and other equity).

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

The debt capital ratios as of December 31, 2024 and 2023 are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total liabilities	\$ 1,077,740	374,214
Less: Cash and cash equivalents	<u>(103,057)</u>	<u>(45,797)</u>
Net liabilities	<u>\$ 974,683</u>	<u>328,417</u>
Total capital	<u>\$ 559,778</u>	<u>498,216</u>
Debt-to-capital ratio	<u>174.12 %</u>	<u>65.92 %</u>

(XXV) Non-cash financing activities

Please refer to Note 6(8) and (12) for the non-cash transactions and financing activities of the Company in 2024; there was no such situation in 2023.

Reconciliations of the Company's liabilities from financing activities in 2024 and 2023 are as follows:

	<u>2024.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Additions</u>	<u>2024.12.31</u>
Short-term borrowings	\$ 262,074	294,946	-	557,020
Lease liabilities	-	(1,096)	70,834	69,738
Other payables - related parties	-	151,952	-	151,952
Total liabilities from financing activities	<u>\$ 262,074</u>	<u>445,802</u>	<u>70,834</u>	<u>778,710</u>

	<u>2023.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Additions</u>	<u>2023.12.31</u>
Short-term borrowings	\$ 343,378	(81,304)	-	262,074
Lease liabilities	1,374	(1,374)	-	-
Total liabilities from financing activities	<u>\$ 344,752</u>	<u>(82,678)</u>	<u>-</u>	<u>262,074</u>

VII. Related Party Transactions

(I) Parent company and ultimate controller

Weblink International Inc. is the parent company of the Company, which held 59.91% of the outstanding common shares of the Company as of December 31, 2024.

ACER Incorporated is the ultimate controller of the group to which the Company belongs. Both ACER Incorporated and Weblink International Inc. have prepared consolidated financial statements for public use.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

(II) The names of related parties and relations therewith

The transaction with related parties of the Company during the period of the parent company only financial statements are as follows:

<u>Name of related party</u>	<u>Relationship with the Company</u>
ACER Incorporated (ACER)	The ultimate controller of the Company
Weblink International Inc. (WLII)	Parent company of the Company
Well life Inc. (WELL)	Other related parties of the Company (subsidiary of Weblink International)
Protrade Asia Limited (PAL)	Subsidiary of the Company
Protrade (Shanghai) Trading Co., Ltd.(PST)	Subsidiary of the Company
Cascadia Resources, Inc. (CRI)	Subsidiary of the Company
Protrade Resources Vietnam Company Limited(PRV)	Subsidiary of the Company
Acer Synergy Manpower Corp.	Other related parties of the Company (subsidiary of ACER)
Shine Passion Engineering Co., Ltd. (SPE)	Other related parties of the Company (subsidiary of ACER)
Chao-Chi Property Management Consulting Co., Ltd.	Other related parties of the Company (associates of ACER)

(III) Material transactions with related parties

1. Operating revenue

The Company's significant sales to related parties are as follows:

	<u>2024</u>	<u>2023</u>
Subsidiary		
CRI	\$ 1,433,427	552,795
Others	23,117	9,850
Total	<u>\$ 1,456,544</u>	<u>562,645</u>

The Company's transaction prices with subsidiaries are negotiated by both parties, and the collection terms are monthly settlement within 60 to 120 days.

2. Purchase

The amount of the Company's purchases from related parties is as follows:

	<u>2024</u>	<u>2023</u>
Subsidiary	<u>\$ 3,967</u>	<u>3,515</u>

The Company's transaction prices with subsidiaries are negotiated by both parties, and the payment terms are monthly settlement within 60 to 120 days.

3. Operating expenses

Details of the Company's expenses to related parties for miscellaneous purchases, directors' remuneration, service fees and software licensing are as follows:

Account	Type/Name of related party	2024	2023
Operating expenses	WLII	\$ 1,059	25
	Other related parties	285	-
		\$ 1,344	25

4. Leases

The Company leased office space from ACER for the period from April 2023 to March 2024. The rent was calculated based on the price negotiated by both parties. The rent expense recognized by the Company in 2024 and 2023 from the above lease contract was NT\$16 thousand and NT\$108 thousand, respectively.

The rental income arising from the Company's investment property leased to Chao-Chi Property Management Consulting Co., Ltd. in 2024 and 2023 was NT\$10 thousand and NT\$0 thousand, respectively. The rental price of the Company's investment property leased to other related parties were determined with reference to market rental prices in nearby areas.

5. Receivables from related parties

The details of the Company's receivables from related parties arising from sales transactions are as follows:

Account	Type/Name of related party	2024.12.31	2023.12.31
Accounts receivable - related parties	Subsidiary		
	CRI	\$ 504,485	26,075
	Others	1,842	2,096
Total		\$ 506,327	28,171

As of December 31, 2024 and 2023, the Company did not need to provide an allowance for loss for the above-mentioned receivables.

6. Loans from related parties

The amounts of borrowings by the Company from related parties are as follows:

	2024.12.31	2023.12.31
ACER	\$ 151,952	-

The Company's borrowings from related parties is with interest accrued at the annual interest rate of 1.573% - 5.49%, and is the unsecured borrowings recorded under "other payables - related parties".

The details of payables, interest expenses and interest payables arising from the Company's borrowings from related parties are as follows:

Account	Type/Name of related party	2024	2023
Interest expenses	ACER	\$ 26,258	-

Account	Type/Name of related party	2024.12.31	2023.12.31
Other payables - related parties	ACER	\$ 93	-

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

For details regarding the promissory note issued by the Company as collateral for the loans to others provided by the parent company, Acer, please refer to Note 9.

7. Property transactions - acquisition of property, plant and equipment

The price for the Company's acquisition of property, plant and equipment from related parties is summarized as follows:

	<u>2024</u>	<u>2023</u>
SPE	\$ 11,700	-
WLII	1,870	56
ACER	348	-
	<u>\$ 13,918</u>	<u>56</u>

8. Payables to related parties

The payables from related parties arising from the purchase transactions, office lease, acquisition of property, plant and equipment, and miscellaneous purchases are as follows:

<u>Account</u>	<u>Type/Name of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts payable - related parties	Subsidiary	\$ 311	559
Other payables - related parties	WLII	3	-
	ACER	-	17
	SPE	8,190	-
		<u>8,193</u>	<u>17</u>
Total		<u>\$ 8,504</u>	<u>576</u>

9. Prepayments

The details of the Company's prepayment for software licenses and purchases from related parties are as follows:

<u>Account</u>	<u>Type/Name of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Prepayments	PST	\$ -	4,425
	Other related parties	7	-
		<u>\$ 7</u>	<u>4,425</u>

10. Endorsements and guarantees

As of December 31, 2024 and 2023, Weblink International guaranteed NTD 81,953 thousand and NTD 122,940 thousand, respectively, for the Company to purchase from suppliers.

(IV) Remuneration of key management personnel

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 9,101</u>	<u>8,619</u>

VIII. Pledged assets: None.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

On December 31, 2024 and 2023, the Company issued promissory notes as collateral for the bank's short-term loan facilities, amounting to NT\$1,793,956 thousand and NT\$1,931,149 thousand, respectively. On December 31, 2024 and 2023, the Company issued guarantee promissory notes for loans to others obtained from the ultimate parent, Acer, amounting to NT\$871,182 thousand and NT\$0 thousand, respectively.

X. Major Disaster Loss: None.

XI. Material Events After the Balance Sheet Date: None.

XII. Others

Employee benefits, depreciation, depletion, and amortization expenses are summarized by function as follows:

By nature	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary and wages	-	51,240	51,240	-	50,153	50,153
Labor and health insurance	-	4,566	4,566	-	4,719	4,719
Pension	-	2,646	2,646	-	2,476	2,476
Directors' Remuneration	-	780	780	-	-	-
Other personnel expenses	-	4,174	4,174	-	2,701	2,701
Depreciation expenses (Note)	-	2,620	2,620	-	2,749	2,749
Amortization expenses	-	906	906	-	795	795

Note: The depreciation expenses of investment property in 2024 and 2023 were NT\$60 thousand and NT\$0 thousand, respectively, and were recognized as other gains and losses.

The number of the Group's employees for 2024 and 2023 was 55 and 53, respectively, of which the number of directors who were not also employees was 7 and 5, respectively.

XIII. Additional Disclosures

(I) Information on significant transactions:

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall further disclose the information of significant transactions in 2024 as follows:

1. Lending funds to others: None.
2. Providing endorsements or guarantees for others: None.
3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.
4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS of Protrade Applied Materials Corp. (Continued)

7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more:

Unit: NTS thousand

Buyer/Seller	Name of counterparty	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes and accounts receivable (payable)		Remarks
			Purchase/Sale	Amount	% of total	Payment terms	Unit price	Payment terms	Balance	% of total notes and accounts receivable (payable)	
The Company	CRI	Parent company and subsidiaries	(sales)	(1,433,427)	(38.58)	Monthly settlement 120 days	Note		504,485	63.14	
CRI	The Company	Parent company and subsidiaries	Purchases	1,433,427	62.14	Monthly settlement 120 days	Note		(504,485)	92.88	

Note: Agreed by both parties.

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: NTS thousand

Company under the accounts receivable account	Name of counterparty	Relationship	Balance of receivable from related party	Turnover	Balance of receivable from related party		Receivable from related party recovered after the balance sheet date (Note)	Allowance for losses
					Amount	Handling method		
The Company	CRI	Subsidiary	504,485	5.40	-		126,540	-

Note: As of February 28, 2025.

9. Engagement in derivative transactions: Please refer to Note 6(2) for details.

(II) Information on investees:

The information on the investees in 2024 is as follows:

Unit: NTS thousand/thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Initial investment amount		Held at the end of period			Profit or loss of the investee for the period	Investment gains and losses recognized for the period (Note 1)	Remarks
				End of current period	End of last year	Number of shares	%	Carrying amount (Note 1)			
The Company	PAL	British Virgin Islands	Trading of rubber and various rubber products	36,979	36,979	70	100.00	53,810	14,269	14,269	Subsidiary
The Company	DCL	Samoa	Indirect investment	135,924	135,924	650	100.00	71,949	(30,002)	(30,002)	Subsidiary
The Company	CRI	USA	Trading of rubber and various rubber products	99,078	99,078	2,000	100.00	188,633	22,151	22,151	Subsidiary
The Company	PRV	Vietnam	Trading of rubber and various rubber products	14,940	14,940	(Note 2)	100.00	13,375	389	389	Subsidiary

Note 1: The investment income and carrying amount recognized by the Company were based on the audited financial statements of the investee's parent company in Taiwan, and evaluated using the equity method.

Note 2: As PRV is a limited company, there is only the amount of investment, and no quantity of shares.

(III) Information on investments in mainland China:

1. The name and main businesses and products of the investees in Mainland China:

Unit: NTS thousand

Name of investee in Mainland China	Main businesses and products	Paid-up capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of current period	Cumulative amount of investments remitted or repatriated during this period		Cumulative investment remitted from Taiwan at the end of this period	Profit or loss of the investee for the period	% ownership of direct or indirect investment	Investment gains and losses recognized for the period	Book value of investment at the end of the period	Repatriated investment income up to the current period
				-	Outward remittance	Repatriation						
PST	Trading of rubber and various rubber products	19,960	(II)	-	-	-	-	(29,750)	100.00 %	(29,750) (Note 2)	66,337 (Note 2)	-

Note 1: Investment methods are divided into the following three types; enter the code:

(I) Direct investment in Mainland China.

(II) Indirect investment in entities in mainland China through DCL.

(III) Other methods.

Note 2: The investment income and carrying amount recognized by the Company at the end of the period were based on the audited financial statements of the investee's parent company in Taiwan, and evaluated using the equity method.

2. Limits on investment in Mainland China:

Cumulative outward remittance for investment from Taiwan to China at the end of this period	Investment amount authorized by the Investment Commission of MOEA	Upper limit on the amount of investments stipulated by the Investment Commission of MOEA
(Note 1)	145,351 (US\$4,434 thousand)	335,867 (Note 3)

Note 1: As the indirect investment in Mainland China was due to the equity swap with PGL; hence, it was a direct remittance of the investment amount by the Company; the consideration was US\$4,434 thousand, and approved by the Investment Commission of MOEA.

Note 2: The exchange rate for converting USD to NTD was 1:32.781.

Note 3: 60% of the net worth.

3. Significant transactions with investees in Mainland China: None.

XIV. Segment Information

Please refer to the 2024 consolidated financial statements.

Protrade Applied Materials Corp.
Statement of Cash and Cash Equivalents

December 31, 2024

**Unit: NTD thousand
and foreign currencies**

Item	Summary	Amount
Cash	Working capital	\$ 30
Bank deposits	Checkable deposits	10
	Demand deposits	14,754
	Foreign currency deposits:	
	USD (US\$2,452,422.51 at an exchange rate of US\$1 to NT\$32.781)	80,393
	EUR (EUR\$228,580.70 at an exchange rate of EUR\$1 to NT\$33.9414)	7,758
	INR (INR\$292,613.00 at an exchange rate of INR\$1 to NT\$0.3829)	112
	Subtotal	103,027
		\$ 103,057

Protrade Applied Materials Corp.
Statement of Notes and Accounts Receivable

December 31, 2024

Unit: NT\$ thousand

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Notes receivable:			
Company A		\$ 1,021	
Company B		678	
Company C		606	
Company D		523	
Company E		<u>201</u>	
Subtotal		<u>3,029</u>	
Accounts receivable:			
Company F		80,913	
Company G		31,096	
Company H		23,012	
Company I		16,220	
Company J		15,691	
Company K		15,572	
Others (each balance is less than 5% of this account)		<u>128,099</u>	
		310,603	
Less: Allowance for bad debts		<u>(20,906)</u>	
Subtotal		<u>289,697</u>	
Total		<u><u>\$ 292,726</u></u>	

Protrade Applied Materials Corp.
Accounts receivable - statement of related parties

December 31, 2024

Unit: NT\$ thousand

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Cascadia Resources, Inc.		\$ 504,485	
Others (each balance is less than 5% of this account)		<u>1,842</u>	
		<u>\$ 506,327</u>	

Statement of Inventories

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Merchandise inventory	\$ 114,345	<u>124,910</u>	Market price refers to the estimated net realizable value
Less: Allowance for inventory valuation losses	<u>3,650</u>		
	<u>\$ 110,695</u>		

Protrade Applied Materials Corp.
Statement of Changes in Investments Accounted for Using the Equity Method
January 1 to December 31, 2024

Unit: NTD
Thousand/Thousand
shares

Name	Opening balance		Increase in current period (Note 1)		Decrease in current period (Note 2)		Ending balance			Market price or net equity value		Collateral or pledge	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding	Amount	Unit price	Total price		
Protrade Resources Vietnam Company Limited	-	\$ 12,668	-	707	-	-	-	100.00 %	13,375	-	13,408	None	
Protrade Asia Limited	70	36,944	-	16,866	-	-	70	100.00 %	53,810	-	53,810	None	
Cascadia Resources, Inc.	2,000	161,594	-	33,785	-	6,746	2,000	100.00 %	188,633	-	200,464	None	
Dakota Co., Ltd.	650	98,341	-	3,610	-	30,002	650	100.00 %	71,949	-	71,949	None	
Total		\$ 309,547		54,968		36,748			327,767		339,631		

Note 1: It included investment income of NT\$36,809 thousand, cumulative translation adjustments of NT\$18,074 thousand, and realized gross profit from sales of NT\$85 thousand.

Note 2: It including investment loss of NT\$30,002 thousand and unrealized gross profit from sales of NT\$6,746 thousand.

Protrade Applied Materials Corp.
Statement of Short-term Borrowings

December 31, 2024

Unit: NT\$ thousand

Type of loan	Description	Ending balance	Contract period	Interest rate range	Financing facility	Pledge or guarantee	Remarks
Unsecured borrowings	Shanghai Commercial and Savings Bank	\$ 51,861	2024/9~2025/5	5.65	95,000	-	Note
Unsecured borrowings	Chang Hwa Bank	95,941	2024/10~2025/6	5.81~5.88	98,343	-	Note
Unsecured borrowings	KGI Bank	102,602	2024/11~2025/4	6.10~6.32	200,000	-	Note
Unsecured borrowings	Fubon Bank	240,816	2024/11 - 2025/4	5.90~6.09	328,710	-	Note
Unsecured borrowings	Taishin International Bank	<u>65,800</u>	April 2025	6.00~6.11	262,968	-	Note
		<u>\$ 557,020</u>					

Note: For the guaranteed promissory notes issued by the Company due to the amount of borrowings, please refer to Note 9.

Protrade Applied Materials Corp.

Statement of Accounts Payable

December 31, 2024

Unit: NT\$ thousand

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Non-related party:			
Company L		\$ 58,749	
Company M		46,622	
Company N		37,834	
Company O		25,579	
Company P		19,432	
Company Q		16,198	
Company R		14,209	
Others (each balance is less than 5% of this account)		<u>19,680</u>	
Subtotal		<u>238,303</u>	
Related party:			
Protrade (Shanghai) Trading Co., Ltd.		<u>311</u>	
		<u>\$ 238,614</u>	

Statement of Other Payables - Related Parties

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Loans to others - Acer		151,952	
Payables for construction businesses - Shine Passion Engineering Co., Ltd.		8,190	
Others (each balance is less than 5% of this account)		<u>96</u>	
		<u>\$ 160,238</u>	

Protrade Applied Materials Corp.
Statement of Operating Revenue
January 1 to December 31, 2024

Unit: NT\$ thousand

Item	Quantity	Amount	Remarks
Product sales:			
Rubber products		\$ 2,597,046	
Plastic products		1,079,841	
Others		<u>38,647</u>	
		<u><u>\$ 3,715,534</u></u>	

Statement of Operating Costs

Item	Amount	
	Subtotal	Total
Cost of purchased goods sold	\$	3,459,969
Beginning inventory	113,531	
Add: Net purchases in this period	3,458,835	
Others	2,067	
Less: Ending inventory	(114,345)	
Reclassified to samples	(14)	
Inventory shrinkage	(105)	
Gains on inventory value recovery		(5,342)
Inventory shrinkage		<u>105</u>
Total operating costs	<u>\$</u>	<u><u>3,454,732</u></u>

Protrade Applied Materials Corp.
Statement of Sales Promotion Expenses
January 1 to December 31, 2024

Unit: NT\$ thousand

Item	Summary	Amount	Remarks
Freight charges		\$ 57,982	
Salary and wages		28,201	
Storage expenses		9,043	
Others (each balance is less than 5% of this account)		<u>27,748</u>	
		<u><u>\$ 122,974</u></u>	

Statement of Administrative Expenses

Item	Summary	Amount	Remarks
Salary and wages		\$ 23,039	
Labor service expense		5,136	
Depreciation expenses		2,620	
Insurance premium		2,518	
Others (each balance is less than 5% of this account)		<u>11,290</u>	
		<u><u>\$ 44,603</u></u>	

Please refer to Note 6(7) to the financial statements for the changes in property, plant and equipment.

Please refer to Note 6(8) to the financial statements for the changes in right-of-use assets.

Please refer to Note 6(9) to the financial statements for the changes in investment property.

Please refer to Note 6(10) to the financial statements for the changes in intangible assets.

Please refer to Note 6(16) to the financial statements for the details of other payables.

Please refer to Note 6(21) to the financial statements for the details of interest income.

Please refer to Note 6(21) to the financial statements for the details of other income.

Please refer to Note 6(21) to the financial statements for the details of other gains and losses.

Please refer to Note 6(21) to the financial statements for the details of financial costs.