LCY Technology Corp. and Subsidiary

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

LCY TECHNOLOGY CORP.

By

____
PAUL CHEN
Chairman

March 13, 2025

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LCY Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of LCY Technology Corp. and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for the year ended December 31, 2024 are stated as follows:

<u>Timing of Revenue Recognition</u>

The Group recognizes revenue when goods arrive at the agreed destination pursuant to the shipping terms of the sale, which increases the risk that the sale of goods may not be recognized in the correct period at or near the end of the reporting period; therefore, we considered the timing of revenue recognition a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

Our audit procedures performed related to the timing of revenue recognition included the following:

1. We evaluated the design of the internal controls with respect to the recognition of revenue from sales under the terms that the transfer of control over the goods to customers is based on the time when goods arrive at the agreed destination; we tested the operating effectiveness of the controls.

2. We performed cut-off tests and confirmed that sales are recognized in the correct period; we traced the recorded sales to third-party notification and related supporting documentation.

Other Matter

We have also audited the parent company only financial statements of LCY Technology Crop. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Chi Kuo and Chien-Liang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2025

Notice to Readers

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

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 434,938	18	$ 558,512	20
Notes receivable (Note 8)	29	-	-	-
Trade receivable (Notes 8 and 20)	618,417	26	818,184	29
Other receivables (Notes 8 and 26)	58,698	2	116,119	4
Other receivables - related parties (Note 27)	13	-	25	-
Current tax assets (Note 22)	7,294	-	1,351	-
Inventories (Note 9)	592,105	24	587,404	21
Prepayments (Note 14)	15,851	1	9,067	-
Other current assets (Note 14)	44,342	2	42,822	2
Total current assets	1,771,687	73	2,133,484	76
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	121,388	5	81,716	3
Investments accounted for using the equity method (Note 11)	2,027	-	2,022	-
Property, plant and equipment (Notes 12 and 27)	368,162	15	410,525	15
Right-of-use assets (Notes 13 and 27)	108,927	5	117,954	4
Intangible assets	3,566	-	4,277	-
Deferred tax assets (Note 22)	42,089	2	39,762	2
Refundable deposits (Note 27)	3,020	-	3,687	-
Long-term prepayments	115	-	241	-
Total non-current assets	649,294	27	660,184	24
TOTAL	$ 2,420,981	100	$ 2,793,668	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 110,000	4	$ 37,500	1
Trade payables (Note 16)	113,833	5	288,855	10
Trade payables - related parties (Note 27)	16,403	1	41,237	2
Other payables (Note 17)	99,649	4	80,355	3
Other payables - related parties (Note 27)	15,229	1	13,607	1
Lease liabilities (Notes 13 and 27)	8,247	-	9,961	-
Other current liabilities (Notes 17 and 20)	9,216	-	5,584	-
Total current liabilities	372,577	15	477,099	17
NON-CURRENT LIABILITIES				
Deferred tax labilities (Note 22)	3,325	-	101	-
Lease liabilities (Notes 13 and 27)	105,712	5	112,405	4
Total non-current liabilities	109,037	5	112,506	4
Total liabilities	481,614	20	589,605	21
EQUITY (Note 19)				
Share capital	1,377,765	57	1,377,765	49
Capital surplus	324,530	13	323,671	12
Retained earnings				
Legal reserve	179,164	8	179,164	7
Unappropriated earnings (accumulated deficit)	(15,676)	(1)	289,552	10
Total retained earnings	163,488	7	468,716	17
Other equity	73,584	3	33,911	1
Total equity	1,939,367	80	2,204,063	79
TOTAL	$ 2,420,981	100	$ 2,793,668	100

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
SALES (Note 27)	$ 2,993,614	100	$ 3,557,969	100
COST OF GOODS SOLD (Notes 9, 21 and 27)	3,246,752	108	3,598,751	101
GROSS LOSS	(253,138)	(8)	(40,782)	(1)
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	64,290	2	68,406	2
General and administrative expenses	79,550	3	61,051	2
Research and development expenses	11,168	-	11,272	-
Total operating expenses	155,008	5	140,729	4
LOSS FROM OPERATIONS	(408,146)	(13)	(181,511)	(5)
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	15,352	-	13,476	-
Other income	20,868	1	13,012	-
Other gains and losses	66,344	2	(8,741)	-
Finance costs	(3,197)	-	(2,748)	-
Share of profit or loss of associates (Note 11)	24	-	21	-
Total non-operating income and expenses	99,391	3	15,020	-
LOSS BEFORE INCOME TAX	(308,755)	(10)	(166,491)	(5)
INCOME TAX BENEFIT (Note 22)	(3,527)	-	(32,726)	(1)
NET LOSS	(305,228)	(10)	(133,765)	(4)

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	$ 39,672	1	$ 24,646	1
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	1	-	-	-
Total other comprehensive income	39,673	1	24,646	1
TOTAL COMPREHENSIVE LOSS	$ (265,555)	(9)	$ (109,119)	(3)
LOSS PER SHARE (Note 23)				
Basic	$ (2.22)		$ (0.97)	
Diluted	$ (2.22)		$ (0.97)	

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings		Other Equity		
	Number of Shares (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2023	137,776	$ 1,377,765	$ 318,594	$ 158,865	$ 512,504	$ 136	$ 9,129	$ 2,376,993
Appropriation of 2022 earnings								
Legal reserve	-	-	-	20,299	(20,299)	-	-	-
Cash dividends	-	-	-	-	(68,888)	-	-	(68,888)
Share-based payment	-	-	5,077	-	-	-	-	5,077
Net loss in 2023	-	-	-	-	(133,765)	-	-	(133,765)
Other comprehensive income in 2023	-	-	-	-	-	-	24,646	24,646
Total comprehensive loss in 2023	-	-	-	-	(133,765)	-	24,646	(109,119)
BALANCE AT DECEMBER 31, 2023	137,776	1,377,765	323,671	179,164	289,552	136	33,775	2,204,063
Share-based payment	-	-	859	-	-	-	-	859
Net loss in 2024	-	-	-	-	(305,228)	-	-	(305,228)
Other comprehensive income in 2024	-	-	-	-	-	1	39,672	39,673
Total comprehensive loss in 2024	-	-	-	-	(305,228)	1	39,672	(265,555)
BALANCE AT DECEMBER 31, 2024	137,776	$ 1,377,765	$ 324,530	$ 179,164	$ (15,676)	$ 137	$ 73,447	$ 1,939,367

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

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (308,755)	$ (166,491)
Adjustments for:		
Depreciation expense	82,586	88,899
Amortization expense	1,132	1,291
Amortization of prepayments	633	3,426
Expected credit gain reversed on trade receivables	-	(2)
Share-based payment	859	5,077
Finance costs	3,197	2,748
Interest income	(15,352)	(13,476)
Dividend income	3,536	-
Share of profit of associates	(24)	(21)
Loss on disposal of property, plant and equipment	-	1,027
Write-down of inventories	46,491	8,134
Net (gain) loss on unrealized foreign currency exchange	(50,016)	22,434
Gain on modification of lease	(6)	-
Changes in operating assets and liabilities		
Notes receivable	(29)	-
Trade receivables	242,075	19,253
Trade receivables - related parties	-	2,339
Other receivables	62,109	30,511
Other receivables - related parties	12	235
Inventories	(51,192)	58,256
Prepayments	(13,256)	(1,326)
Other current assets	(1,520)	(5,119)
Trade payables	(181,818)	(14,122)
Trade payables - related parties	(26,781)	1,975
Other payables	11,479	(24,487)
Other payables - related parties	1,622	(7,434)
Other current liabilities	3,632	(1,768)
Cash (used in) generated from operations	(189,386)	11,359
Interest paid	(3,227)	(2,756)
Income tax paid	(1,519)	(67,245)
Net cash used in operating activities	(194,132)	(58,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(22,517)	(71,918)
Decrease (increase) in refundable deposits	667	(460)
Interest received	15,352	13,476
Dividends received	19	5
Net cash used in investing activities	(6,479)	(58,897)

(Continued)

LCY TECHNOLOGY CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 250,000	$ 37,500
Repayments of short-term borrowings	(177,500)	-
Repayment of the principal portion of lease liabilities	(9,832)	(9,614)
Dividends paid	-	(68,888)
Net cash generated from (used in) financing activities	62,668	(41,002)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	14,369	(4,002)
NET DECREASE IN CASH	(123,574)	(162,543)
CASH AT THE BEGINNING OF THE YEAR	558,512	721,055
CASH AT THE END OF THE YEAR	$ 434,938	$ 558,512

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

LCY Technology Corp. (the "Corporation"), incorporated on January 16, 1997, mainly manufactures and sells electrolytic copper foil, an upstream material for printed circuit boards (PCBs).

The Corporation's shares have been listed on the Taiwan Stock Exchange since June 28, 2018.

These consolidated financial statements of the Corporation and its subsidiary (collectively, the "Group") are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 13, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the related standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiary, including special purpose entities).

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 10 and Table 3 for the detailed information of the subsidiary (including the percentages of ownership and main businesses).

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Corporation and other entities in the Group (including subsidiary in other country or those that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date. The cost of inventory received in a swap is based on the carrying amount of inventory given out.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

<u>Intangible assets acquired separately</u>

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

<u>Derecognition of intangible assets</u>

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property, Plant and Equipment, Right-of-use Asset and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is assessed by discounting the estimated future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement categories

   Financial assets are classified into the following categories: Financial assets at amortized cost, investments in debt instruments and equity instruments at FVTOCI.

   1) Financial assets at amortized cost

      Financial assets that meet the following conditions are subsequently measured at amortized cost:

      a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

2) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

1) Internal or external information show that the debtor is unlikely to pay its creditors.

2) When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

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

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Revenue Recognition

The Group identifies contracts and performance obligations in each contract, allocates the transaction price to the performance obligations in each contract, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electrolytic copper foil products. Sales of goods are recognized as revenue when the goods are delivered to the customer’s specified location (destination or shipping port) because it is the time when the customer has full control over the products and the Group’s performance obligations are satisfied. Trade receivables are recognized concurrently. The Group recognizes contract liabilities for payments received before the delivery of the goods and assumes the responsibility to transfer the goods.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the lease or other terms, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Share-based Payment Arrangements

The Corporation's parent grants cash-settled share-based payment to the employees of the Corporation

The Corporation's parent grants the cash-settled share-based payment to the Corporation's employees and the parent has the obligation to settle the share-based transaction by cash, which is treated as a capital contribution to the Corporation. The fair value at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding recognition of capital surplus - share-based payments.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

   According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

   Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current tax and deferred tax

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Based on the assessment of the Group’s management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgments, estimates and assumptions uncertainty.

6. CASH

	December 31	
	2024	**2023**
Cash on hand	$ 37	$ 19
Checking accounts and demand deposits	434,901	558,493
	$ 434,938	$ 558,512

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
Non-current		
Domestic investments		
Unlisted shares	$ 121,388	$ 81,716

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
Notes receivable		
At amortized cost- non generated from the operating		
Carrying amount	$ 29	$ -
Less: Allowance for impairment loss	-	-
	$ 29	$ -
Trade receivables		
At amortized cost		
Carrying amount	$ 598,637	$ 790,470
Less: Allowance for impairment loss	-	-
	598,637	790,470
At FVTOCI	19,780	27,714
	$ 618,417	$ 818,184
Other receivables		
Factored accounts receivable	$ 36,214	$ 34,219
Sales tax refund receivable	16,253	24,928
Others	6,231	56,972
	$ 58,698	$ 116,119

Notes receivable and trade receivables

a. At amortized cost

The average credit period of sales of goods was 90-120 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In determining the recoverable amount of trade receivables, the Group considers any changes in the credit quality of trade receivables from the original credit grant date to the balance sheet date. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The Group establishes credit loss rates based on historical credit loss experience and the loss patterns of different customer segments supplemented by the number of days past due on trade receivables.

The aging of notes receivable and trade receivables was as follows:

	December 31	
	2024	**2023**
Not past due	$ 597,300	$ 790,470
Up to 90 days	1,366	-
	$ 598,666	$ 790,470

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

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

As of December 31, 2024 and 2023, there was no past due trade receivables and no allowance was provided for losses.

Refer to Note 26 for details of the factoring agreements for trade receivables.

9. INVENTORIES

	December 31	
	2024	2023
Finished goods	$ 240,397	$ 230,583
Work in process	256,847	290,762
Raw materials and supplies	94,861	66,059
	$ 592,105	$ 587,404

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	$ 3,074,268	$ 3,532,085
Inventory write-downs	46,491	8,134
Unallocated manufacturing overhead	125,993	58,532
	$ 3,246,752	$ 3,598,751

10. SUBSIDIARY

Subsidiary included in the consolidated financial statements:

			% of Ownership December 31		
Investor	Investee	Nature of Activities	2024	2023	Remark
LCY Technology Corp.	LCY Holdings Corp.	Investment	100.0	100.0	

Based on the Corporation’s evaluation, the abovementioned foreign subsidiary does not have any anticipated significant business risk.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associate

	December 31	
	2024	2023
Associate that is not individually material		
Unlisted company		
Kaohsiung Cogen Co., Ltd.	$ 2,027	$ 2,022

Percentage of ownership interest and voting rights of the Group in the associate as of the balance sheet date.

	December 31	
Investee	2024	2023
Kaohsiung Cogen Co., Ltd.	20%	20%

Aggregate information of associate that is not individually material

	For the Year Ended December 31	
	2024	**2023**
The Group's share of:		
Net profit	$ 24	$ 21

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2024	$ 447,044	$ 3,360,463	$ 7,702	$ 94,316	$ 7,680	$ 3,917,205
Additions	-	1,157	-	5,045	27,590	33,792
Disposals	-	(9,675)	-	(1,373)	-	(11,048)
Reclassified to expenses	-	-	-	(3,628)	-	(3,628)
Reclassified property in construction	-	6,627	-	3,980	(10,607)	-
Reclassified intangible assets	-	-	-	-	(421)	(421)
Balance at December 31, 2024	$ 447,044	$ 3,358,572	$ 7,702	$ 98,340	$ 24,242	$ 3,935,900
Accumulated depreciation						
Balance at January 1, 2024	$ 359,936	$ 3,090,338	$ 6,643	$ 49,763	$ -	$ 3,506,680
Disposals	-	(9,675)	-	(1,373)	-	(11,048)
Depreciation expense	16,415	47,813	196	7,682	-	72,106
Balance at December 31, 2024	$ 376,351	$ 3,128,476	$ 6,839	$ 56,072	$ -	$ 3,567,738
Carrying amount at December 31, 2024	$ 70,693	$ 230,096	$ 863	$ 42,268	$ 24,242	$ 368,162
Cost						
Balance at January 1, 2023	$ 449,111	$ 3,277,693	$ 8,333	$ 81,565	$ 72,106	$ 3,888,808
Additions	-	508	-	5,818	30,285	36,611
Disposals	(2,067)	(2,406)	(631)	(78)	-	(5,182)
Reclassified to expenses	-	-	-	(2,373)	-	(2,373)
Reclassified property in construction	-	84,668	-	9,384	(94,052)	-
Reclassified intangible assets	-	-	-	-	(659)	(659)
Balance at December 31, 2023	$ 447,044	$ 3,360,463	$ 7,702	$ 94,316	$ 7,680	$ 3,917,205
Accumulated depreciation						
Balance at January 1, 2023	$ 341,650	$ 3,041,884	$ 7,063	$ 41,754	$ -	$ 3,432,351
Disposals	(1,040)	(2,406)	(631)	(78)	-	(4,155)
Depreciation expense	19,326	50,860	211	8,087	-	78,484
Balance at December 31, 2023	$ 359,936	$ 3,090,338	$ 6,643	$ 49,763	$ -	$ 3,506,680
Carrying amount at December 31, 2023	$ 87,108	$ 270,125	$ 1,059	$ 44,553	$ 7,680	$ 410,525

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

Building	
Main buildings	26 years
Plant accessories and office renovation	3-11 years
Machinery and equipment	2-20 years
Transportation equipment	5-10 years
Other equipment	2-20 years

No impairment loss was recognized for the years ended December 31, 2024 and 2023.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amount		
Land	$ 107,368	$ 115,193
Buildings	-	1,962
Office equipment	104	163
Transportation equipment	1,455	636
	$ 108,927	$ 117,954

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	$ 1,865	$ 645
Depreciation charge for right-of-use assets		
Land	$ 7,825	$ 7,825
Buildings	1,962	1,962
Office equipment	59	59
Transportation equipment	634	569
	$ 10,480	$ 10,415

Except for the recognized depreciation, the Group did not have significant addition, sublease or impairment of right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount		
Current	$ 8,247	$ 9,961
Non-current	$ 105,712	$ 112,405

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Land	1.85%	1.41%-1.85%
Buildings	-	1.41%
Office equipment	1.38%	1.38%
Transportation equipment	2.30%	1.37%-2.66%

c. Material leasing activities and terms

The Group mainly leases land with lease terms of 10 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms; the lease term of the land has option to extend for another 10 years.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ -	$ 831
Expenses relating to low-value asset leases	$ 41	$ 41
Total cash outflow for leases	$ (12,069)	$ (12,831)

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

14. OTHER ASSETS

	December 31	
	2024	2023
Current		
Prepayments		
Offset against business tax payable	$ 12,117	$ 5,965
Prepaid expenses	3,563	3,053
Others	171	49
	$ 15,851	$ 9,067
Other current assets		
Spare parts	$ 44,139	$ 42,242
Others	203	580
	$ 44,342	$ 42,822

15. SHORT-TERM BORROWINGS

	December 31	
	2024	2023
Unsecured borrowings		
Line of credit borrowings	$ 110,000	$ 37,500

The range of weighted average effective interest rates on bank loans was 2.0% and 1.9% per annum at December 31, 2024 and 2023, respectively.

16. TRADE PAYABLES

Trade payables are generated from operations. The average credit period on purchases of certain goods was 23 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2024	2023
Current		
Other payables		
Payables for salaries and bonuses	$ 34,485	$ 29,759
Payables for utilities	19,605	25,520
Payables for equipment	10,606	2,959
Others	34,953	22,117
	$ 99,649	$ 80,355
Other liabilities		
Contract liabilities	$ 4,779	$ -
Refund liabilities	3,916	4,895
Others	521	689
	$ 9,216	$ 5,584

Refund liabilities are recognized on the basis of historical experience, management's judgment and other known reasons for possible sales return and discount, and the relative amount is recognized as a deduction to sale of goods upon the goods were sold.

18. RETIREMENT BENEFIT PLANS

The pension plan under the Labor Pension Act is a defined contribution pension plan. Pursuant to the plan, the Corporation make monthly contributions to employees' individual pension accounts at 6% of each employee's monthly salary.

19. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	137,776	137,776
Shares issued and fully paid	$ 1,377,765	$ 1,377,765

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

The $240,000 thousand of the authorized capital share is reserved for the exercise of share options for warrants, preferred share with share options, and corporate bonds with share options.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares (1)	$ 307,478	$ 307,478
May only be used to offset a deficit		
Other (2)	1,758	-
May not be used for any purpose		
Share-based payment arrangements	15,294	16,193
	$ 324,530	$ 323,671

1) Capital surplus arising from issuance of ordinary shares may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

2) Such capital surplus arises from employees exercise the cash-settled share-bases payment granted by the parent company.

c. Retained earnings and dividend policy

Under the Corporation's Articles of Incorporation (the "Articles"), the proposal for profit distribution or offsetting of losses should be made at the end of each quarter of the fiscal year. The distribution should be resolved in the shareholders' meeting if the dividends and bonuses are distributed by issuance of shares, while the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash.

Where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan. The proposal for profit distribution or offsetting of losses made at the end of each quarter should be in compliance with the aforementioned procedures. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses, legal reserve and capital surplus in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 21 (e).

The Corporation's Articles also stipulate a dividends policy whereby the issuance of share dividends takes precedence over the payment of cash dividends. In principle, cash dividends are no less than 10% of the total dividends distributed.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

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

The loss off-setting proposal for the year ended December 31, 2023 was resolved at the shareholders meeting on June 18, 2024.

The appropriations of earnings for the year ended December 31, 2022 were as follows:

	Appropriation of Earnings
	For the Year Ended December 31, 2022
Legal reserve	$ 20,299
Cash dividends	68,888
Dividends per share (NT$)	0.5

The Corporation's board of directors proposed the offsetting of losses on March 13, 2025, and used the legal reserve to offset the deficit of $15,676 thousand; it will be resolved by the shareholders in their meeting to be held on June 20, 2025.

20. REVENUE

Contract Balances

	December 31, 2024	December 31, 2023	January 1, 2023
Trade receivables (Notes 8)	$ 618,417	$ 818,184	$ 860,784
Contract liabilities (recognized as other current liabilities)			
Sale of goods	$ 4,779	$ -	$ 4,325

The changes in the balance of contract liabilities primarily resulted from the timing differences between the Group's satisfaction of performance obligations and the respective customer's payment.

21. NET LOSS

Information about net loss is as follows:

a. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gains (losses)	$ 67,074	$ (4,144)
Loss on disposal of property, plant and equipment	-	(1,027)
Gain on lease modification	6	-
Others	(736)	(3,570)
	$ 66,344	$ (8,741)

b. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on lease liabilities	$ 2,174	$ 2,322
Interest on bank loans	1,023	312
Other interest expenses	-	114
	$ 3,197	$ 2,748

c. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	$ 72,106	$ 78,484
Right-of-use assets	10,480	10,415
Intangible assets	1,132	1,291
	$ 83,718	$ 90,190
An analysis of depreciation by function		
Operating costs	$ 78,811	$ 85,169
Operating expenses	3,775	3,730
	$ 82,586	$ 88,899
An analysis of amortization by function		
Operating costs	$ 165	$ 280
Operating expenses	967	1,011
	$ 1,132	$ 1,291

d. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term benefits	$ 233,538	$ 220,980
Post-employment benefits (Note 18)		
Defined contribution plans	9,523	9,566
Share-based payments (Note 24)	859	5,077
Other employee benefits	14,308	14,021
Total employee benefits expense	$ 258,228	$ 249,644
An analysis of employee benefits expense by function		
Operating costs	$ 210,385	$ 196,945
Operating expenses	47,843	52,699
	$ 258,228	$ 249,644

e. Compensation of employees and remuneration of directors

In accordance with the Articles, the Corporation accrued compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors were not accrued for the year ended December 31, 2024 and 2023 due to a net loss before income tax.

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022.

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

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	$ 109,135	$ 88,631
Foreign exchange losses	(42,061)	(92,775)
Net gains (losses)	$ 67,074	$ (4,144)

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax benefit are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
Adjustments for prior year	$ (4,424)	$ (582)
Deferred tax		
In respect of the current year	897	(32,144)
Income tax benefit recognized in profit or loss	$ (3,527)	$ (32,726)

A reconciliation of accounting profit and income tax benefit is as follows:

	For the Year Ended December 31	
	2024	2023
Loss before tax	$ (308,755)	$ (166,491)
Income tax benefit calculated at the statutory rate	$ (61,751)	$ (33,298)
Nondeductible expenses in determining taxable income	-	227
Tax-exempt income	(712)	-
Unrecognized deductible temporary difference	2	927
Unrecognized loss carryforwards	63,358	-
Adjustments for prior years' tax	(4,424)	(582)
Income tax benefit recognized in profit or loss	$ (3,527)	$ (32,726)

b. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	$ 7,294	$ 1,351

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Inventory reserve	$ 3,960	$ 9,298	$ 13,258
Loss of foreign investment	1,391	-	1,391

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Refund liabilities	$ 997	$ (214)	$ 783
Unrealized exchange loss	6,787	(6,787)	-
Others	1,131	28	1,159
	14,266	2,325	16,591
Loss carryforwards	25,496	2	25,498
	$ 39,762	$ 2,327	$ 42,089
Deferred tax liabilities			
Temporary differences			
Interest capitalization	$ 67	$ (33)	$ 34
Refund liabilities	-	40	40
Unrealized exchange gain	-	3,217	3,217
Exchange differences on translation of the financial statements of foreign operations	34	-	34
	$ 101	$ 3,224	$ 3,325

(Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Inventory reserve	$ 2,334	$ 1,626	$ 3,960
Loss of foreign investment	1,391	-	1,391
Refund liabilities	472	525	997
Unrealized exchange loss	2,300	4,487	6,787
Others	1,155	(24)	1,131
	7,652	6,614	14,266
Loss carryforwards	-	25,496	25,496
	$ 7,652	$ 32,110	$ 39,762
Deferred tax liabilities			
Temporary differences			
Interest capitalization	$ 101	$ (34)	$ 67
Exchange differences on translation of the financial statements of foreign operations	34	-	34
	$ 135	$ (34)	$ 101

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2024	**2023**
Loss carryforwards		
Expiry in 2034	$ 306,883	$ -

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

Unused Amount	**Expiry Year**
$ 127,491	2033
306,883	2034
$ 434,374	

f. Income tax assessments

The income tax returns through 2022 have been assessed by the tax authorities.

23. LOSS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2024	**2023**
Basic loss per share	$ (2.22)	$ (0.97)
Diluted loss per share	$ (2.22)	$ (0.97)

The loss and weighted average number of ordinary shares outstanding used in the computation of loss per share were as follows:

Net Loss for the Year

	For the Year Ended December 31	
	2024	**2023**
Loss used in the computation of basic and diluted loss per share from continuing operations	$ (305,228)	$ (133,765)

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic and diluted loss per share	137,776	137,776

24. SHARE-BASED PAYMENT ARRANGEMENTS

Cash-settled Share-based Payments Granted to the Employees of the Group by the Group's Parent

The Corporation's parent LCY Chemical Corp. ("LCY Chemical") issued to certain employees share appreciation rights (SARs) that require LCY Chemical Corp. to settle the SARs by cash; the SARs are treated as a capital contribution to the Corporation. The SARs execution period is from 2021 to 2025, and SARs shall be granted to employees on September 30 every year. The SARs granted are valid for 10 years and exercisable earlier after 3 years from the grant date, or LCY Chemical (or its controlling company) may be successfully listed, and the employees who have remained employed with the Group. The parent shall pay the SARs in cash at the value agreed upon with the employees when the SARs are exercised by employees.

As of December 31, 2024 and 2023, the numbers of share appreciation rights outstanding were 315 thousand and 350 thousand, respectively.

Compensation costs recognized were $859 thousand and $5,077 thousand for the years ended December 31, 2024 and 2023, respectively.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while achieving optimization of the debt and equity balance through the issuance of ordinary shares for cash and loans. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debts and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group usually review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of new shares, and the amount of new debt issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

   The management considers that carrying amounts of other financial instruments, such as cash, financial assets at amortized cost, receivables and payables recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity shares				
Domestic unlisted shares	$ -	$ -	$ 121,388	$ 121,388
Investments in debt instruments				
Trade receivables	-	-	19,780	19,780
	$ -	$ -	$ 141,168	$ 141,168

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity shares				
Domestic unlisted shares	$ -	$ -	$ 81,716	$ 81,716
Investments in debt instruments				
Trade receivables	-	-	27,714	27,714
	$ -	$ -	$ 109,430	$ 109,430

There were no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

	Financial Assets at FVTOCI		
	Equity Instruments	Debt Instruments	Total
Financial assets			
Balance at January 1, 2024	$ 81,716	$ 27,714	$ 109,430
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	39,672	-	39,672
Increase in trade receivables	-	194,690	194,690
Factoring for trade receivables	-	(202,624)	(202,624)
Balance at December 31, 2024	$ 121,388	$ 19,780	$ 141,168

For the year ended December 31, 2023

	Financial Assets at FVTOCI		
	Equity Instruments	**Debt Instruments**	**Total**
Financial assets			
Balance at January 1, 2023	$ 57,070	$ 6,461	$ 63,531
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	24,646	-	24,646
Increase in trade receivables	-	257,345	257,345
Factoring for trade receivables	-	(236,092)	(236,092)
Balance at December 31, 2023	$ 81,716	$ 27,714	$ 109,430

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted equity securities are determined using the market approach, which references the transaction price, price multiplier implicit in the transaction price and other related information of comparable companies that operate in the same industry in active markets.

The fair value of the trade receivable at FVTOCI is based on the estimated future cash flow that reflects the credit risk of counterparties. The Group measures the fair value based on the original invoice amount since the effect of discounting was not material.

c. Categories of financial instruments

	December 31	
	2024	**2023**
Financial assets		
Financial assets at amortized cost (1)	$ 1,095,335	$ 1,468,813
Financial assets at FVTOCI		
Equity instruments	121,388	81,716
Trade receivables	19,780	27,714
Financial liabilities		
Financial liabilities at amortized cost (2)	316,401	427,563

1) The balances include financial assets at amortized cost, which comprise cash, trade receivable, notes receivable, other receivables and refundable deposits.

2) The balances include financial assets at amortized cost, which comprise short-term borrowings, trade payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash, equity and debt investments, trade receivables, trade payables and short-term borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

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

The corporate treasury function reports quarterly to the Group’s management and board of directors.

1) Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 97% of the Group’s sales were denominated in currencies other than the functional currency, whilst almost 98% of costs were denominated in currencies other than the functional currency. Some of the Group’s purchases of plant and equipment were also denominated in currencies other than the functional currency. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar and RMB.

The following table details the Group’s sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates a decrease in pre-tax loss associated with the New Taiwan dollar (the functional currency) weakening by 1% against the relevant foreign currency. For a 1% strengthening of the New Taiwan dollar (the functional currency) against the relevant foreign currency, there would be an equal and opposite impact on pre-tax loss.

	USD Impact	
	For the Year Ended December 31	
	2024	**2023**
Profit or loss	$ 8,677	$ 9,082

	RMB Impact	
	For the Year Ended December 31	
	2024	**2023**
Profit or loss	$ 193	$ 583

This was mainly attributable to the exposure outstanding on bank deposits, receivables and payables denominated in currencies other than the functional currency.

b) Interest rate risk

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

	December 31	
	2024	**2023**
Fair value interest rate risk		
Financial liabilities	$ 113,959	$ 122,366
Cash flow interest rate risk		
Financial assets	434,901	558,493
Financial liabilities	110,000	37,500

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the years ended December 31, 2024 and 2023 would have decreased/increased by $1,624 thousand and $2,605 thousand, respectively.

2) Credit risk

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

The Group adopted a policy of only dealing with creditworthy counterparties. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit limits and scoring. The credit risk on derivatives was limited because the counterparties are large financial institutions.

The Group's concentration of credit risk by geographical location was mainly in China, which accounted for 40% and 46% of the total trade receivables as of December 31, 2024 and 2023, respectively.

The Group entered into transactions with a large number of unrelated customers. Apart from the top five customers of the Group, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

As of December 31, 2024 and 2023, the concentration of credit risk on the top five customers accounted for 76% and 73% of trade receivables, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the agreed upon repayment dates.

December 31, 2024

	Less than 3 Months	3 Months to 1 Year
Non-derivative financial liabilities		
Non-interest bearing liabilities	$ 245,114	$ -
Variable interest rate liabilities	110,000	-
	$ 355,114	$ -

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	$ 2,488	$ 7,464	$ 37,899	$ 46,239	$ 34,679

December 31, 2023

	Less than 3 Months	3 Months to 1 Year
Non-derivative financial liabilities		
Non-interest bearing liabilities	$ 424,054	$ -
Variable interest rate liabilities	12,500	25,000
	$ 436,554	$ 25,000

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	$ 2,999	$ 8,773	$ 37,360	$ 46,238	$ 43,926

b) Financing facilities

	December 31	
	2024	**2023**
Unsecured bank borrowing facilities		
Amount used	$ 110,000	$ 37,500
Amount unused	450,000	663,525
	$ 560,000	$ 701,025

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

Counterparties	**Receivables Factoring Proceeds**	**Amount Reclassified to Other Receivable**	**Advance Received Unused**	**Advance Received Used**	**Annual Interest Rates on Advances Received (Used) (%)**
December 31, 2024					
O-Bank	$ 40,238	$ 36,214	$ 36,214	$ -	-
December 31, 2023					
O-Bank	$ 38,021	$ 34,219	$ 34,219	$ -	-

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns or discounts) were borne by the Group, while losses from credit risk were borne by the banks (amounts factored are recorded in other receivables).

The Group discounted a portion of its trade receivables under letters of credit to the banks. Since the Group has transferred substantially all risks and rewards relating to these trade receivables, the full carrying amount of these trade receivables were derecognized. However, if the derecognized trade receivables are not paid at maturity, the banks have the right to demand the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these trade receivables.

The maximum exposure to loss from the Group's continuing involvement in the derecognized trade receivables is equal to the face amounts of the transferred but unsettled trade receivables, and as of December 31, 2024 and 2023, the face amount of these unsettled trade receivables were $0 thousand and $5,286 thousand, respectively. The unsettled trade receivables will be due in one month after December 31, 2024 and 2023. Taking into consideration the credit risk of these derecognized trade receivables, the Group estimates that the fair values of its continuing involvement are not significant.

27. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is LCY Chemical Corp. which held 61.94% of the ordinary shares of the Corporation as of December 31, 2024 and 2023.

The Corporation's ultimate parent and ultimate controlling party is the KKR Global Institute.

Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and categories

Related Party Name	Related Party Category
LCY Chemical Corp. ("LCY Chemical")	The Corporation's parent
LCY Management Consulting Co., Ltd. ("LCY Management Consulting")	Sister corporation
LCY GRIT Corp. ("LCY GRIT")	Sister corporation
Lee Chang Yung Company, Ltd. ("Lee Chang Yung")	Related party in substance
Lee Jamgo Co., Ltd. ("LEE Jamgo")	Related party in substance
Hank Fah Co., Ltd. ("Hank Fah")	Related party in substance
Quanlicheng Electric Power Co., Ltd. ("Quanlicheng")	Related party in substance
Shinemore Technology Materials Co., Ltd ("Shinemore Technology Materials")	Other related party (the Corporation's parent is one of the directors)
Formosa Copper Technology Corporation ("Formosa Copper Technology")	Other related party (the Corporation is one of the directors)
Chairman's spouse	Related party in substance
General manager's spouse	Related party in substance

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Sales	Other related party/Shinemore Technology Materials	$ -	$ 2,854

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Other related party/Formosa Copper Technology	$ 488,036	$ 457,957

d. Exchange of inventories

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Other related party/Formosa Copper Technology	$ 163,897	$ 157,141

e. Other expenses

Line Item	Related Party Category/Name	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Manufacturing costs	The Corporation's parent/LCY Chemical	$ 23,587	$ 20,050
Operating expenses	The Corporation's parent/LCY Chemical	11,693	9,819
R&D expenses	The Corporation's parent/LCY Chemical	191	174
Operating expenses	Sister company/LCY Management Consulting	3,000	3,000
Manufacturing costs	Sister company/LCY GRIT	1,228	-
Manufacturing costs	Related party in substance/Quanlicheng	6,159	6,559
Manufacturing costs	Other related party/Shinemore Technology Materials	-	7
		$ 45,858	$ 39,609

The related-party transactions were carried out under normal terms.

f. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2024	Purchase Price For the Year Ended December 31 2023
Related party in substance/Hank Fah	$ -	$ 6,580

g. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Additions to right-of-use assets	Related party in substance/Chairman's spouse	$ 681	$ -
	Related party in substance/General manager's spouse	681	-
		$ 1,362	$ -

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Lease liabilities	The Corporation's parent/LCY Chemical	$ 112,387	$ 119,501
	Related party in substance/Lee Chang Yung	-	1,990
	Related party in substance/LEE Jamgo	-	65
	Related party in substance/Chairman's spouse	589	-
	Related party in substance/General manager's spouse	496	-
		$ 113,472	$ 121,556

Related Party Category/Name	For the Year Ended December 31 2024	2023
Interest expense		
The Corporation's parent/LCY Chemical	$ 2,134	$ 2,264
Related party in substance/Lee Chang Yung	10	38
Related party in substance/LEE Jamgo	-	1
Related party in substance/Chairman's spouse	6	-
Related party in substance/General manager's spouse	11	-
	$ 2,161	$ 2,303

The Group leases two official vehicles for the use of the spouses of the chairman and the general manager, respectively.

The rental is based on the local rental rates and is paid quarterly or monthly.

h. Other receivables from related parties

Line Item	Related Party Category/Name	December 31 2024	2023
Other receivable - related parties	The Corporation's parent/LCY Chemical	$ 13	$ 25

i. Refundable deposits

Line Item	Related Party Category/Name	December 31 2024	2023
Refundable deposits	The Corporation's parent/LCY Chemical	$ 2,100	$ 2,100
	Related party in substance/Lee Chang Yung	500	500
		$ 2,600	$ 2,600

j. Payables to related parties

Line Item	Related Party Category/Name	December 31 2024	2023
Trade payables - related parties	Other related party/Formosa Copper Technology	$ 16,403	$ 41,237

k. Other payables to related parties

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Other payables - related parties	The Corporation's parent/LCY Chemical	$ 14,974	$ 12,387
	Related party in substance/Quanlicheng	255	1,218
	Other related party/Shinemore Technology Materials	-	2
		$ 15,229	$ 13,607

l. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Short-term employee benefits	$ 9,353	$ 8,673
Share-based payments	512	4,052
Post-employment benefits	108	99
Other employee benefits	469	417
	$ 10,442	$ 13,241

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

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The significant commitments and contingencies of the Group were as follows:

As of December 31, 2024 and 2023, the commitments for purchase of properties were $22,885 thousand and $9,370 thousand, respectively.

29. OTHER ITEMS

a. On January 10, 2024, the Corporation enter into a business and capital alliance agreement with Lee Chang Yung Group International Pte. Ltd. (a related party in substance) and Nippon Denkai, Ltd. As part of the business alliance, the Corporation and Nippon Denkai, Ltd. entered into a technology license agreement, in which the Corporation has agreed to pay royalty payments to Nippon Denkai, Ltd. upon completion of its provision of technology, Nippon Denkai Ltd, no provision of technology was executed as of December 31, 2024.

b. On February 15, 2023, the president of the ROC announced the amendments to the "Climate Change Response Act", which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the "Regulations Governing the Collection of Carbon Fees", "Regulations for Administration of Voluntary Reduction Plans" and "Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees" on August 29, 2024 and the carbon fee rate on October 21, 2024. The fees will be levied starting from January 1, 2025. The Group expects that it will be the entity subject to carbon fees. The Group will recognize the provision of the carbon fees based on its actual emissions in 2025 and will pay them in May 2026.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 29,801	32.785 (USD:NTD)	$ 977,026
RMB	4,227	4.561 (RMB: NTD)	$ 19,278
Financial liabilities			
Monetary items			
USD	3,336	32.785 (USD:NTD)	$ 109,371

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 36,167	30.705 (USD:NTD)	$ 1,110,508
RMB	13,459	4.335 (RMB: NTD)	$ 58,348
Financial liabilities			
Monetary items			
USD	6,588	30.705 (USD:NTD)	$ 202,285

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

	For the Year Ended December 31			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	32.11 (USD:NTD)	$ 65,123	31.15 (USD:NTD)	$ (7,467)
RMB	4.5107 (RMB:NTD)	2,487	4.4242 (RMB:NTD)	3,373
		$ 67,610		$ (4,094)

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1 (attached)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: None

11) Information on investees: Table 3 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 4 (attached)

32. SEGMENT INFORMATION

The Group currently sells a single product, copper foil, and its consolidated income statement is the result of operations that are regularly reviewed by the decision maker. There are no other significant product business units, but the overall information of other enterprises of the Group is disclosed as follows:

a. Geographical information

The Group operates in Taiwan, and its place of operations for revenues from external customers and the location of non-current assets are located in Taiwan.

b. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2024		2023	
	Amount	**% of Sales**	**Amount**	**% of Sales**
Group Q	$ 817,779	27	$ 801,353	23
Group F	409,285	14	975,683	27
Group C	406,051	14	354,457	10

TABLE 1

LCY TECHNOLOGY CORP. AND SUBSIDIARY

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
LCY Technology Corp.	Stocks							
	Formosa Copper Technology Corporation	The Corporation is one of the directors	Financial assets at FVTOCI	7,708,094	$ 121,388	9.7	$ 121,388	

LCY TECHNOLOGY CORP. AND SUBSIDIARY

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LCY Technology Corp.	Formosa Copper Technology Corporation	The Corporation is one of the directors	Purchase	$ 488,036	20.49	Net 30 days after delivery	Same as general customers	Same as general customers	$ (16,403)	(12.59)	

TABLE 3

LCY TECHNOLOGY CORP. AND SUBSIDIARY

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
LCY Technology Corp.	LCYT Holdings Corp.	Craigmuir Chambers P.O. Box 71, Road Town, Tortola, BVI	Investment	$ 6,800	$ 6,800	100	100	$ 14	$ -	$ -	
	Kaohsiung Cogen Co., Ltd	5F., No. 85, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105035, Taiwan (R.O.C.)	Planning, design, and procurement of the co-generation system, environmental protection, and engineering	2,000	2,000	200,000	20	2,027	123	24	

TABLE 4

LCY TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LCY Chemical Corp.	85,339,392	61.94

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.