

# **Forcelead Technology Corporation**

**Financial Statements for the Years Ended  
December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **Forcelead Technology Corporation**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders  
Forcelead Technology Corporation

### **Opinion**

We have audited the accompanying financial statements of Forcelead Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2024 are stated as follows:

#### **Recognition of sales revenue**

The Company's main source of revenue comes from the sale of goods. For the year ended December 31, 2024, the revenue recognized was NT\$2,969,215 thousand, refer to Notes 4, 19 and 32 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' orders and checking the transaction conditions, the business unit creates an order in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the material unit would issue packing lists and invoices from the system, and the Company would obtain a signed packing list or the bill of lading from the shipping companies when those shipping companies pick up the goods, then the system would generate a shipping receipt details list after checking the

shipping-related information. The accounting officers would recognize sales revenue according to the shipping receipt details list.

We have assessed that the customers of the Company whose revenue significantly changed in 2024 are subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Company's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders for each sale and were approved appropriately.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of trade receivables and confirmed the collection amounts, and counterparties were consistent with the revenue recognized.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 audit resulting in this independent auditors' report are Ya-Yun Chang and Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 5, 2025

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.*

FORCELEAD TECHNOLOGY CORPORATION

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

| ASSETS  | December 31, 2024   |            | December 31, 2023   |            |
|---|---------------------|------------|---------------------|------------|
|   | Amount              | %          | Amount              | %          |
| CURRENT ASSETS  |                     |            |                     |            |
| Cash and cash equivalents (Notes 4, 6 and 26)   | \$ 546,687          | 16         | \$ 393,118          | 17         |
| Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)             | 22,842              | 1          | 22,314              | 1          |
| Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 26) | -                   | -          | 8,930               | -          |
| Financial assets at amortized cost - current (Notes 4, 9, 26 and 28)                            | 1,770,805           | 51         | 905,705             | 39         |
| Trade receivables (Notes 4, 10, 19 and 26)  | 199,004             | 6          | 169,101             | 7          |
| Trade receivables from related parties (Notes 4, 19, 26 and 27)                                 | 11,534              | -          | 10,865              | 1          |
| Other receivables (Notes 4 and 26)  | 4,703               | -          | 3,086               | -          |
| Inventories (Notes 4, 5 and 11)   | 536,844             | 16         | 496,080             | 21         |
| Prepayments and other current assets (Notes 4, 15, 26 and 29)                                   | <u>31,338</u>       | <u>1</u>   | <u>28,009</u>       | <u>1</u>   |
| Total current assets  | <u>3,123,757</u>    | <u>91</u>  | <u>2,037,208</u>    | <u>87</u>  |
| NON-CURRENT ASSETS  |                     |            |                     |            |
| Property, plant and equipment (Notes 4, 12 and 32)  | 79,393              | 2          | 79,357              | 3          |
| Right-of-use assets (Notes 4, 13, 27 and 32)  | 27,430              | 1          | 4,453               | -          |
| Intangible assets (Notes 4, 14 and 32)  | 18,069              | 1          | 21,020              | 1          |
| Other non-current assets (Notes 4, 15, 26, 27 and 29)   | <u>186,806</u>      | <u>5</u>   | <u>208,943</u>      | <u>9</u>   |
| Total non-current assets  | <u>311,698</u>      | <u>9</u>   | <u>313,773</u>      | <u>13</u>  |
| TOTAL   | <u>\$ 3,435,455</u> | <u>100</u> | <u>\$ 2,350,981</u> | <u>100</u> |

| LIABILITIES AND EQUITY  | December 31, 2024   |            | December 31, 2023   |            |
|---|---------------------|------------|---------------------|------------|
|   | Amount              | %          | Amount              | %          |
| CURRENT LIABILITIES   |                     |            |                     |            |
| Trade payables (Note 26)  | \$ 289,120          | 8          | \$ 254,543          | 11         |
| Accrued profit sharing bonus to employees' compensation and remuneration of directors and supervisors (Notes 18 and 20) | 58,267              | 2          | 43,253              | 2          |
| Other payables (Notes 16 and 26)  | 180,705             | 5          | 128,865             | 6          |
| Other payables to related parties (Notes 26 and 27)   | 44,660              | 1          | 30,789              | 1          |
| Current tax liabilities (Notes 4 and 21)  | 66,611              | 2          | 101,630             | 4          |
| Lease liabilities - current (Notes 4, 13, 24, 26 and 27)  | 8,032               | -          | 2,364               | -          |
| Other current liabilities (Notes 16, 19, 24 and 26)   | <u>14,880</u>       | <u>1</u>   | <u>62,541</u>       | <u>3</u>   |
| Total current liabilities   | <u>662,275</u>      | <u>19</u>  | <u>623,985</u>      | <u>27</u>  |
| NON-CURRENT LIABILITIES   |                     |            |                     |            |
| Lease liabilities - non-current (Notes 4, 13, 24, 26 and 27)  | 18,798              | 1          | 2,131               | -          |
| Other non-current liabilities (Notes 4, 16, 24, 26 and 29)  | <u>42,130</u>       | <u>1</u>   | <u>50,358</u>       | <u>2</u>   |
| Total non-current liabilities   | <u>60,928</u>       | <u>2</u>   | <u>52,489</u>       | <u>2</u>   |
| Total liabilities   | <u>723,203</u>      | <u>21</u>  | <u>676,474</u>      | <u>29</u>  |
| EQUITY (Notes 4, 18 and 23)   |                     |            |                     |            |
| Ordinary shares   | <u>419,193</u>      | <u>12</u>  | <u>380,243</u>      | <u>16</u>  |
| Capital surplus   | <u>1,480,913</u>    | <u>43</u>  | <u>616,568</u>      | <u>26</u>  |
| Retained earnings   |                     |            |                     |            |
| Legal reserve   | 285,395             | 9          | 241,706             | 10         |
| Special reserve   | 904                 | -          | -                   | -          |
| Unappropriated earnings   | <u>588,222</u>      | <u>17</u>  | <u>436,894</u>      | <u>19</u>  |
| Total retained earnings   | <u>874,521</u>      | <u>26</u>  | <u>678,600</u>      | <u>29</u>  |
| Other equity  |                     |            |                     |            |
| Unrealized gain (loss) on financial assets at fair value through other comprehensive income                             | -                   | -          | ( 904)              | -          |
| Unearned stock-based employee compensation  | ( 62,375)           | ( 2)       | -                   | -          |
| Total other equity  | ( 62,375)           | ( 2)       | ( 904)              | -          |
| Total equity  | <u>2,712,252</u>    | <u>79</u>  | <u>1,674,507</u>    | <u>71</u>  |
| TOTAL   | <u>\$ 3,435,455</u> | <u>100</u> | <u>\$ 2,350,981</u> | <u>100</u> |

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

# FORCELEAD TECHNOLOGY CORPORATION

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

|  | 2024              |           | 2023              |           |
|--|-------------------|-----------|-------------------|-----------|
|  | Amount            | %         | Amount            | %         |
| NET REVENUE (Notes 4, 19, 27 and 32)   | \$ 2,969,215      | 100       | \$ 2,656,536      | 100       |
| OPERATING COSTS (Notes 11, 20 and 27)  | <u>1,772,747</u>  | <u>60</u> | <u>1,699,063</u>  | <u>64</u> |
| GROSS PROFIT   | <u>1,196,468</u>  | <u>40</u> | <u>957,473</u>    | <u>36</u> |
| OPERATING EXPENSES (Notes 14, 17, 20 and 27)   |                   |           |                   |           |
| Selling and marketing expenses   | 94,611            | 3         | 84,867            | 3         |
| General and administrative expenses  | 68,895            | 2         | 44,661            | 2         |
| Research and development expenses  | <u>389,531</u>    | <u>13</u> | <u>333,063</u>    | <u>13</u> |
| Total operating expenses   | <u>553,037</u>    | <u>18</u> | <u>462,591</u>    | <u>18</u> |
| OTHER OPERATING INCOME (Note 20)   | <u>930</u>        | <u>-</u>  | <u>-</u>          | <u>-</u>  |
| INCOME FROM OPERATIONS   | <u>644,361</u>    | <u>22</u> | <u>494,882</u>    | <u>18</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 20 and 27)   |                   |           |                   |           |
| Interest income  | 22,592            | 1         | 18,410            | 1         |
| Other income   | 641               | -         | 1,499             | -         |
| Other gains and losses   | 10,539            | -         | 3,623             | -         |
| Finance costs  | <u>(1,990)</u>    | <u>-</u>  | <u>(1,317)</u>    | <u>-</u>  |
| Total non-operating income and expenses  | <u>31,782</u>     | <u>1</u>  | <u>22,215</u>     | <u>1</u>  |
| INCOME BEFORE INCOME TAX   | 676,143           | 23        | 517,097           | 19        |
| INCOME TAX EXPENSE (Notes 4 and 21)  | <u>87,587</u>     | <u>3</u>  | <u>80,203</u>     | <u>3</u>  |
| NET INCOME FOR THE YEAR  | <u>588,556</u>    | <u>20</u> | <u>436,894</u>    | <u>16</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR   |                   |           |                   |           |
| Items that will not be reclassified subsequently to profit or loss   |                   |           |                   |           |
| Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income | <u>570</u>        | <u>-</u>  | <u>(380)</u>      | <u>-</u>  |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR  | <u>\$ 589,126</u> | <u>20</u> | <u>\$ 436,514</u> | <u>16</u> |
| EARNINGS PER SHARE (Note 22)   |                   |           |                   |           |
| Basic  | <u>\$ 15.37</u>   |           | <u>\$ 11.74</u>   |           |
| Diluted  | <u>\$ 15.27</u>   |           | <u>\$ 11.54</u>   |           |

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

FORCELEAD TECHNOLOGY CORPORATION

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

|   | Other Equity                    |            |                 |                   |                 |                         |   |  |              |
|---|---------------------------------|------------|-----------------|-------------------|-----------------|-------------------------|---|--|--------------|
|   | Share Capital                   |            | Capital Surplus | Retained Earnings |                 |                         | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Unearned Stock-based Employee Compensation | Total Equity |
|   | Number of Shares (In Thousands) | Amount     |                 | Legal Reserve     | Special Reserve | Unappropriated Earnings |   |  |              |
| BALANCE AT JANUARY 1, 2023  | 34,391                          | \$ 343,912 | \$ 469,809      | \$ 184,035        | \$ -            | \$ 576,706              | (\$ 524)  | \$ -                                       | \$ 1,573,938 |
| Appropriation of 2022 earnings  |                                 |            |                 |                   |                 |                         |   |  |              |
| Legal reserve   | -                               | -          | -               | 57,671            | -               | ( 57,671)               | -   | -  | -            |
| Cash dividends distributed by the Company   | -                               | -          | -               | -                 | -               | ( 519,035)              | -   | -  | ( 519,035)   |
| Issuance of new shares for capital increase through employees' compensation               | 2,633                           | 26,331     | 94,179          | -                 | -               | -                       | -   | -  | 120,510      |
| Ordinary shares issued under the employee share option plan                               | 1,000                           | 10,000     | 48,000          | -                 | -               | -                       | -   | -  | 58,000       |
| Compensation cost of employee stock options   | -                               | -          | 4,487           | -                 | -               | -                       | -   | -  | 4,487        |
| Donations received from shareholders  | -                               | -          | 93              | -                 | -               | -                       | -   | -  | 93           |
| Net income for the year ended December 31, 2023   | -                               | -          | -               | -                 | -               | 436,894                 | -   | -  | 436,894      |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | -                               | -          | -               | -                 | -               | -                       | ( 380)  | -  | ( 380)       |
| Total comprehensive income (loss) for the year ended December 31, 2023                    | -                               | -          | -               | -                 | -               | 436,894                 | ( 380)  | -  | 436,514      |
| BALANCE AT DECEMBER 31, 2023  | 38,024                          | 380,243    | 616,568         | 241,706           | -               | 436,894                 | ( 904)  | -  | 1,674,507    |
| Appropriation of 2023 earnings  |                                 |            |                 |                   |                 |                         |   |  |              |
| Legal reserve   | -                               | -          | -               | 43,689            | -               | ( 43,689)               | -   | -  | -            |
| Special reserve   | -                               | -          | -               | -                 | 904             | ( 904)                  | -   | -  | -            |
| Cash dividends distributed by the Company   | -                               | -          | -               | -                 | -               | ( 392,301)              | -   | -  | ( 392,301)   |
| Cash capital increase   | 3,602                           | 36,020     | 786,165         | -                 | -               | -                       | -   | -  | 822,185      |
| Cash capital increase with reserved employee stock option compensation cost               | -                               | -          | 9,032           | -                 | -               | -                       | -   | -  | 9,032        |
| Issuance of employee restricted stock   | 293                             | 2,930      | 65,374          | -                 | -               | -                       | -   | ( 68,304)                                  | -            |
| Compensation cost of employee restricted stock  | -                               | -          | -               | -                 | -               | -                       | -   | 5,929                                      | 5,929        |
| Donations received from shareholders  | -                               | -          | 3,774           | -                 | -               | -                       | -   | -  | 3,774        |
| Disposal of equity instruments at fair value through other comprehensive income           | -                               | -          | -               | -                 | -               | ( 334)                  | 334   | -  | -            |
| Net income for the year ended December 31, 2024   | -                               | -          | -               | -                 | -               | 588,556                 | -   | -  | 588,556      |
| Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax | -                               | -          | -               | -                 | -               | -                       | 570   | -  | 570          |
| Total comprehensive income (loss) for the year ended December 31, 2024                    | -                               | -          | -               | -                 | -               | 588,556                 | 570   | -  | 589,126      |
| BALANCE AT DECEMBER 31, 2024  | 41,919                          | \$ 419,193 | \$ 1,480,913    | \$ 285,395        | \$ 904          | \$ 588,222              | \$ -  | (\$ 62,375)                                | \$ 2,712,252 |

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



# FORCELEAD TECHNOLOGY CORPORATION

## 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  |              |              |
| Income before income tax  | \$ 676,143   | \$ 517,097   |
| Adjustments for:  |              |              |
| Depreciation expense  | 58,527       | 55,933       |
| Amortization expense  | 12,713       | 12,611       |
| Net gain on fair value changes of financial assets designated as at fair value through profit or loss | ( 528)       | ( 1,305)     |
| Finance costs   | 1,990        | 1,317        |
| Interest income   | ( 22,592)    | ( 18,410)    |
| Dividend income   | ( 380)       | ( 380)       |
| Compensation costs of share-based payments  | 14,961       | 4,487        |
| Write-down of inventories recognized (reversed)   | 36,800       | ( 39,459)    |
| Impairment loss recognized on prepayment for purchase   | -            | 66,142       |
| Unrealized net (gain) loss on foreign currency exchange   | ( 6,315)     | 389          |
| Gain on lease modification of lease agreements  | ( 231)       | -            |
| Changes in operating assets and liabilities   |              |              |
| Notes receivable and trade receivables  | ( 23,807)    | 10,923       |
| Receivables from related parties  | ( 174)       | ( 1,113)     |
| Other receivables   | -            | 494          |
| Inventories   | ( 77,564)    | 222,500      |
| Prepayments   | ( 8,317)     | ( 7,730)     |
| Other current assets  | ( 166)       | 102          |
| Trade payables  | 31,183       | 144,780      |
| Other payables  | 46,951       | 164          |
| Other payables to related parties   | 13,857       | 8,119        |
| Other current liabilities   | ( 16,956)    | ( 1,364)     |
| Accrued profit sharing bonus to employees' compensation and remuneration of directors and supervisors | 15,014       | 38,063       |
| Cash generated from operations  | 751,109      | 1,013,360    |
| Interest received   | 20,975       | 17,320       |
| Interest paid   | ( 1,967)     | ( 1,295)     |
| Income tax paid   | ( 122,606)   | ( 121,799)   |
| Net cash generated from operating activities  | 647,511      | 907,586      |
| CASH FLOWS FROM INVESTING ACTIVITIES  |              |              |
| Disposal of financial assets at fair value through other comprehensive income                         | 9,500        | -            |
| Acquisition of financial assets measured at amortized cost  | ( 2,503,195) | ( 1,445,605) |
| Proceeds from the return of principle of financial assets at amortized cost                           | 1,638,095    | 1,196,805    |
| Acquisition of property, plant and equipment  | ( 46,210)    | ( 176,870)   |
| Increase in refundable deposits   | ( 211)       | ( 240)       |
| Decrease in refundable deposits   | 23,928       | 11,718       |
| Acquisition of intangible assets  | ( 9,534)     | ( 19,666)    |
| Dividends received  | 380          | 380          |
| Net cash used in investing activities   | ( 887,247)   | ( 433,478)   |

(Continued)

# FORCELEAD TECHNOLOGY CORPORATION

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

|  | <u>2024</u>       | <u>2023</u>       |
|--|-------------------|-------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES   |                   |                   |
| Increase in guarantee deposits   | \$ -              | \$ 30,865         |
| Decrease in guarantee deposits   | ( 41,209)         | -                 |
| Repayment of the principal portion of lease liabilities  | ( 7,931)          | ( 6,422)          |
| Cash dividends distributed   | ( 392,301)        | ( 519,035)        |
| Cash capital increase  | 822,185           | -                 |
| Employee exercise of share options   | -                 | 58,000            |
| Donations received from shareholders   | <u>3,774</u>      | <u>93</u>         |
| Net cash generated from (used in) financing activities   | <u>384,518</u>    | <u>( 436,499)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH<br>AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>8,787</u>      | <u>( 1,053)</u>   |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 153,569           | 36,556            |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR   | <u>393,118</u>    | <u>356,562</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR   | <u>\$ 546,687</u> | <u>\$ 393,118</u> |

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

(Concluded)

# FORCELEAD TECHNOLOGY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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#### 1. GENERAL INFORMATION

Forcelead Technology Corporation (the Company) was officially established with the approval of the Ministry of Economic Affairs in December 11, 2009 and commencement of principal business activities on May 1, 2013, and began generating significant revenue. The Company's business activities mainly include research and development, design and sales of diverse integrated automotive display driver ICs.

Sitronix Technology Corporation (the Parent Company) in order to improve the Parent Company's overall operating performance and increase market competitiveness, the Parent Company reorganized the Group's structure, carried out a professional division of labor and coordinated the allocation of the Group's resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Parent Company's board of directors resolved to spin off the automotive business division to the Company, which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The Company's shares have been listed on the OTC market through Taipei Exchange for trading since December 10, 2024.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors and authorized for issue on March 5, 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, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

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

| <b>New, Amended and Revised Standards and Interpretations</b> | <b>Effective Date Issued by IASB</b> |
|---|--------------------------------------|
| Amendments to IAS 21 "Lack of Exchangeability"                | January 1, 2025 (Note 1)             |

Note 1: The Company shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the comparison period may not be restated, and the Group recognizes any effect (as an adjustment) to the opening balance of retained earnings or the exchange differences on foreign operations under equity (where applicable) and the related affected assets and liabilities.

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

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

| <b>New, Amended and Revised Standards and Interpretations</b>  | <b>Effective Date<br/>Issued by IASB (Note 1)</b> |
|--|---|
| 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"              | 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 17 and IFRS 9 - Comparative Information"                              | January 1, 2023                                   |
| IFRS 18 "Presentation and Disclosure in Financial Statements"  | January 1, 2027                                   |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures"  | January 1, 2027                                   |

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

1) 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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 accompanying financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of preparation

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

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

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

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company 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.

##### d. Foreign currencies

In preparing the financial statements transactions in currencies other than the Company'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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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 cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories consist of raw materials, work in progress and finished goods, and are stated at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value, except where it may be appropriate to group at similar or related items. 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 at the end of the reporting period.

f. Property, plant and equipment

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

The 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.

g. Intangible assets

1) Intangible assets acquired separately

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 value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

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.

h. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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.

i. Financial instruments

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

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.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets measured at FVTPL include financial assets mandatorily measured as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) 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 and cash equivalents, trade receivables measured at amortized cost (including related parties), other receivables, time deposits with original maturities of over 3 months, pledged fixed deposits, other current assets and refundable deposits), and 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.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 are recognized in profit and loss when the Company's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including trade receivables) at the end of each reporting period.



Loss allowances for trade receivables are always measured at the lifetime expected credit losses (i.e. ECLs). For all other financial instruments, the Company 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 Company 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 of a financial instrument that will result from all possible default events over the expected life. In contrast, 12-month ECLs represent expected credit loss on a financial instrument the will result from default events within 12 months after the reporting date.

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.

c) Derecognition of financial assets

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

To derecognize 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 an equity instrument at FVTOCI, 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.

2) Equity instruments

Equity instruments issued by the Company is classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Decommissioning and restoration obligation

Pursuant to the lease agreement, the Company has an obligation, at the end of the respective lease terms, to restore the leased plant assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation stated on the lease contract.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contain a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases accounted for 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 presented on a separate line in the balance sheets.

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 Company uses the lessee's incremental borrowing rate.

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 future lease payments resulting from a change in the lease terms, the Company 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. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

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

n. Employee benefits

1) 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.

2) Retirement benefits

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

o. Share-based payment arrangements

1) Employee stock options and restricted stock awards granted to employees

Employee stock options and shares with restricted employee rights are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the grant date and the best estimate of the number expected to be vested, with an adjustment to capital surplus – employee stock options and other equity (unearned stock-based employee compensation) at the same time. If the vesting is made immediately on the grant date, the full cost is recognized on the grant date. The Company reserves shares for employee subscription at the time of cash capital increase and recognizes the date as the grant date when the number of shares to be subscribed by employees is confirmed.

When restricted shares for employees are issued, other equity (unearned stock-based employee compensation) is recognized on the grant date, with a corresponding increase in capital surplus – restricted shares for employees. Dividends paid to employees on restricted shares which do not need to be returned if employees resign in the vesting period are recognized as expenses upon the dividend declaration with a corresponding adjustment in retained earnings and capital surplus – restricted stock for employees.

The Company shall revise the estimated number of employee stock options and shares with restricted employee rights expected to be vested on each balance sheet date. If the original estimated quantity is revised, the affected amount is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital surplus – employee stock option and capital surplus – restricted stock for employees are adjusted accordingly.

2) Equity-settled share-based payment arrangements units for employees of the Parent Company

Equity-settled share-based payment to the Parent Company employees is accounted for as a return on investment in the Parent Company. The fair value of the equity instruments granted on the grant date is measured and recognized as share-based compensation expense over the vesting period, with a corresponding adjustment to capital surplus, and if capital surplus is insufficient, retained earnings will be debited for the remaining amount.

p. Taxation

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

1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax 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.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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 tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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 all or part of 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 year 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes 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 and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of inflation and market rate of interest fluctuations when making its critical significant accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Key Sources of Estimation Uncertainty

#### a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical sales experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

|                                  | December 31       |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2024              | 2023              |
| Cash on hand                     | \$ 110            | \$ 110            |
| Checking and demand deposits     | 40,657            | 76,598            |
| Cash equivalents                 |                   |                   |
| Bank time deposits               | 355,070           | 316,410           |
| Bonds with repurchase agreements | 150,850           | -                 |
|                                  | <u>\$ 546,687</u> | <u>\$ 393,118</u> |

The rate intervals of cash equivalents at the end of the reporting period were as follows:

|                                  | December 31   |               |
|----------------------------------|---------------|---------------|
|                                  | 2024          | 2023          |
| Bank time deposits               | 1.505%~4.430% | 0.850%~5.350% |
| Bonds with repurchase agreements | 1.300%~4.650% | -             |

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | December 31      |                  |
|--|------------------|------------------|
|  | 2024             | 2023             |
| <u>Financial assets at FVTPL - current</u> |                  |                  |
| Mandatorily measured at FVTPL              |                  |                  |
| Non-derivative financial assets            |                  |                  |
| Domestic mutual fund investments           | <u>\$ 22,842</u> | <u>\$ 22,314</u> |

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|                                       | December 31 |          |
|---------------------------------------|-------------|----------|
|                                       | 2024        | 2023     |
| <u>Current</u>                        |             |          |
| Domestic investments-Listed Companies | \$ -        | \$ 8,930 |

- 1) The Company acquired domestic listed companies shares due to the strategic investment purposes. The management designated the investments as at FVTOCI.
- 2) Dividends of \$380 thousand were both recognized for the years ended December 31, 2024 and 2023. Those related to investments still held on December 31, 2023 was \$380 thousand.
- 3) In order to manage credit concentration risk, the Company sold its ordinary shares of domestic listed in 2024 in the amounts of \$9,500 thousand; and transferred a loss of \$334 thousand from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

|  | December 31         |                   |
|--|---------------------|-------------------|
|  | 2024                | 2023              |
| <u>Current</u>   |                     |                   |
| Domestic investments   |                     |                   |
| Time deposits with original maturities of more than 3 months (a) | \$ 1,353,800        | \$ 488,700        |
| Pledged fixed deposits (b)                                       | 417,005             | 417,005           |
|  | <u>\$ 1,770,805</u> | <u>\$ 905,705</u> |

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 1.400%~1.770% and 1.430%~1.800% per annum as of December 31, 2024 and 2023, respectively.
- b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. TRADE RECEIVABLES

|                                     | December 31       |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 2024              | 2023              |
| <u>Trade receivables</u>            |                   |                   |
| At amortized cost                   |                   |                   |
| Gross carrying amount               | \$ 200,265        | \$ 170,362        |
| Less: Allowance for impairment loss | ( 1,261)          | ( 1,261)          |
|                                     | <u>\$ 199,004</u> | <u>\$ 169,101</u> |

The credit period of sales of goods was 30~115 days. No interest was charged on trade receivables. The Company adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own historical trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

The Company 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 records 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. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The credit period of sales from related parties was 45 days. Please refer to Note 27 for trade receivables from related parties.

The Company 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, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2024

|                                | <u>Not Past Due</u> | <u>Up to<br/>30 Days</u> | <u>31 to 90 Days</u> | <u>Over 90 Days</u> | <u>Total</u>      |
|--------------------------------|---------------------|--------------------------|----------------------|---------------------|-------------------|
| Expected credit loss rate      | 0.3%                | 100%                     | 0%                   | 0%                  |                   |
| Gross carrying amount          | \$ 199,549          | \$ 716                   | \$ -                 | \$ -                | \$ 200,265        |
| Loss allowance (Lifetime ECLs) | ( 545 )             | ( 716 )                  | -                    | -                   | ( 1,261 )         |
| Amortized cost                 | <u>\$ 199,004</u>   | <u>\$ -</u>              | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ 199,004</u> |

December 31, 2023

|                                | <u>Not Past Due</u> | <u>Up to<br/>30 Days</u> | <u>31 to 90 Days</u> | <u>Over 90 Days</u> | <u>Total</u>      |
|--------------------------------|---------------------|--------------------------|----------------------|---------------------|-------------------|
| Expected credit loss rate      | 0.7%                | 0%                       | 0%                   | 0%                  |                   |
| Gross carrying amount          | \$ 170,362          | \$ -                     | \$ -                 | \$ -                | \$ 170,362        |
| Loss allowance (Lifetime ECLs) | ( 1,261 )           | -                        | -                    | -                   | ( 1,261 )         |
| Amortized cost                 | <u>\$ 169,101</u>   | <u>\$ -</u>              | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ 169,101</u> |

The movements of the loss allowance of trade receivables were as follows:

|                                      | <u>Years Ended December 31</u> |                 |
|--------------------------------------|--------------------------------|-----------------|
|                                      | <u>2024</u>                    | <u>2023</u>     |
| Balance at January 1 and December 31 | <u>\$ 1,261</u>                | <u>\$ 1,261</u> |

Compared with January 1, 2024, the total carrying amount of trade receivables as of December 31, 2024 increased by a net amount of \$29,903 thousand, and the loss allowance did not change; compared with January 1, 2023, the total carrying amount of trade receivables as of December 31, 2023 decreased by a net amount of \$18,735 thousand, and the loss allowance did not change.

## 11. INVENTORIES

|                  | December 31       |                   |
|------------------|-------------------|-------------------|
|                  | 2024              | 2023              |
| Finished goods   | \$ 168,725        | \$ 210,265        |
| Work in progress | 334,556           | 198,326           |
| Raw materials    | 33,563            | 87,489            |
|                  | <u>\$ 536,844</u> | <u>\$ 496,080</u> |

The above inventories were not provided as guarantee.

Cost of goods sold is defined as follows:

|   | Years Ended December 31 |                     |
|---|-------------------------|---------------------|
|   | 2024                    | 2023                |
| Cost of inventories sold  | \$ 1,748,265            | \$ 1,683,847        |
| Allowance for inventory valuation<br>loss (reversal of write-down<br>inventories) | 36,800                  | ( 39,459)           |
| Impairment loss on prepayment<br>for purchase                                     | -                       | 66,142              |
| Others  | ( 12,318)               | ( 11,467)           |
|   | <u>\$ 1,772,747</u>     | <u>\$ 1,699,063</u> |

The reversal of the inventories to net receivable value was due to the circumstances that caused the net realizable value of inventories to be lower than its cost no longer existed.

## 12. PROPERTY, PLANT AND EQUIPMENT

|   | Lease<br>Improvement | Machinery<br>Equipment | Test<br>Equipment | Office<br>Equipment | Total             |
|---|----------------------|------------------------|-------------------|---------------------|-------------------|
| <u>Cost</u>                             |                      |                        |                   |                     |                   |
| Balance at January 1, 2023              | \$ 7,631             | \$ 7,733               | \$ 147,304        | \$ 482              | \$ 163,150        |
| Additions                               | -                    | 1,552                  | 41,996            | -                   | 43,548            |
| Disposals                               | -                    | ( 355 )                | ( 1,671 )         | -                   | ( 2,026 )         |
| Balance at December 31, 2023            | <u>\$ 7,631</u>      | <u>\$ 8,930</u>        | <u>\$ 187,629</u> | <u>\$ 482</u>       | <u>\$ 204,672</u> |
| <u>Accumulated depreciation</u>         |                      |                        |                   |                     |                   |
| Balance at January 1, 2023              | \$ 2,585             | \$ 2,850               | \$ 72,375         | \$ 194              | \$ 78,004         |
| Depreciation expense                    | 1,288                | 1,682                  | 46,306            | 61                  | 49,337            |
| Disposals                               | -                    | ( 355 )                | ( 1,671 )         | -                   | ( 2,026 )         |
| Balance at December 31, 2023            | <u>\$ 3,873</u>      | <u>\$ 4,177</u>        | <u>\$ 117,010</u> | <u>\$ 255</u>       | <u>\$ 125,315</u> |
| Carrying amount at December 31,<br>2023 | <u>\$ 3,758</u>      | <u>\$ 4,753</u>        | <u>\$ 70,619</u>  | <u>\$ 227</u>       | <u>\$ 79,357</u>  |



|                              | <u>Lease<br/>Improvement</u> | <u>Machinery<br/>Equipment</u> | <u>Test<br/>Equipment</u> | <u>Office<br/>Equipment</u> | <u>Total</u>      |
|------------------------------|------------------------------|--------------------------------|---------------------------|-----------------------------|-------------------|
| <u>Cost</u>                  |                              |                                |                           |                             |                   |
| Balance at January 1, 2024   | \$ 7,631                     | \$ 8,930                       | \$ 187,629                | \$ 482                      | \$ 204,672        |
| Additions                    | 3,211                        | 1,951                          | 44,982                    | -                           | 50,144            |
| Disposals                    | ( 1,204 )                    | ( 245 )                        | ( 32,715 )                | -                           | ( 34,164 )        |
| Balance at December 31, 2024 | <u>\$ 9,638</u>              | <u>\$ 10,636</u>               | <u>\$ 199,896</u>         | <u>\$ 482</u>               | <u>\$ 220,652</u> |

Accumulated depreciation

|                              |                 |                 |                   |               |                   |
|------------------------------|-----------------|-----------------|-------------------|---------------|-------------------|
| Balance at January 1, 2024   | \$ 3,873        | \$ 4,177        | \$ 117,010        | \$ 255        | \$ 125,315        |
| Depreciation expense         | 1,468           | 2,099           | 46,481            | 60            | 50,108            |
| Disposals                    | ( 1,204 )       | ( 245 )         | ( 32,715 )        | -             | ( 34,164 )        |
| Balance at December 31, 2024 | <u>\$ 4,137</u> | <u>\$ 6,031</u> | <u>\$ 130,776</u> | <u>\$ 315</u> | <u>\$ 141,259</u> |

|                                      |                 |                 |                  |               |                  |
|--------------------------------------|-----------------|-----------------|------------------|---------------|------------------|
| Carrying amount at December 31, 2024 | <u>\$ 5,501</u> | <u>\$ 4,605</u> | <u>\$ 69,120</u> | <u>\$ 167</u> | <u>\$ 79,393</u> |
|--------------------------------------|-----------------|-----------------|------------------|---------------|------------------|

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

|                     |           |
|---------------------|-----------|
| Lease improvement   | 5 years   |
| Machinery equipment | 2~4 years |
| Test equipment      | 3~6 years |
| Office equipment    | 5~6 years |

### 13. LEASE ARRANGEMENTS

a. Right-of-use assets

|   | <u>December 31</u>             |                 |
|---|--------------------------------|-----------------|
|   | <u>2024</u>                    | <u>2023</u>     |
| <u>Carrying amounts</u>   |                                |                 |
| Buildings   | <u>\$ 27,430</u>               | <u>\$ 4,453</u> |
|   | <u>Years Ended December 31</u> |                 |
|   | <u>2024</u>                    | <u>2023</u>     |
| Additions to right-of-use assets  | <u>\$ 31,468</u>               | <u>\$ 6,106</u> |
| Depreciation charge for right-of-use assets   |                                |                 |
| Buildings   | <u>\$ 8,419</u>                | <u>\$ 6,596</u> |
| Income from the subleasing of right-of-use assets (classified under other operating income) | <u>(\$ 699)</u>                | <u>\$ -</u>     |

b. Lease liabilities

|                         | <b>December 31</b> |             |
|-------------------------|--------------------|-------------|
|                         | <b>2024</b>        | <b>2023</b> |
| <u>Carrying amounts</u> |                    |             |
| Current                 | \$ 8,032           | \$ 2,364    |
| Non-current             | \$ 18,798          | \$ 2,131    |

Range of discount rates for lease liabilities was as follows:

|           | <b>December 31</b> |               |
|-----------|--------------------|---------------|
|           | <b>2024</b>        | <b>2023</b>   |
| Buildings | 1.845%~2.220%      | 1.595%~1.845% |

c. Material lease activities and terms

The Company's buildings were leased from the Parent Company, and the lease terms expire in December 2025 and December 2028, respectively. The Company does not have bargain purchase options to acquire the leases when they expire, it is also agreed that without the lessor's consent, the Company shall not sublease or assign all or part of the leased subject matter, please refer to Note 27 for details.

The Company also leases office space in Tainan, with lease terms expiring in December 2024 and February 2029, respectively. The Company does not have bargain purchase options to acquire the leases when they expire, it is also agreed that without the lessor's consent, the Company shall not sublease or assign all or part of the leased subject matter.

However, due to the Company's business planning considerations, the lease for Tainan office, originally set to expire in December 2024, was terminated early in September 2024.

d. Other lease information

|  | <b>Years Ended December 31</b> |             |
|--|--------------------------------|-------------|
|  | <b>2024</b>                    | <b>2023</b> |
| Expenses relating to short-term leases | \$ 1,101                       | \$ 660      |
| Total cash outflow for leases          | ( \$ 9,680)                    | ( \$ 7,205) |

The Company's leases of certain parking spaces and office workstations qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INTANGIBLE ASSETS

|                            | <b>Royalty</b> | <b>Computer Software</b> | <b>Total</b> |
|----------------------------|----------------|--------------------------|--------------|
| <u>Cost</u>                |                |                          |              |
| Balance at January 1, 2023 | \$ 22,579      | \$ 19,004                | \$ 41,583    |

(Continued)

|                                      | <b>Royalty</b>   | <b>Computer Software</b> | <b>Total</b>                    |
|--------------------------------------|------------------|--------------------------|---------------------------------|
| Additions                            | \$ 3,009         | \$ 16,333                | \$ 19,342                       |
| Balance at December 31, 2023         | <u>\$ 25,588</u> | <u>\$ 35,337</u>         | <u>\$ 60,925</u>                |
| <u>Accumulated amortization</u>      |                  |                          |                                 |
| Balance at January 1, 2023           | \$ 17,416        | \$ 9,878                 | \$ 27,294                       |
| Amortization expenses                | 4,971            | 7,640                    | 12,611                          |
| Balance at December 31, 2023         | <u>\$ 22,387</u> | <u>\$ 17,518</u>         | <u>\$ 39,905</u>                |
| Carrying amount at December 31, 2023 | <u>\$ 3,201</u>  | <u>\$ 17,819</u>         | <u>\$ 21,020</u><br>(Concluded) |

Cost

|                              |                  |                  |                  |
|------------------------------|------------------|------------------|------------------|
| Balance at January 1, 2024   | \$ 25,588        | \$ 35,337        | \$ 60,925        |
| Additions                    | 1,335            | 8,427            | 9,762            |
| Balance at December 31, 2024 | <u>\$ 26,923</u> | <u>\$ 43,764</u> | <u>\$ 70,687</u> |

Accumulated amortization

|                                      |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|
| Balance at January 1, 2024           | \$ 22,387        | \$ 17,518        | \$ 39,905        |
| Amortization expenses                | 2,780            | 9,933            | 12,713           |
| Balance at December 31, 2024         | <u>\$ 25,167</u> | <u>\$ 27,451</u> | <u>\$ 52,618</u> |
| Carrying amount at December 31, 2024 | <u>\$ 1,756</u>  | <u>\$ 16,313</u> | <u>\$ 18,069</u> |

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

|                   |           |
|-------------------|-----------|
| Royalty           | 2years    |
| Computer software | 2~6 years |

An analysis of amortization by function:

|                                     | <b>Years Ended December 31</b> |                  |
|-------------------------------------|--------------------------------|------------------|
|                                     | <b>2024</b>                    | <b>2023</b>      |
| General and administrative expenses | \$ 2,119                       | \$ 1,689         |
| Research and development expenses   | 10,594                         | 10,922           |
|                                     | <u>\$ 12,713</u>               | <u>\$ 12,611</u> |

## 15. OTHER ASSETS

|                      | <b>December 31</b> |               |
|----------------------|--------------------|---------------|
|                      | <b>2024</b>        | <b>2023</b>   |
| <u>Current</u>       |                    |               |
| Other current assets |                    |               |
| Others               | <u>\$ 389</u>      | <u>\$ 223</u> |
|                      |                    | (Continued)   |

|   | <b>December 31</b> |                  |
|---|--------------------|------------------|
|   | <b>2024</b>        | <b>2023</b>      |
| Prepayments                               |                    |                  |
| Prepaid probe cards                       | \$ 18,239          | \$ 11,899        |
| Input tax and offset against business tax | 11,935             | 9,849            |
| Prepayments                               | 775                | 884              |
| Prepayment for purchase                   | -                  | 5,154            |
|   | <u>\$ 30,949</u>   | <u>\$ 27,786</u> |

Non-current

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Other non-current assets  |                   |                   |
| Prepayments for buildings | \$ 121,870        | \$ 121,870        |
| Refundable deposits       | 64,936            | 87,073            |
|                           | <u>\$ 186,806</u> | <u>\$ 208,943</u> |
|                           |                   | (Concluded)       |

Please refer to Note 29 for details of the contract terms related to the prepayments for buildings and the capacity guarantee agreements.

## 16. OTHER LIABILITIES

|                                   | <b>December 31</b> |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | <b>2024</b>        | <b>2023</b>       |
| <u>Current</u>                    |                    |                   |
| Other payables                    |                    |                   |
| Payables for salaries and bonuses | \$ 125,958         | \$ 90,389         |
| Payables for research             | 10,158             | 7,361             |
| Payables for equipment            | 9,694              | 5,458             |
| Others                            | 34,895             | 25,657            |
|                                   | <u>\$ 180,705</u>  | <u>\$ 128,865</u> |
| Other liabilities                 |                    |                   |
| Contract liabilities              | \$ 12,983          | \$ 30,191         |
| Others                            | 1,897              | 1,645             |
| Guarantee deposits received       | -                  | 30,705            |
|                                   | <u>\$ 14,880</u>   | <u>\$ 62,541</u>  |
| <u>Non-current</u>                |                    |                   |
| Other non-current liabilities     |                    |                   |
| Guarantee deposits received       | \$ 39,579          | \$ 48,717         |
| Decommissioning liabilities       | 2,551              | 1,641             |
|                                   | <u>\$ 42,130</u>   | <u>\$ 50,358</u>  |

## 17. RETIREMENT BENEFIT PLANS

### Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The pension expenses of the Company for the years ended December 31, 2024 and 2023, were \$9,318 thousand and \$7,704 thousand, respectively.

## 18. EQUITY

### a. Share capital

|   | December 31 |            |
|---|-------------|------------|
|   | 2024        | 2023       |
| Number of shares authorized (in thousands)            | 50,000      | 50,000     |
| Share capital   | \$ 500,000  | \$ 500,000 |
| Number of shares issued and fully paid (in thousands) | 41,919      | 38,024     |
| Shares issued   | \$ 419,193  | \$ 380,243 |

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

The authorized shares include 6,000 thousand shares reserved for the exercise of employee stock options.

The changes in the Company's share capital in 2023 were primarily due to the exercise of employee stock options and the issuance of stock-based employee compensation.

The changes in the Company's share capital in 2024 were primarily due to the cash capital increase and the issuance of restricted stock for employees.

On April 11, 2023, the Company's Board of Directors resolved to issue 1,000 thousand new shares through employee stock options, with a par value of \$10 per share and an issue price of \$58 per share at a premium. After the capital increase, the paid-in capital amounted to \$353,912 thousand. The aforementioned cash capital increase was approved by the Board of Directors with April 20, 2023, as the capital increase record date, and the registration of the capital change was completed on April 27, 2023.

On March 15, 2023, the Company's Board of Directors resolved to issue 2,633 thousand new shares through the capitalization of employee compensation, with a par value of \$10 per share and an issue price of \$45.766 per share at a premium. After the capital increase, the paid-in capital amounted to \$380,243 thousand. The aforementioned capital increase was approved by the Board of Directors with July 20, 2023, as the capital increase record date, and the registration of the capital change was completed on July 28, 2023.

On September 18, 2024, the Company's extraordinary general meeting resolved to issue for free of charge 500 thousand shares of restricted stock for employees, with a par value of \$10. The resolution was also filed to the Securities and Futures Bureau, FSC of the ROC and enforced on October 9, 2024. The Board of Directors resolved the issuance of 293 thousand shares of restricted stock for employees, with October 30, 2024, as the capital increase record date, and the registration of the capital change was completed on November 18, 2024. For more information, please refer to Note 23.

On August 28, 2024, the Company's Board of Directors resolved to conduct a pre-IPO cash capital increase by issuing 3,602 thousand new shares. This issuance has been approved and declared effective by the Taipei Exchange on September 13, 2024.

The aforementioned cash capital increase through the issuance of new shares included public subscription, employee subscription, and auction of 648 thousand shares, 361 thousand shares, and 2,593 thousand shares, respectively. Both the public subscription and employee subscription were issued at a premium of \$200 per share, while the auction method shares were issued at a premium based on the weighted average winning bid price of \$240.41 per share. The capital increase record date was December 6, 2024, and the paid-in capital after the capital increase amounted to \$419,193 thousand. The registration of the capital change was completed on December 23, 2024.

b. Capital surplus

|   | December 31         |                   |
|---|---------------------|-------------------|
|   | 2024                | 2023              |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u> |                     |                   |
| Issuance of ordinary shares   | \$ 1,410,117        | \$ 614,920        |
| Donations received from shareholders  | 5,422               | 1,648             |
| <u>Not used for any purpose</u>   |                     |                   |
| Restricted stock for employees  | 65,374              | -                 |
|   | <u>\$ 1,480,913</u> | <u>\$ 616,568</u> |

Note : Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a net profit after tax for the year in a fiscal year, the profit shall be distributed in the following order:

- 1) Offsetting losses of previous years.
- 2) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 3) Setting aside or reversing a special reserve in accordance with the laws and regulations or competent authority regulations.
- 4) Any remaining profit together with the beginning of period undistributed retained earnings (including adjustment of the amount of undistributed earnings) would be the basis for making the distribution proposal by the Company's board of directors, and should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Board of Directors of the Company is authorized to make special resolutions to distribute all or part of the dividends and bonuses in the form of cash, and to report it to the latest shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, refer to employees' compensation and remuneration of directors and supervisors in Note 20(h).

The Company allocates no less than 10% of distributable profits each year for the distribution of shareholder dividends, the distribution of dividends to shareholders can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget as well as taking into account the interests of shareholders, balance of dividends and long-term financial planning etc., the board of directors shall make the distribution proposal annually and present it at the shareholders' meeting.

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

The appropriations of earnings for 2023 and 2022 were as follows:

|                                 | <b>Years Ended December 31</b> |             |
|---------------------------------|--------------------------------|-------------|
|                                 | <b>2023</b>                    | <b>2022</b> |
| Legal reserve                   | \$ 43,689                      | \$ 57,671   |
| Special reserve                 | \$ 904                         | \$ -        |
| Cash dividends                  | \$ 392,301                     | \$ 519,035  |
| Cash dividends per share (NT\$) | \$ 10.32                       | \$ 14.67    |

The cash dividends from the 2023 earnings distribution proposal were approved by the Company's board of directors on March 6, 2024, the other proposed appropriations were resolved by the shareholders in their meeting on June 26, 2024.

The earnings distribution proposal for 2022 was approved by the shareholders in their meeting on June 20, 2023.

At the shareholders' meeting held on June 20, 2023, the Company resolved to authorize the Chairman to determine the ex-dividend date and other related matters. Due to the execution of employee stock options, which affected the number of outstanding shares, the cash dividend per share has been revised to \$14.67.

The appropriation of earnings for 2024 had been proposed by the Company's board of directors on March 5, 2025. The appropriation and dividends per share were as follows:

|                                 | <b>Year Ended<br/>December 31,<br/>2024</b> |
|---------------------------------|---|
| Legal reserve                   | \$ 58,822                                   |
| Special reserve                 | ( \$ 904 )                                  |
| Cash dividends                  | \$ 530,304                                  |
| Cash dividends per share (NT\$) | \$ 12.65                                    |

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 26, 2025.

d. Special reserve

|                              | <b>Years Ended December 31</b> |             |
|------------------------------|--------------------------------|-------------|
|                              | <b>2024</b>                    | <b>2023</b> |
| Balance at January 1         | \$ -                           | \$ -        |
| Appropriations in respect of |                                |             |
| Debits to other equity items | 904                            | -           |
| Balance at December 31       | \$ 904                         | \$ -        |

e. Other equity items

1) Unrealized gain (loss) on financial assets at FVTOCI

|  | <b>Years Ended December 31</b> |                   |
|--|--------------------------------|-------------------|
|  | <b>2024</b>                    | <b>2023</b>       |
| Balance at January 1   | ( \$ 904 )                     | ( \$ 524 )        |
| Recognized for the year  |                                |                   |
| Unrealized gain (loss)   |                                |                   |
| Equity instruments   | 570                            | ( 380 )           |
| Cumulative unrealized (gain) loss of equity instruments transferred to retained earnings due to disposal | 334                            | -                 |
| Balance at December 31   | <u>\$ -</u>                    | <u>( \$ 904 )</u> |

2) Unearned stock-based employee compensation

At the extraordinary shareholder's meeting held on September 18, 2024, the Company resolved to issue new restricted stock for employees. Refer to Note 23 for related details.

|                                | <b>Year Ended December 31, 2024</b> |
|--------------------------------|-------------------------------------|
| Balance at January 1           | \$ -                                |
| Issued of the current year     | ( 68,304 )                          |
| Recognized share-based payment | 5,929                               |
| Balance at December 31         | <u>( \$ 62,375 )</u>                |

## 19. REVENUE

a. Disaggregation of revenue

|                     | <b>Years Ended December 31</b> |                     |
|---------------------|--------------------------------|---------------------|
| <b>Product</b>      | <b>2024</b>                    | <b>2023</b>         |
| Integrated circuits | <u>\$ 2,969,215</u>            | <u>\$ 2,656,536</u> |

|                                     | <b>Years Ended December 31</b> |                     |
|-------------------------------------|--------------------------------|---------------------|
| <b>Primary geographical markets</b> | <b>2024</b>                    | <b>2023</b>         |
| Hong Kong                           | \$ 2,515,369                   | \$ 2,266,796        |
| Taiwan                              | 385,298                        | 325,090             |
| Others                              | 68,548                         | 64,650              |
|                                     | <u>\$ 2,969,215</u>            | <u>\$ 2,656,536</u> |

The basis of calculation of the Company's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.



b. Contract balances

|  | <b>December 31</b> |                   | <b>January 1,</b> |
|--|--------------------|-------------------|-------------------|
|  | <b>2024</b>        | <b>2023</b>       | <b>2023</b>       |
| Trade receivables (Note 10)                      | \$ 199,004         | \$ 169,101        | \$ 187,836        |
| Trade receivables from related parties (Note 27) | 11,534             | 10,865            | 10,334            |
| Total  | <u>\$ 210,538</u>  | <u>\$ 179,966</u> | <u>\$ 198,170</u> |
| Contract liabilities - current (Note 16)         |                    |                   |                   |
| Sales of goods                                   | <u>\$ 12,983</u>   | <u>\$ 30,191</u>  | <u>\$ 31,170</u>  |

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

|   | <b>Years Ended December 31</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2024</b>                    | <b>2023</b>      |
| <u>From contract liabilities at the start of the year</u> |                                |                  |
| Sales of goods  | <u>\$ 30,191</u>               | <u>\$ 31,170</u> |

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

## 20. NET PROFIT

a. Other operating income

|  | <b>Years Ended December 31</b> |             |
|--|--------------------------------|-------------|
|  | <b>2024</b>                    | <b>2023</b> |
| Gain on sublease of right-of-use assets        | \$ 699                         | \$ -        |
| Gain on lease modification of lease agreements | 231                            | -           |
|  | <u>\$ 930</u>                  | <u>\$ -</u> |

b. Interest income

|                                    | <b>Years Ended December 31</b> |                  |
|------------------------------------|--------------------------------|------------------|
|                                    | <b>2024</b>                    | <b>2023</b>      |
| Financial assets at amortized cost | \$ 22,576                      | \$ 18,398        |
| Deposit interest                   | 16                             | 12               |
|                                    | <u>\$ 22,592</u>               | <u>\$ 18,410</u> |

c. Other income and losses

|                 | <b>Years Ended December 31</b> |             |
|-----------------|--------------------------------|-------------|
|                 | <b>2024</b>                    | <b>2023</b> |
| Dividend income | \$ 380                         | \$ 380      |

(Continued)

|                          | <b>Years Ended December 31</b> |                 |
|--------------------------|--------------------------------|-----------------|
|                          | <b>2024</b>                    | <b>2023</b>     |
| Rental income            | \$ 223                         | \$ 121          |
| Government grants income | 37                             | -               |
| Others                   | 1                              | 998             |
|                          | <u>\$ 641</u>                  | <u>\$ 1,499</u> |

(Concluded)

d. Other gains and losses

|   | <b>Years Ended December 31</b> |                 |
|---|--------------------------------|-----------------|
|   | <b>2024</b>                    | <b>2023</b>     |
| Net foreign exchange gains                                      | \$ 10,011                      | \$ 2,318        |
| Gain on financial assets and liabilities designated as at FVTPL | 528                            | 1,305           |
|   | <u>\$ 10,539</u>               | <u>\$ 3,623</u> |

e. Finance costs

|                               | <b>Years Ended December 31</b> |                 |
|-------------------------------|--------------------------------|-----------------|
|                               | <b>2024</b>                    | <b>2023</b>     |
| Interest on lease liabilities | \$ 648                         | \$ 123          |
| Interest on loans             | 68                             | 7               |
| Other interest expenses       | 1,274                          | 1,187           |
|                               | <u>\$ 1,990</u>                | <u>\$ 1,317</u> |

f. Depreciation and amortization

|   | <b>Years Ended December 31</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2024</b>                    | <b>2023</b>      |
| Property, plant and equipment           | \$ 50,108                      | \$ 49,337        |
| Right-of-use assets                     | 8,419                          | 6,596            |
| Intangible assets                       | 12,713                         | 12,611           |
| Total                                   | <u>\$ 71,240</u>               | <u>\$ 68,544</u> |
| An analysis of depreciation by function |                                |                  |
| Operating expenses                      | \$ 56,818                      | \$ 54,654        |
| Operating costs                         | 1,709                          | 1,279            |
|   | <u>\$ 58,527</u>               | <u>\$ 55,933</u> |
| An analysis of amortization by function |                                |                  |
| Operating expenses                      | <u>\$ 12,713</u>               | <u>\$ 12,611</u> |

For information regarding the allocation of intangible asset amortization expense to individual the items, please refer to Note 14.

g. Employee benefits expense

|  | Years Ended December 31 |                   |
|--|-------------------------|-------------------|
|  | 2024                    | 2023              |
| Short-term benefits                                  | \$ 376,833              | \$ 288,458        |
| Post-employment benefits                             |                         |                   |
| Defined contribution plans (Note 17)                 | 9,318                   | 7,704             |
| Share-based payments                                 | 14,961                  | 4,487             |
| Total employee benefits expense                      | <u>\$ 401,112</u>       | <u>\$ 300,649</u> |
| An analysis of employee benefits expense by function |                         |                   |
| Operating expenses                                   | \$ 369,369              | \$ 271,695        |
| Operating costs                                      | 31,743                  | 28,954            |
|  | <u>\$ 401,112</u>       | <u>\$ 300,649</u> |

h. Employees' compensation and remuneration of directors and supervisors

According to the articles of incorporation of the Company, the Company accrued employees' compensation at rates of no less than 1% and no higher than 25%, and remuneration of directors at rates of no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 5, 2025 and March 6, 2024 respectively, are as follows:

Amount

|   | Years Ended December 31 |        |           |        |
|---|-------------------------|--------|-----------|--------|
|   | 2024                    |        | 2023      |        |
|   | Cash                    | Shares | Cash      | Shares |
| Employees' compensation                   | \$ 52,970               | \$ -   | \$ 39,321 | \$ -   |
| Remuneration of directors and supervisors | 5,297                   | -      | 3,932     | -      |

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

There is no difference between the actual amounts of employees' compensation as well as remuneration of directors and supervisors and the amount recognized in the financial statements for the years ended December 31, 2023 and 2022.

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

i. Gains or losses on foreign currency exchange

|                         | Years Ended December 31 |                 |
|-------------------------|-------------------------|-----------------|
|                         | 2024                    | 2023            |
| Foreign exchange gains  | \$ 43,338               | \$ 47,255       |
| Foreign exchange losses | ( 33,327 )              | ( 44,937 )      |
| Net benefit             | <u>\$ 10,011</u>        | <u>\$ 2,318</u> |

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. The major components of income tax expense are recognized in profit or loss:

|   | <b>Years Ended December 31</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2024</b>                    | <b>2023</b>      |
| Current tax                                     |                                |                  |
| In respect of the current year                  | \$ 87,587                      | \$ 80,203        |
| Income tax expense recognized in profit or loss | <u>\$ 87,587</u>               | <u>\$ 80,203</u> |

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

|  | <b>Years Ended December 31</b> |                   |
|--|--------------------------------|-------------------|
|  | <b>2024</b>                    | <b>2023</b>       |
| Profit before tax  | <u>\$ 676,143</u>              | <u>\$ 517,097</u> |
| Income tax expense calculated at the statutory rate  | \$ 135,229                     | \$ 103,419        |
| Impact of the temporary differences  | ( 18,518 )                     | 118               |
| Effects of investment credits  | ( 29,803 )                     | ( 23,277 )        |
| Deductible items for adjustments to be increased (decreased) in determining taxable income | 679                            | ( 57 )            |
| Income tax expense recognized in profit or loss  | <u>\$ 87,587</u>               | <u>\$ 80,203</u>  |

- b. Current tax liabilities

|                         | <b>December 31</b> |                   |
|-------------------------|--------------------|-------------------|
|                         | <b>2024</b>        | <b>2023</b>       |
| Current tax liabilities |                    |                   |
| Income tax payable      | <u>\$ 66,611</u>   | <u>\$ 101,630</u> |

- c. The amount of deferred tax assets that has not been recognized in the balance sheets

|                                  | <b>December 31</b> |                   |
|----------------------------------|--------------------|-------------------|
|                                  | <b>2024</b>        | <b>2023</b>       |
| Deductible temporary differences | <u>\$ 105,018</u>  | <u>\$ 202,964</u> |

- e. Income tax assessments

The Company's tax returns through 2022 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

|                            | <b>Unit: NT\$ Per Share</b>    |                 |
|----------------------------|--------------------------------|-----------------|
|                            | <b>Years Ended December 31</b> |                 |
|                            | <b>2024</b>                    | <b>2023</b>     |
| Basic earnings per share   | \$ 15.37                       | \$ 11.74        |
| Diluted earnings per share | <u>\$ 15.27</u>                | <u>\$ 11.54</u> |

The net income and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

**Net Income for the Year**

|  | <b>Years Ended December 31</b> |             |
|--|--------------------------------|-------------|
|  | <b>2024</b>                    | <b>2023</b> |
| Net income attributable to shareholders                                  | \$ 588,556                     | \$ 436,894  |
| Earnings used in the computation of basic and diluted earnings per share | \$ 588,556                     | \$ 436,894  |

**Shares**

|  | <b>Unit: in thousands of shares</b> |             |
|--|-------------------------------------|-------------|
|  | <b>Years Ended December 31</b>      |             |
|  | <b>2024</b>                         | <b>2023</b> |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 38,281                              | 37,199      |
| Effect of potentially dilutive ordinary shares:  |                                     |             |
| Employee restricted stock  | 9                                   | -           |
| Employees' compensation  | 251                                 | 664         |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 38,541                              | 37,863      |

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## **23. SHARE-BASED PAYMENT ARRANGEMENTS**

### **a. Employee restricted stock**

On September 18, 2024, the extraordinary general meeting of the Company approved to issue for free of charge 500 thousand shares of restricted stock for employees, with a par value of \$10, according to the issuance plan, the Company may issue the restricted stock for employees either all at once or in several installments, depending on the actual needs, within two years from the effective date of the notice of issuance. The resolution was also filed to the Securities and Futures Bureau, FSC of the ROC and enforced on October 9, 2024.

On October 30, 2024, the board of directors of the Company approved the issuance of 293 thousand shares of restricted stock for employees, with a par value of \$10 per share and an issuance price of \$0 per share (that is, free of charge). The dates of issuance and distribution for the restricted stock for employees were both October 30, 2024, and the fair value of the shares on the grant date of distribution was \$233.12.

1) The vesting conditions for the restricted stock for employees issued by the Company are as follows:

I .Remaining employed on each vesting period.

II .Personnel who satisfied the Company's established individual performance assessment indicators and the Company's overall performance.

III.Has not violated any contracts entered into with the Company or its domestic or foreign subsidiaries or affiliates during any vesting period.

IV.Has not violated these regulations or the work rules and company policies of the Company or its domestic or foreign subsidiaries or affiliates during any vesting period.

V.Has not violated any contracts between third parties and the Company or its domestic or foreign subsidiaries or affiliates during any vesting period.

The maximum percentage of shares that may vest each year is as follows:

| <b>Vesting period</b>                          | <b>Proportion</b> |
|--|-------------------|
| Remain employed by the Company for one year    | 25%               |
| Remain employed by the Company for two years   | 25%               |
| Remain employed by the Company for three years | 25%               |
| Remain employed by the Company for four years  | 25%               |

2) After the allocation of new shares, employees will be delivered to a trust or custodian according to the Company's procedures. In addition, before meeting the vesting conditions, the restricted rights are as follows:

I .According to the trust agreement, after the employee acquired the new shares, the employee cannot sell, mortgage, transfer, donate, pledge, no objection to the right to buy, or other way due to disposal before the vested condition is reached. However, if there are other norms in this measure, they shall be followed.

II .The attendance, proposals, speeches, voting rights, and other shareholder rights of the shareholders' meeting shall be exercised by the trust custodian institution according to law.

III.Employee restricted shares, after the new shares are issued, they should be immediately delivered to the trust, and the employee must not ask the trustee for any reason or manner to receive the return of the employee's rights to new shares before the vested condition is reached.

IV.During the vesting period, if the Company conducts a cash capital reduction or a capital reduction to offset losses, which is not a statutory capital reduction, the restricted stock awards for employees shall be canceled in proportion to the capital reduction. In the case of a cash capital reduction, the refunded cash must be placed in trust or custody and delivered to the employees upon the fulfillment of the vesting conditions. However, if the vesting conditions are not met, the Company will reclaim the cash.

3) The information regarding the new shares of restricted stock awards for employees issued in 2024 is as follows:

|                        | <b>Number of Shares<br/>(In Thousands)<br/>Year Ended<br/>December 31, 2024</b> |
|------------------------|---|
| Balance at January 1   | -   |
| Options granted        | 293   |
| Options vested         | -   |
| Balance at December 31 | 293   |

On October 30, 2024, the Company granted restricted stock awards for employees, which were valued using the Black-Scholes Pricing Model. The inputs values applied in the valuation model are as follows:

|  | <b>October 2024</b> |
|--|---------------------|
| Grant date fair value of shares (NT\$) | \$ 233.12           |
| Expected volatility rate               | 18.96%              |
| Option life                            | 1~4 years           |
| Dividend yield                         | 0.00%               |
| Risk-free interest rate                | 1.3625%             |

If employees fail to meet the vesting conditions, the Company will reclaim the shares without compensation and proceed with cancellation.

Compensation costs of the Company's restricted stock awards for employees were \$5,929 thousand in 2024.

b. Issuance of shares from cash capital increase reserved for employees' subscription

The board of directors of the Company resolved a pre-IPO cash capital increase on August 28, 2024 and reserved 361 thousand shares for employees' subscription. The grant date of the shares is November 29, 2024. The Black-Scholes pricing model was used to calculate the fair value of the shares; the input values used in the option pricing model are as follows:

|  | <b>November 2024</b> |
|--|----------------------|
| Grant date fair value of shares (NT\$) | \$ 224.99            |
| Exercise price (NT\$)                  | \$ 200               |
| Expected volatility rate               | 23.358%              |
| Option life                            | 0.011 years          |
| Risk-free interest rate                | 1.5355%              |
| Share options fair value (NT\$)        | \$ 25.02             |

Compensation costs of the Company's issuance of shares from the cash capital increase reserved for employees were \$9,032 thousand in 2024.

c. Employee share option plan

On April 11, 2023, the board of directors of the Company approved the issuance of 1,000 thousand units of employee share option certificates. Each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, the actual issuance date is to be fixed by the Chairman. Eligible employees are limited to full-time employees and those under certain requirements within the Company and the employees of controlling or controlled entity who meet certain terms. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information regarding on employee share option is as follows:

|                                     | <b>2023 Year Share Option Plan</b>         |  |
|-------------------------------------|--|--|
| <b>Year Ended December 31, 2023</b> | <b>Number of Shares<br/>(In Thousands)</b> | <b>Weighted-average<br/>Exercise Price(NT\$)</b> |
| Balance at January 1                | -  | \$ -   |
| Options granted                     | 1,000                                      | 58.00  |
| Options exercised                   | ( 1,000)                                   | 58.00  |
| Options forfeited                   | -  | -  |
| Balance at December 31              | -  | -  |

Per the employee share option plan of 2023, the Company distributed 1,000 thousand units of employee share option certificates to its employees on April 11, 2023. Of which, 408 thousand units granted to employees of the Parent Company. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

|  | <b>April 2023</b> |
|--|-------------------|
| Grant date fair value of shares (NT\$) | \$ 65.57          |
| Exercise price (NT\$)                  | \$ 58.00          |
| Expected volatility rate               | 33.99%            |
| Option life                            | 0.012 years       |
| Dividend yield                         | -                 |
| Risk-free interest rate                | 1.02%             |
| Share options fair value (NT\$)        | \$ 7.58           |

Compensation costs of the Company's employee share option plans were \$4,487 thousand in 2023.

## 24. CASH FLOW INFORMATION

### a. Changes in liabilities arising from financing activities

#### Year Ended December 31, 2024

|                             |                    |                    | Non-cash Changes                |                  |                       |                      |
|-----------------------------|--------------------|--------------------|---------------------------------|------------------|-----------------------|----------------------|
|                             | January 1,<br>2024 | Cash Flows         | Foreign<br>Exchange<br>Movement | New Leases       | Lease<br>Modification | December 31,<br>2024 |
| Lease liabilities           | \$ 4,495           | (\$ 7,931)         | \$ -                            | \$ 30,340        | (\$ 74)               | \$ 26,830            |
| Guarantee deposits received | 79,422             | ( 41,209)          | 1,366                           | -                | -                     | 39,579               |
|                             | <u>\$ 83,917</u>   | <u>(\$ 49,140)</u> | <u>\$ 1,366</u>                 | <u>\$ 30,340</u> | <u>(\$ 74)</u>        | <u>\$ 66,409</u>     |

#### Year Ended December 31, 2023

|                             |                    |               | Non-cash Changes                |                 |                       |                      |
|-----------------------------|--------------------|---------------|---------------------------------|-----------------|-----------------------|----------------------|
|                             | January 1,<br>2023 | Cash Flows    | Foreign<br>Exchange<br>Movement | New Leases      | Lease<br>Modification | December 31,<br>2023 |
| Lease liabilities           | \$ 4,811           | (\$ 6,422)    | \$ -                            | \$ 6,106        | \$ -                  | \$ 4,495             |
| Guarantee deposits received | 48,725             | 30,865        | ( 168)                          | -               | -                     | 79,422               |
|                             | <u>\$ 53,536</u>   | <u>24,443</u> | <u>(\$ 168)</u>                 | <u>\$ 6,106</u> | <u>\$ -</u>           | <u>\$ 83,917</u>     |

## 25. CAPITAL RISK MANAGEMENT

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

The capital structure of the Company consists of equity (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

## 26. FINANCIAL INSTRUMENTS

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



1) Fair value hierarchy

December 31, 2024

|                                  | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------------|----------------|----------------|----------------|--------------|
| <u>Financial assets at FVTPL</u> |                |                |                |              |
| Domestic corporate funds         | \$ 22,842      | \$ -           | \$ -           | \$ 22,842    |

December 31, 2023

|                                  | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------------|----------------|----------------|----------------|--------------|
| <u>Financial assets at FVTPL</u> |                |                |                |              |
| Domestic corporate funds         | \$ 22,314      | \$ -           | \$ -           | \$ 22,314    |

Financial assets at FVTOCI

Investments in equity instruments  
at FVTOCI

|                        |          |      |      |          |
|------------------------|----------|------|------|----------|
| Domestic listed shares | \$ 8,930 | \$ - | \$ - | \$ 8,930 |
|------------------------|----------|------|------|----------|

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

b. Categories of financial instruments

|   | <u>December 31</u> |             |
|---|--------------------|-------------|
|   | <u>2024</u>        | <u>2023</u> |
| <u>Financial assets</u>                     |                    |             |
| Financial assets at FVTPL                   |                    |             |
| Mandatorily classified as at FVTPL          | \$ 22,842          | \$ 22,314   |
| Financial assets at amortized cost (1)      | 2,598,058          | 1,569,171   |
| Financial assets at FVTOCI                  |                    |             |
| Equity instruments                          | -                  | 8,930       |
| <u>Financial liabilities</u>                |                    |             |
| Financial liabilities at amortized cost (2) | 428,106            | 403,230     |

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables (including receivables from related parties), other receivables, refundable deposits and other current assets.
- 2) The balances include financial liabilities at amortized cost, which comprise trade payables, other payables (including other payables to related parties), other current liabilities and guarantee deposits.

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables and trade payables. The Company'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 Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change in the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Company'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 Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

|                | <b>USD Impact</b>  |             |
|----------------|--------------------|-------------|
|                | <b>Years Ended</b> |             |
|                | <b>December 31</b> |             |
|                | <b>2024</b>        | <b>2023</b> |
| Profit or loss | \$ 3,015           | \$ 1,604    |

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company'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 assets              | \$ 1,846,725 | \$ 792,315 |
| Financial liabilities         | \$ 26,830    | \$ 4,495   |
| Cash flow interest rate risk  |              |            |
| Financial assets              | \$ 470,582   | \$ 506,123 |

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for the non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each assets outstanding at the end of the reporting period was outstanding for the reporting period.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would increase/decrease by \$471 thousand and \$506 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on variable-rate net assets.

#### c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and mutual fund investments. The Company does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, and finance and insurance industries, credit linked structured notes, and exchange-traded funds quoted on Taiwan Stock Exchange and the Taipei Exchange.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the years ended December 31, 2024 and 2023 would have increase/decreased by \$1,142 thousand and \$1,116 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the year ended December 31, 2023 would have increased/decreased by \$447 thousand, as a result of the changes in the fair value of financial assets at FVTOCI.

#### 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 Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Company assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Company reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

In addition, since the counterparties of liquidity is banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Company's total trade receivables, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk is minimal because the customers which account for more than 10% of the Company's trade receivables balance are creditworthy companies.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

#### December 31, 2024

|   | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b> | <b>Total</b>      |
|---|---|-------------------|-------------------------------|------------------|-------------------|
| Non-derivative<br>financial liabilities |   |                   |                               |                  |                   |
| Non-interest bearing liabilities        | \$ 214,127                                    | \$ 202,601        | \$ 97,757                     | \$ -             | \$ 514,485        |
| Lease liabilities                       | 711   | 1,421             | 6,395                         | 19,418           | 27,945            |
|   | <u>\$ 214,838</u>                             | <u>\$ 204,022</u> | <u>\$ 104,152</u>             | <u>\$ 19,418</u> | <u>\$ 542,430</u> |

December 31, 2023

|   | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b> | <b>Total</b>      |
|---|---|-------------------|-------------------------------|------------------|-------------------|
| <u>Non-derivative<br/>financial liabilities</u> |   |                   |                               |                  |                   |
| Non-interest bearing liabilities                | \$ 161,751                                    | \$ 189,793        | \$ 62,653                     | \$ -             | \$ 414,197        |
| Lease liabilities                               | 204   | 408               | 1,811                         | 2,149            | 4,572             |
|   | <u>\$ 161,955</u>                             | <u>\$ 190,201</u> | <u>\$ 64,464</u>              | <u>\$ 2,149</u>  | <u>\$ 418,769</u> |

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

|   | <b>December 31</b>  |                     |
|---|---------------------|---------------------|
|   | <b>2024</b>         | <b>2023</b>         |
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: |                     |                     |
| Amount used   | \$ -                | \$ 165,000          |
| Amount unused   | 1,576,205           | 1,257,403           |
|   | <u>\$ 1,576,205</u> | <u>\$ 1,422,403</u> |

The utilized bank credit facility has been used to issue a purchase guarantee letter to suppliers.

## 27. TRANSACTIONS WITH RELATED PARTIES

Sitronix Technology Corp. is the Company's parent company, it owns 55.10% and 61.01% of the Company's common shares as of December 31, 2024 and 2023, respectively.

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below.

a. Related party name and category

| <b>Related Party Name</b> | <b>Related Party Category</b>                     |
|---------------------------|---|
| Sitronix Technology Corp. | Parent company                                    |
| Sync-Tech System Corp.    | Fellow subsidiary                                 |
| CELEFIDE CO., LTD.        | Fellow subsidiary                                 |
| Top Optronics Corp.       | Substantive related party(Since October 18, 2023) |

b. Sales of goods

|                               | <b>Years Ended December 31</b> |                  |
|-------------------------------|--------------------------------|------------------|
| <b>Related Party Category</b> | <b>2024</b>                    | <b>2023</b>      |
| Parent company                | <u>\$ 92,902</u>               | <u>\$ 74,941</u> |

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Manufacturing expenses

| Related Party Category | Years Ended December 31 |                  |
|------------------------|-------------------------|------------------|
|                        | 2024                    | 2023             |
| Fellow subsidiary      | \$ 50,127               | \$ 35,923        |
| Parent company         | 113                     | 114              |
|                        | <u>\$ 50,240</u>        | <u>\$ 36,037</u> |

The transactions in which the Company made payments of support service expenses and probe cards to related parties were subject to contractual agreements as there were no similar transactions for comparison.

d. Operating expenses

| Account Item                        | Related Party Category    | Years Ended December 31 |                  |
|-------------------------------------|---------------------------|-------------------------|------------------|
|                                     |                           | 2024                    | 2023             |
| Support service expenses            | Parent company            | \$ 44,668               | \$ 57,305        |
| Research and development expenses   | Fellow subsidiary         | 85                      | -                |
|                                     | Substantive related party | 52                      | 28               |
|                                     | Parent company            | -                       | 126              |
| General and administrative expenses | Fellow subsidiary         | 14                      | -                |
|                                     |                           | <u>\$ 44,819</u>        | <u>\$ 57,459</u> |

The transactions in which the Company made payments of support service expenses, research and development expenses (components and bonding expenses) and general and administrative expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

e. Trade receivables from related parties

| Account Item                           | Related Party Category | December 31      |                  |
|--|------------------------|------------------|------------------|
|  |                        | 2024             | 2023             |
| Trade receivables from related parties | Parent Company         | <u>\$ 11,534</u> | <u>\$ 10,865</u> |

The outstanding trade receivables from related parties were unsecured. No allowance for doubtful accounts were recognized for trade receivables from related parties for the years ended December 31, 2024 and 2023.

f. Other payables to related parties

| Account Item                      | Related Party Category    | Years Ended December 31 |                  |
|-----------------------------------|---------------------------|-------------------------|------------------|
|                                   |                           | 2024                    | 2023             |
| Other payables to related parties | Parent company            | \$ 25,617               | \$ 21,664        |
|                                   | Fellow subsidiary         | 19,043                  | 9,107            |
|                                   | Substantive related party | -                       | 18               |
|                                   |                           | <u>\$ 44,660</u>        | <u>\$ 30,789</u> |

The outstanding other payables to related parties are unsecured.

g. Refundable deposits

| Account Item        | Related Party Category | December 31     |                 |
|---------------------|------------------------|-----------------|-----------------|
|                     |                        | 2024            | 2023            |
| Refundable deposits | Parent company         | \$ 961          | \$ 7,402        |
|                     | Fellow subsidiary      | 59              | -               |
|                     |                        | <u>\$ 1,020</u> | <u>\$ 7,402</u> |

The aforementioned refundable deposits from the related parties were made for lease guarantees and jointly securing purchase credit lines with suppliers.

h. Lease arrangement-the Company is lessee

| Related Party Category                    | Years Ended December 31 |                 |
|---|-------------------------|-----------------|
|   | 2024                    | 2023            |
| <u>Acquisition of right-of-use assets</u> |                         |                 |
| Parent company                            | <u>\$ 26,018</u>        | <u>\$ 6,106</u> |

| Related Party Category   | December 31      |                 |
|--------------------------|------------------|-----------------|
|                          | 2024             | 2023            |
| <u>Lease liabilities</u> |                  |                 |
| Parent company           | <u>\$ 23,173</u> | <u>\$ 4,222</u> |

| Related Party Category   | Years Ended December 31 |               |
|--------------------------|-------------------------|---------------|
|                          | 2024                    | 2023          |
| <u>Interest expenses</u> |                         |               |
| Parent company           | <u>\$ 574</u>           | <u>\$ 117</u> |

|                       |               |               |
|-----------------------|---------------|---------------|
| <u>Lease expenses</u> |               |               |
| Parent company        | \$ 701        | \$ 446        |
| Fellow subsidiary     | 140           | -             |
|                       | <u>\$ 841</u> | <u>\$ 446</u> |

|                         |              |              |
|-------------------------|--------------|--------------|
| <u>Deposit interest</u> |              |              |
| Parent company          | <u>\$ 15</u> | <u>\$ 11</u> |

In February 2023 and January 2024, the Company entered into lease agreements with related parties for office workstations and building A, respectively. The lease terms are 2.92 years and 5 years, respectively. The rental payments were determined with reference to the rental rates of similar assets and are paid in fixed monthly installments in accordance with the lease agreements.

Lease expenses include short-term lease expenses.

i. Others

| Account Item | Related Party Category    | Years Ended December 31 |        |
|--------------|---------------------------|-------------------------|--------|
|              |                           | 2024                    | 2023   |
| Other income | Fellow subsidiary         | \$ -                    | \$ 191 |
|              | CELEFIDE CO., LTD.        |                         |        |
|              | Parent company            | -                       | 103    |
|              | Sitronix Technology Corp. | \$ -                    | \$ 294 |

The above other income from related parties arose from transactions involving R&D consumables and patent rights.

j. Remuneration of key management personnel

|                              | Years Ended December 31 |           |
|------------------------------|-------------------------|-----------|
|                              | 2024                    | 2023      |
| Short-term employee benefits | \$ 33,193               | \$ 23,613 |
| Share-based payments         | 1,889                   | 1,455     |
| Post-employment benefits     | 439                     | 220       |
|                              | \$ 35,521               | \$ 25,288 |

The remuneration of directors and other key executives was determined by the performance of individuals and the Company's profits.

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

|   | December 31 |           |
|---|-------------|-----------|
|   | 2024        | 2023      |
| Pledged time deposits(presented as financial assets<br>at amortized cost-current) | \$417,005   | \$417,005 |

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Company at the balance sheet date are as follows:

a. Long-term purchase agreements

The Company entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Company in accordance with the agreements. The Company has paid the suppliers USD1,944 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. Refundable deposits was USD1,944 thousand.



b. Long-term supply agreements

The Company entered into long-term supply agreements of products with clients from 2021 to 2022. Both parties agreed that during the contract period, the Company would deliver the products to clients in accordance with the agreements. As of December 31, 2024, the Company has collected USD207 thousand as guarantee to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

As of December 31, 2024, the balance of the guarantee deposits received was USD207 thousand.

c. Acquisition of Property

The Company's Board of Directors approved on September 6, 2023, to purchase the office premises and entered into a purchase agreement with Winsome Development Co., Ltd. to acquire office on the 8th and 9th floors and parking spaces of Building 2B, Phase 10 of Tai Yuen Hi-Tech Industrial Park, in the amounting of NT\$937,250 thousand (including tax). As of December 31, 2024, NT\$121,870 thousand was paid as consideration.

**30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

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

December 31, 2024

|                                     | <u>Foreign Currency</u> | <u>Exchange Rate</u> |
|-------------------------------------|-------------------------|----------------------|
| <u>Foreign currency assets</u>      |                         |                      |
| <u>Monetary items</u>               |                         |                      |
| USD                                 | \$ 12,130               | 32.785               |
| <u>Foreign currency liabilities</u> |                         |                      |
| <u>Monetary items</u>               |                         |                      |
| USD                                 | 10,291                  | 32.785               |

December 31, 2023

|                                     | <u>Foreign Currency</u> | <u>Exchange Rate</u> |
|-------------------------------------|-------------------------|----------------------|
| <u>Foreign currency assets</u>      |                         |                      |
| <u>Monetary items</u>               |                         |                      |
| USD                                 | \$ 11,994               | 30.705               |
| <u>Foreign currency liabilities</u> |                         |                      |
| <u>Monetary items</u>               |                         |                      |
| USD                                 | 10,949                  | 30.705               |

For the years ended December 31, 2024 and 2023, please refer to Note 20(i) for the information of realized and unrealized net foreign exchange gains (losses). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Company.

### 31. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions and b. information on investees:
- 1) Financing provided to others: None
  - 2) Endorsements/guarantees provided: None
  - 3) Marketable securities held (excluding investment in subsidiaries): 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 investee: None
- c. Information on investments in mainland China: Tables 3 (attached)
- d. 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

- a. Segment revenues, results and assets

The operating decision makers of the Company use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Company as a whole, while individual segments have similar economic characteristics, and individual segments have used similar processes to produce similar products and sell them through the same sales method, so the Company is reported by the single operating department.

The Company provide the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the financial report preparation, Therefore, the segment income and operating results for the years ended December 31, 2024 and 2023 can be referenced by the Statement of comprehensive income for the years ended December 31, 2024 and 2023.

Segment assets that should be reported can be found in the balance sheets as of December 31, 2024 and 2023.

b. Revenue from major products

The following was an analysis of the Company's revenue and results from continuing operations by reportable segment:

| <b>Product</b>      | <b>Years Ended December 31</b> |              |
|---------------------|--------------------------------|--------------|
|                     | <b>2024</b>                    | <b>2023</b>  |
| Integrated circuits | \$ 2,969,215                   | \$ 2,656,536 |

c. Geographical information

The Company's net operating revenue from external customers by location based on the location where the goods were shipped as designated by the customers and information about its non-current assets by location of assets are detailed below:

|           | <b>Revenue from External Customers</b> |                     | <b>Non-current Assets</b> |                   |
|-----------|--|---------------------|---------------------------|-------------------|
|           | <b>Years Ended December 31</b>         |                     | <b>December 31</b>        |                   |
|           | <b>2024</b>                            | <b>2023</b>         | <b>2024</b>               | <b>2023</b>       |
| Taiwan    | \$ 385,298                             | \$ 325,090          | \$ 124,892                | \$ 104,830        |
| Hong Kong | 2,515,369                              | 2,266,796           | -                         | -                 |
| Others    | 68,548                                 | 64,650              | -                         | -                 |
|           | <u>\$ 2,969,215</u>                    | <u>\$ 2,656,536</u> | <u>\$ 124,892</u>         | <u>\$ 104,830</u> |

Non-current assets exclude financial instruments and other non-current assets.

d. Information on major customers

Single customer contributed 10% or more to the Group's revenue is below:

| <b>Customer Name</b> | <b>Years Ended December 31</b> |   |               |   |
|----------------------|--------------------------------|---|---------------|---|
|                      | <b>2024</b>                    |   | <b>2023</b>   |   |
|                      | <b>Amount</b>                  | <b>As a percentage of net sales (%)</b> | <b>Amount</b> | <b>As a percentage of net sales (%)</b> |
| G Client             | \$ 658,455                     | 22                                      | \$ 634,813    | 24                                      |
| B Client             | 505,449                        | 17                                      | 302,538       | 11                                      |
| H Client             | 467,321                        | 16                                      | 421,094       | 16                                      |
| C Client             | Note                           | Note                                    | 268,544       | 10                                      |

Note: Revenue represents less than 10% of the Company's revenue.

**TABLE 1**

**FORCELEAD TECHNOLOGY CORPORATION**

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| 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 |        |
| The Company          | <u>Fund</u><br>TAISHIN JU LONG Fund    | -                                     | Financial assets at fair value through profit or loss - current | 1,746,862         | \$ 22,842       | -                           | \$ 22,842  | Note 1 |

Note 1: Calculated based on the closing price on December 31, 2024.

Note 2: As of December 31, 2024, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 3: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

**TABLE 2**

**FORCELEAD TECHNOLOGY CORPORATION**

**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, Unless Stated Otherwise)**

| Buyer       | Related Party             | Relationship       | Transaction Details |           |               |                                | Abnormal Transaction |               | Notes/Trade<br>Receivables (Payables) |            | Note |
|-------------|---------------------------|--------------------|---------------------|-----------|---------------|--------------------------------|----------------------|---------------|---------------------------------------|------------|------|
|             |                           |                    | Purchase/<br>Sale   | Amount    | % of<br>Total | Payment Terms                  | Unit Price           | Payment Terms | Ending Balance                        | % of Total |      |
| The Company | Sitronix Technology Corp. | The Parent Company | Sale                | \$ 92,902 | 3.13%         | Net 45 days monthly settlement | \$ -                 | -             | \$ 11,534                             | 5.48%      | -    |

TABLE 3

FORCELEAD TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company | Main Businesses and Products | Paid-in Capital<br>(Foreign<br>Currencies in<br>Thousands) | Method of<br>Investment | Accumulated<br>Outward Remittance<br>for Investment from<br>Taiwan as of<br>January 1, 2024<br>(Foreign Currencies<br>in Thousands) | Remittance of Funds                                 |  | Accumulated<br>Outward Remittance<br>for Investment from<br>Taiwan as of<br>December 31, 2024<br>(Foreign Currencies<br>in Thousands) | Net Income (Loss)<br>of the Investee | % Ownership<br>for Direct or<br>Indirect<br>Investment | Investment<br>Gain (Loss) | Carrying Amount<br>as of December 31,<br>2024 | Accumulated<br>Repatriation of<br>Investment Income<br>as of December 31,<br>2024 |
|------------------|------------------------------|--|-------------------------|---|---|--|---|--------------------------------------|--|---------------------------|---|---|
|                  |                              |  |                         |   | Outward<br>(Foreign<br>Currencies in<br>Thousands ) | Inward<br>(Foreign<br>Currencies in<br>Thousands ) |   |                                      |  |                           |   |   |
| -                | -                            | \$ -   | -                       | \$ -  | \$ -  | \$ -   | \$ -  | \$ -                                 | -  | \$ -                      | \$ -  | \$ -  |

| Accumulated Outward Remittance for Investment<br>in Mainland China as of December 31, 2024<br>(Foreign Currencies in Thousands) | Investment Amount Authorized by the Investment<br>Commission, MOEA (Foreign Currencies in<br>Thousands) | Upper Limit on the Amounts of Investment<br>Stipulated by Investment Commission, MOEA |
|---|---|---|
| \$ -  | \$ 25,507<br>(US\$ 778)   | \$1,627,351   |

Note 1: Foreign currencies are converted into NTD using the exchange rates of the US dollar to NTD on December 31, 2024.

Note 2: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

**TABLE 4****FORCELEAD TECHNOLOGY CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

| Name of Major Shareholder | Shares           |                             |
|---------------------------|------------------|-----------------------------|
|                           | Number of Shares | Percentage of Ownership (%) |
| Sitronix Technology Corp. | 23,097,545       | 55.10                       |

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 held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the 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 a trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 5% in accordance with the Securities 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 the Market Observation Post System.

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**FORCELEAD TECHNOLOGY CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| <b>Item</b>                      | <b>Description</b>  | <b>Amount</b>     |
|----------------------------------|---|-------------------|
| Bank deposits                    |   |                   |
| Demand deposits                  | Including NT\$3,847 thousand and US\$1,120 thousand   | \$ 40,582         |
| Checking deposits                | Including NT\$75 thousand   | 75                |
|                                  |   | <u>40,657</u>     |
| Cash equivalents                 |   |                   |
| Time deposits                    | Including NT\$289,500 thousand and US\$2,000 thousand, and expires by the end of February, 2025, with an annual interest rate ranging from 1.505% ~ 4.430%. | 355,070           |
| Bonds with repurchase agreements | Including NT\$118,013 thousand and US\$1,002 thousand, and expires by the end of January, 2025, with an annual interest rate ranging from 1.300% ~ 4.650%   | 150,850           |
| Cash on hand                     |   | <u>110</u>        |
| Total                            |   | <u>\$ 546,687</u> |

The foreign currency exchange rate is as follows:

US1 = NT32.785

**STATEMENT 2****FORCELEAD TECHNOLOGY CORPORATION****STATEMENT OF FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Item                 | Number of<br>Shares | Acquisition<br>Cost | Fair Value |              | Note |
|----------------------|---------------------|---------------------|------------|--------------|------|
|                      |                     |                     | Unit price | Total Amount |      |
| CURRENT ASSETS       |                     |                     |            |              |      |
| Fund                 |                     |                     |            |              |      |
| TAISHIN JU LONG Fund | 1,746,862           | \$ 20,000           | \$ 13.0762 | \$ 22,842    | Note |

Note: The above financial assets were unsecured or provided as guarantee.

**STATEMENT 3****FORCELEAD TECHNOLOGY CORPORATION****STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

| <b>Client Name</b>            | <b>Amount</b>     |
|-------------------------------|-------------------|
| A Client                      | \$ 64,731         |
| B Client                      | 42,388            |
| C Client                      | 20,596            |
| D Client                      | 14,291            |
| E Client                      | 13,722            |
| F Client                      | 10,283            |
| Others (Note)                 | 34,254            |
| Allowance for impairment loss | ( 1,261)          |
|                               | <u>\$ 199,004</u> |

Note: The amount of individual client in others does not exceed 5% of the account balance.

**FORCELEAD TECHNOLOGY CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

| <b>Item</b>      | <b>Amount</b>     |                                |
|------------------|-------------------|--------------------------------|
|                  | <b>Cost</b>       | <b>Market Price<br/>(Note)</b> |
| Finished goods   | \$ 168,725        | \$ 291,987                     |
| Work in progress | 334,556           | 780,223                        |
| Raw materials    | 33,563            | 34,288                         |
|                  | <u>\$ 536,844</u> | <u>\$ 1,106,498</u>            |

Note : The market price is determined by the net realizable value.

**FORCELEAD TECHNOLOGY CORPORATION****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

| <b>Item</b>                          | <b>Buildings</b> |
|--------------------------------------|------------------|
| Cost                                 |                  |
| Balance at January 1, 2024           | \$ 18,666        |
| Additions                            | 31,468           |
| Disposals                            | ( 1,959)         |
| Balance at December 31, 2024         | 48,175           |
| Accumulated depreciation             |                  |
| Balance at January 1, 2024           | 14,213           |
| Depreciation                         | 8,419            |
| Disposals                            | ( 1,887)         |
| Balance at December 31, 2024         | 20,745           |
| Carrying amount at December 31, 2024 | \$ 27,430        |

**STATEMENT 6**

**FORCELEAD TECHNOLOGY CORPORATION**

**STATEMENT OF TRADE PAYABLES**

**DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars)**

| <b>Vendor Name</b> | <b>Amount</b>     |
|--------------------|-------------------|
| A vendor           | \$ 105,782        |
| B vendor           | 65,406            |
| C vendor           | 58,282            |
| D vendor           | 21,312            |
| Others (Note)      | 38,338            |
| Total              | <u>\$ 289,120</u> |

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**FORCELEAD TECHNOLOGY CORPORATION**

**STATEMENT OF NET REVENUE**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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| <b>Item</b>                 | <b>Shipment Qty<br/>(In Thousands of Pieces)</b> | <b>Amount</b>       |
|-----------------------------|--|---------------------|
| Integrated circuits         | 99,373   | \$ 2,989,869        |
| Sales returns and discounts |  | <u>( 20,654 )</u>   |
|                             |  | <u>\$ 2,969,215</u> |

**FORCELEAD TECHNOLOGY CORPORATION**
**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

| <b>Item</b>  | <b>Amount</b>              |
|--|----------------------------|
| Raw materials used                                       |                            |
| Raw materials, beginning of year                         | \$ 87,489                  |
| Plus: raw materials purchased for the year               | 1,315,092                  |
| Raw materials, end of year                               | ( 33,563)                  |
| Others   | ( 112)                     |
| Subtotal   | <u>1,368,906</u>           |
| Manufacturing expenses                                   | <u>513,732</u>             |
| Manufacturing costs                                      | 1,882,638                  |
| Work in progress, beginning of year                      | 198,326                    |
| Work in progress, end of year                            | ( 334,556)                 |
| Less: transferred to manufacturing or operating expenses | <u>( 1,234)</u>            |
| Cost of finished goods                                   | 1,745,174                  |
| Finished goods, beginning of year                        | 210,265                    |
| Others   | ( 1,649)                   |
| Finished goods, end of year                              | <u>( 168,725)</u>          |
| Production and marketing cost                            | 1,785,065                  |
| Less: other operating costs                              | <u>( 12,318)</u>           |
| Total  | <u><u>\$ 1,772,747</u></u> |



**FORCELEAD TECHNOLOGY CORPORATION****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

| <b>Item</b>                      | <b>Selling and<br/>Marketing<br/>Expenses</b> | <b>General and<br/>Administrative<br/>Expenses</b> | <b>Research and<br/>Development<br/>Expenses</b> |
|----------------------------------|---|--|--|
| Wages and salaries               | \$ 40,081                                     | \$ 44,380  | \$ 232,886                                       |
| Support fees                     | 41,429  | 982  | 2,257  |
| Depreciation expense             | 480   | 3,718  | 52,620   |
| Remuneration of directors        | -   | 7,765  | -  |
| Research and development expense | -   | -  | 37,610   |
| Others (Note)                    | 12,621  | 12,050   | 64,158   |
|                                  | <u>\$ 94,611</u>                              | <u>\$ 68,895</u>                                   | <u>\$ 389,531</u>                                |

Note: The amount of each item in others does not exceed 5% of the account balance.

## FORCELEAD TECHNOLOGY CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
 (In Thousands of New Taiwan Dollars)

|                            | Years Ended December 31             |  |                   |                                     |  |                   |
|----------------------------|-------------------------------------|--|-------------------|-------------------------------------|--|-------------------|
|                            | 2024                                |  |                   | 2023                                |  |                   |
|                            | Classified as<br>Operating<br>Costs | Classified as<br>Operating<br>Expenses | Total             | Classified as<br>Operating<br>Costs | Classified as<br>Operating<br>Expenses | Total             |
| Labor expenses             |                                     |  |                   |                                     |  |                   |
| Wages and salaries         | \$ 27,279                           | \$ 317,347                             | \$ 344,626        | \$ 25,023                           | \$ 237,079                             | \$ 262,102        |
| Share-based payments       | 975                                 | 13,986                                 | 14,961            | 250                                 | 4,237                                  | 4,487             |
| Labor and health insurance | 1,956                               | 15,923                                 | 17,879            | 2,269                               | 14,883                                 | 17,152            |
| Remuneration of directors  | -                                   | 7,765                                  | 7,765             | -                                   | 4,100                                  | 4,100             |
| Other labor expense        | 727                                 | 5,836                                  | 6,563             | 650                                 | 4,454                                  | 5,104             |
| Pension expense            | 806                                 | 8,512                                  | 9,318             | 762                                 | 6,942                                  | 7,704             |
| Total                      | <u>\$ 31,743</u>                    | <u>\$ 369,369</u>                      | <u>\$ 401,112</u> | <u>\$ 28,954</u>                    | <u>\$ 271,695</u>                      | <u>\$ 300,649</u> |
| Depreciation expense       | <u>\$ 1,709</u>                     | <u>\$ 56,818</u>                       | <u>\$ 58,527</u>  | <u>\$ 1,279</u>                     | <u>\$ 54,654</u>                       | <u>\$ 55,933</u>  |
| Amortization expense       | <u>\$ -</u>                         | <u>\$ 12,713</u>                       | <u>\$ 12,713</u>  | <u>\$ -</u>                         | <u>\$ 12,611</u>                       | <u>\$ 12,611</u>  |

Note 1: For the years ended December 31, 2024 and 2023, the Company had 126 and 108 employees, respectively. There were both 6 non-employee directors, respectively.

Note 2: For companies have been listed on the Taiwan stock exchange or are traded on the Taipei Exchange, the following information should be disclosed:

- (a) Average labor expense for the year ended December 31, 2024 was \$3,278 thousand (Total labor expense for the year ended December 31, 2024 - total remuneration of directors / Total number of employees for the year ended December 31, 2024 - non-employee directors).

Average labor expense for the year ended December 31, 2023 was \$2,907 thousand (Total labor expense for the year ended December 31, 2023 - total remuneration of directors / Total number of employees for the year ended December 31, 2023 - non-employee directors).

- (b) Average wages and salaries for the year ended December 31, 2024 was \$2,872 thousand (Total wages and salaries for the year ended December 31, 2024 / Total number of employees for the year ended December 31, 2024 - non-employee directors).

Average wages and salaries for the year ended December 31, 2023 was \$2,570 thousand (Total wages and salaries for the year ended December 31, 2023 / Total number of employees for the year ended December 31, 2023 - non-employee directors).

- (c) The average wages and salaries increased by 12% year over year. (Average wages and salaries for the year ended December 31, 2024 - Average wages and salaries for the year ended December 31, 2023 / Average wages and salaries for the year ended December 31, 2023).

- (d) The Company has established an audit committee in October 2023, there were no supervisors in 2024. The remuneration for the supervisors in 2023 was \$284 thousand.

- (e) According to the Articles of the Company, if the Company makes a profit during the year, the Company accrued employees' compensation at rates of no less than 1% and no higher than 25%, and remuneration of directors at rates of no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.