

**ITH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2024 AND 2023**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 24000604

To the Board of Directors and Shareholders of ITH Corporation

***Opinion***

We have audited the accompanying consolidated balance sheets of ITH Corporation and subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

### ***Basis for opinion***

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

### ***Key audit matters***

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

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

#### ***Key audit matter - Evaluation of inventories***

##### Description

Refer to Note 4(14) of the consolidated financial statements for inventory evaluation policies, Note 5(2) for uncertainty of accounting estimates and assumption of inventory evaluation and Note 6(6) for details of allowance for inventory valuation losses.

As of December 31, 2024, the Group recognised net amount of inventories amounting to NT\$3,259,712 thousand, which is significant to the consolidated financial statements. Since the Group operates in an environment characterised by rapidly changing technology, the evaluation of inventories is easily affected by market demand and price fluctuations. The Group's policies of inventory evaluation is to assess potential losses of each kind of inventory based on sales performance and obsolescence of inventories. As the assessment involved management's subjective judgement, we considered the evaluation of inventories as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of accounting policies on the provision of allowance for inventory valuation losses and assessed the reasonableness.
2. Validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listing, verified dates of movements with supporting documents and ensured the proper categorisation of inventory aging report.
3. Evaluation and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents.

**Key audit matter - Capacity guarantee contracts provision liabilities**

Description

Refer to Note 4(23) for guarantee contracts provision policies, Note 5(2) for uncertainty of accounting estimates and assumption of capacity guarantee contracts provision liabilities and Note 6(20) for details of provisions. As of December 31, 2024, provisions was NT\$960,732 thousand, which is significant to the consolidated financial statements.

In order to strengthen the long-term cooperative relationships with wafer suppliers, the Group entered into long-term capacity guarantee contracts with suppliers and paid guarantee deposits. However, due to the rapid changes in market economic conditions and inventory demand, the Group shall assess whether there are any future contracts losses that shall be recognised as provisions in accordance with IAS 37 due to failure to meet the minimum order quantity as agreed in the capacity guarantee contracts. As the assessment process involved subjective judgement, we identified valuation of provisions a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Discussed with management and obtained an understanding of the Group's assessment process for provisions of the estimated capacity guarantee contracts and the reasonableness of provision.
2. Discussed the operational plans with management to understand its product strategy and execution status.
3. Assess management's estimate of the unavoidable costs of fulfilling its obligations, including obtaining relevant contracts to confirm its obligations to perform, and assess the various assumptions used in evaluating the economic benefits expected to be obtained from the contracts, including expected wafer production and estimated gross margin.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

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

### ***Auditors’ responsibilities for the audit of the consolidated financial statements***

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

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

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

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

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

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

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

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Liu, Chien-Yu

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Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2025

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

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

**ITH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 7,072,138	26	\$ 4,174,922	16
1136	Current financial assets at amortised cost - current	6(4)	716,480	3	-	-
1170	Accounts receivable, net	6(5)	3,374,628	12	3,699,659	14
1197	Finance lease receivable, net	6(11)	-	-	134,283	1
1200	Other receivables		81,971	-	76,380	-
1220	Current income tax assets	6(32)	229,182	1	229,182	1
130X	Inventories, net	6(6)	3,259,712	12	4,385,743	17
1410	Prepayments	6(7)	518,371	2	372,962	2
1470	Other current assets	6(8)	974,132	4	1,228,376	5
11XX	<b>Total current Assets</b>		<u>16,226,614</u>	<u>60</u>	<u>14,301,507</u>	<u>56</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	38,427	-	59,498	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	100,435	-	93,352	1
1600	Property, plant and equipment	6(9)	816,979	3	754,654	3
1755	Right-of-use assets	6(10)	83,345	-	56,881	-
1780	Intangible assets	6(12)	155,857	1	159,912	1
1840	Deferred income tax assets	6(32)	335,148	1	604,059	2
1920	Guarantee deposits paid	6(7)	9,327,735	34	9,297,572	36
1990	Other non-current assets	6(13)	144,300	1	296,489	1
15XX	<b>Total non-current assets</b>		<u>11,002,226</u>	<u>40</u>	<u>11,322,417</u>	<u>44</u>
1XXX	<b>Total assets</b>		<u>\$ 27,228,840</u>	<u>100</u>	<u>\$ 25,623,924</u>	<u>100</u>

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**ITH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(14)	\$ -	-	\$ 900,000	4
2120	Financial liabilities at fair value through profit or loss - current	6(15)	5,573	-	-	-
2130	Contract liabilities - current	6(25)	229,341	1	355,869	1
2170	Accounts payable		1,194,862	4	1,102,795	4
2200	Other payables	6(16)	3,431,339	13	3,798,225	15
2230	Current income tax liabilities	6(32)	192,261	1	2,869	-
2250	Provisions liabilities - current	6(20)	970,084	3	1,977,467	8
2280	Lease liabilities - current		57,426	-	42,436	-
2399	Other current liabilities	6(17)	735,316	3	855,321	3
21XX	<b>Total current Liabilities</b>		<u>6,816,202</u>	<u>25</u>	<u>9,034,982</u>	<u>35</u>
<b>Non-current liabilities</b>						
2550	Provisions liabilities - non-current	6(20)	-	-	37,727	-
2570	Deferred income tax liabilities	6(32)	447,314	2	223,745	1
2580	Lease liabilities - non-current		25,218	-	14,466	-
2645	Guarantee deposits received	6(17)	318,513	1	738,167	3
2670	Other non-current liabilities	6(18)	21,697	-	24,037	-
25XX	<b>Total non-current liabilities</b>		<u>812,742</u>	<u>3</u>	<u>1,038,142</u>	<u>4</u>
2XXX	<b>Total Liabilities</b>		<u>7,628,944</u>	<u>28</u>	<u>10,073,124</u>	<u>39</u>
<b>Equity</b>						
Share capital						
3110	Common share	6(21)	4,923,966	18	4,523,966	18
Capital surplus						
3200	Capital surplus	6(22)	5,469,650	20	3,718,417	15
Retained earnings						
3350	Undistributed earnings	6(23)	9,207,251	34	7,444,032	29
Other equity interest						
3400	Other equity interest	6(24)	( 971)	-	( 135,615)	( 1)
3XXX	<b>Total equity</b>		<u>19,599,896</u>	<u>72</u>	<u>15,550,800</u>	<u>61</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the reporting period						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 27,228,840</u>	<u>100</u>	<u>\$ 25,623,924</u>	<u>100</u>

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

**ITH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(25)	\$ 22,461,565	100	\$ 22,397,637	100
5000	Operating costs	6(6)	( 16,437,777)	( 73)	( 17,850,064)	( 80)
5900	Gross profit		<u>6,023,788</u>	<u>27</u>	<u>4,547,573</u>	<u>20</u>
	Operating expenses	6(30)(31)				
6100	Selling expenses		( 919,220)	( 4)	( 861,608)	( 4)
6200	General and administrative expenses		( 386,670)	( 2)	( 270,670)	( 1)
6300	Research and development expenses		( 2,526,041)	( 11)	( 2,180,452)	( 10)
6450	Expected credit gain	12(2)	<u>5,559</u>	-	<u>-</u>	-
6000	Total operating expenses		( 3,826,372)	( 17)	( 3,312,730)	( 15)
6900	Net operating income		<u>2,197,416</u>	<u>10</u>	<u>1,234,843</u>	<u>5</u>
	Non-operating income and expenses					
7100	Interest income	6(26)	223,618	1	310,250	1
7010	Other income	6(27)	66,686	-	32,778	-
7020	Other gains and losses	6(28)	891,592	4	143,778	1
7050	Finance costs	6(29)	( 10,547)	-	( 106,002)	-
7000	Total non-operating income and expenses		<u>1,171,349</u>	<u>5</u>	<u>380,804</u>	<u>2</u>
7900	<b>Profit before tax, net</b>		<u>3,368,765</u>	<u>15</u>	<u>1,615,647</u>	<u>7</u>
7950	Income tax expense	6(32)	( 1,119,476)	( 5)	( 514,056)	( 2)
8200	<b>Net income for the year</b>		<u>\$ 2,249,289</u>	<u>10</u>	<u>\$ 1,101,591</u>	<u>5</u>
	<b>Other comprehensive income (losses), net</b>					
	<b>Components of other comprehensive income (losses) that will not be reclassified to profit or loss</b>					
8311	Gains (losses) on remeasurements of defined benefit plans	6(18)	\$ 3,148	-	( \$ 271)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		7,083	-	( 7,958)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(32)	( 630)	-	54	-
	<b>Components of other comprehensive income (losses) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(24)	<u>53,566</u>	-	( 29,095)	-
8300	<b>Other comprehensive income (losses), net</b>		<u>\$ 63,167</u>	-	( \$ 37,270)	-
8500	<b>Total comprehensive income for the year</b>		<u>\$ 2,312,456</u>	<u>10</u>	<u>\$ 1,064,321</u>	<u>5</u>
	Net income, attributable to:					
8610	Equity holder of parent company		<u>\$ 2,249,289</u>	<u>10</u>	<u>\$ 1,101,591</u>	<u>5</u>
	Comprehensive income attributable to:					
8710	Equity holder of parent company		<u>\$ 2,312,456</u>	<u>10</u>	<u>\$ 1,064,321</u>	<u>5</u>
	Earnings per share (in dollars)	6(33)				
9750	Basic earnings per share		<u>\$ 5.61</u>		<u>\$ 3.50</u>	
9850	Diluted earnings per share		<u>\$ 5.51</u>		<u>\$ 3.30</u>	

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

**ITH CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent company					Other equity interest		Total equity
		Common shares	Capital surplus	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised income (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others		
<b>Year ended December 31, 2023</b>									
Balance at January 1, 2023		\$ 3,758,240	\$ 1,759,775	\$ 7,533,965	\$ 9,689	\$ -	(\$ 268,525)	\$ 12,793,144	
Net income for the year		-	-	1,101,591	-	-	-	1,101,591	
Other comprehensive loss for the year	6(24)	-	-	(217)	(29,095)	(7,958)	-	(37,270)	
Total comprehensive income		-	-	1,101,374	(29,095)	(7,958)	-	1,064,321	
Distribution of 2022 earnings:	6(23)								
Cash dividends		-	-	(1,148,186)	-	-	-	(1,148,186)	
Proceeds from issuance of share capital	6(21)(22)	867,910	1,864,806	-	-	-	-	2,732,716	
Compensation costs of employee restricted stocks	6(24)	-	-	-	-	-	160,274	160,274	
Compensation costs of employee stock options	6(22)	-	1,323	-	-	-	-	1,323	
Employee stock options converted to stock appreciation rights	6(22)	-	(9,671)	(43,121)	-	-	-	(52,792)	
New shares exchanged due to changes in face value	6(22)	(102,184)	102,184	-	-	-	-	-	
Balance at December 31, 2023		\$ 4,523,966	\$ 3,718,417	\$ 7,444,032	(\$ 19,406)	(\$ 7,958)	(\$ 108,251)	\$ 15,550,800	
<b>Year ended December 31, 2024</b>									
Balance at January 1, 2024		\$ 4,523,966	\$ 3,718,417	\$ 7,444,032	(\$ 19,406)	(\$ 7,958)	(\$ 108,251)	\$ 15,550,800	
Net income for the year		-	-	2,249,289	-	-	-	2,249,289	
Other comprehensive income for the year	6(24)	-	-	2,518	53,566	7,083	-	63,167	
Total comprehensive income		-	-	2,251,807	53,566	7,083	-	2,312,456	
Distribution of 2023 earnings:	6(23)								
Cash dividends		-	-	(488,588)	-	-	-	(488,588)	
Proceeds from issuance of share capital	6(21)(22)	400,000	1,713,940	-	-	-	-	2,113,940	
Adjustment of employee restricted stocks	6(24)	-	27,520	-	-	-	(27,520)	-	
Compensation costs of employee restricted stocks	6(22)(24)	-	-	-	-	-	101,515	101,515	
Compensation costs of employee stock options	6(19)(22)	-	9,773	-	-	-	-	9,773	
Balance at December 31, 2024		\$ 4,923,966	\$ 5,469,650	\$ 9,207,251	\$ 34,160	(\$ 875)	(\$ 34,256)	\$ 19,599,896	

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

ITH CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 3,368,765	\$ 1,615,647
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(30)	205,068	176,755
Amortization	6(12)(30)	127,087	89,248
Gain on reversal of capacity guarantee	6(6)(20)	( 1,045,110 )	( 9,806 )
Losses on financial liabilities at amortised cost	6(15)(29)	-	86,572
Losses on financial assets and liabilities at fair value through profit or loss	6(2)(15)	5,357	-
Expected credit gains	12(2)	( 5,559 )	-
Interest expense	6(29)	10,547	19,430
Interest income	6(26)	( 223,618 )	( 310,250 )
Dividend income	6(27)	( 2,000 )	-
Compensation cost of share-based payment	6(19)	121,196	161,597
Unrealised exchange gain		( 76,311 )	( 147,799 )
Gains arising from lease modification	6(27)	( 119 )	( 148 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		330,590	( 1,451,145 )
Other receivables		4,931	( 7,461 )
Inventories		1,126,031	1,950,772
Prepayments to suppliers		3,869	879,047
Prepayments		( 4,978 )	68,594
Other current assets		13,815	( 3,856 )
Changes in operating liabilities			
Contract liabilities - current		( 126,528 )	129,478
Accounts payable		92,067	342,500
Other payables		( 516,382 )	( 582,041 )
Other current liabilities		( 4,672 )	4,945
Net defined benefit liabilities		808	525
Cash inflow generated from operations		<u>3,404,854</u>	<u>3,012,604</u>
Interest received		213,096	323,802
Interest paid		( 11,093 )	( 107,535 )
Income taxes paid		( 307,739 )	( 1,107,163 )
Net cash flows from operating activities		<u>3,299,118</u>	<u>2,121,708</u>

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ITH CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(2)	(\$ 28,713 )	(\$ 59,498 )
Proceeds from disposal of financial assets at fair value through profit or loss	12(3)	50,000	-
Acquisition of financial assets at fair value through other comprehensive income	6(3)	-	( 20,710 )
Acquisition of financial assets at amortised cost	6(4)	( 1,050,310 )	-
Proceeds from disposal of financial assets at amortised cost		333,830	-
Dividends received		2,000	-
Decrease in lease receivables		136,514	134,327
Acquisition of property, plant and equipment	6(9)(34)	( 176,442 )	( 127,838 )
Acquisition of intangible assets	6(12)(34)	( 123,372 )	( 111,964 )
Increase in guarantee deposits paid		( 453,014 )	( 1,847,775 )
Decrease in guarantee deposits paid		759,063	1,215,886
Net cash flows used in investing activities		( 550,444 )	( 817,572 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(35)	1,266,020	2,740,000
Decrease in short-term borrowings	6(35)	( 2,166,020 )	( 2,810,000 )
Redemption of financial liabilities at amortised cost	6(15)(35)	-	( 2,731,747 )
Increase in guarantee deposits	6(35)	2,380	44,750
Decrease in guarantee deposits	6(35)	( 554,929 )	( 2,616,564 )
Rapayments of principal portion lease liabilities	6(35)	( 69,416 )	( 71,201 )
Proceeds from issuance of share capital	6(21)(22)	2,113,940	2,732,716
Cash dividends paid	6(23)	( 488,588 )	( 1,148,186 )
Net cash flows from (used in) financing activities		103,387	( 3,860,232 )
Effect of change rate		45,155	( 25,022 )
Net increase (decrease) in cash and cash equivalents		2,897,216	( 2,581,118 )
Cash and cash equivalents at beginning of year	6(1)	4,174,922	6,756,040
Cash and cash equivalents at end of year	6(1)	\$ 7,072,138	\$ 4,174,922

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

ITH CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

ILI Technology Holding Corporation was incorporated in the Cayman Islands on January 10, 2019, which is engaged in investment holdings. On July 6, 2021, ILI Technology Holding Corporation was renamed as ITH Corporation (the “Company”), and the Company’s parent company was originally MediaTek Inc. (“MTK”). On November 30, 2020, MTK sold its equity interest in the Company to Midus Investments Limited (“Midus”). Accordingly, Midus has become the Group’s parent company.

On June 9, 2021, Nelpus Investments Limited (“Nelpus”)’s wholly-owned company, Midus, merged with the Company due to reorganisation within the Group. After the merger, the Company was the surviving company.

The Group is primarily engaged in IC design industry, and the main operations location is in Hsinchu, Taiwan.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 14, 2025.

3. Application of New Standards, Amendments and Interpretations

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

#### 4. Summary of Material Accounting Policies

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

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

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

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)	
			December 31, 2024	December 31, 2023
The Company	ILI TECHNOLOGY CORP.	Research, design, development and sales of display-related analog application integrated circuit components	100	100
The Company	GRANDA MICROELECTRONICS (XIAMEN) LTD.	Sales, related technical consulting and after-sale services of electronic products	100	100
The Company	HOWDI MICROELECTRONICS (SZ) LTD.	Sales, related technical consulting and after-sale services of electronic products	20.21	20.21
ILI TECHNOLOGY CORP.	ILITEK Holding Inc.	General investment	100	100
ILI TECHNOLOGY CORP.	W1 TECHNOLOGY CO., LTD.	IC research, design and development	100	100
ILITEK Holding Inc.	HOWDI MICROELECTRONICS (SZ) LTD.	Sales, related technical consulting and after-sale services of electronic products	79.79	79.79
HOWDI MICROELECTRONICS (SZ) LTD.	HEFEI HOWDI MICROELECTRONICS CO., LTD.	Sales, related technical consulting and after-sale services of electronic products	100	100

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. There are no subsidiaries with different balance sheet dates, therefore, no adjustment is required.
- E. There are no significant restrictions on fund remittance from subsidiaries to the parent company.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts receivable

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

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

(11) Impairment of financial assets

For financial assets at amortised cost including lease receivables that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) – lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10~50 years
Machinery and equipment	4~7 years
Leasehold improvements	6 years
Other equipment	3~4 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised fixed payments.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

- A. Intangible assets are mainly measured at cost, net of accumulated amortisation and accumulated impairment.
- B. Intangible assets with a finite useful life are amortised on a straight-line basis, and the useful life is as follows:
 

Licensed technology	1~3 years
Computer software	1~3 years

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

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

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions (including decommissioning and onerous contracts) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

### C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

#### (25) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at fair value of the liability to pay for those services, and are recognised as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognised in profit or loss.
- C. Restricted stocks:
- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
  - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
  - (c) For restricted stocks where employees have to pay to acquire those stocks, if the employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks. The Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

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

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

A. Sales of goods

- (a) The Group designs and sells a range of integrated circuits. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30~150 days. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Contract liabilities are recognised when the Group has received consideration from customers and generated obligation to transfer goods to customers.

B. Rendering services

The services rendered by the Group are mainly entrusted design services, and the revenue is recognised according to the percentage of completion of contract.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions

and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

As of December 31, 2024, the carrying amount of inventories was \$3,259,712.

B. Evaluation of capacity guarantee loss

A portion of guarantee deposits paid of the Group is a capacity reservation agreement with the supplier. According to the agreement, if the Group's actual purchased quantities do not meet the agreed requirements, the prepaid guaranty fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Group has made capacity guarantee loss.

As of December 31, 2024, the Group recognised capacity guarantee provision amounting to \$960,732.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 437	\$ 436
Demand and checking accounts deposits	2,225,708	2,640,464
Time deposits	4,845,993	1,534,022
	<u>\$ 7,072,138</u>	<u>\$ 4,174,922</u>

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

B. The Group has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current items:		
<u>Financial assets mandatorily measured at fair value through profit or loss</u>		
Limited partnership	\$ 38,211	\$ 59,498
Valuation adjustment	216	-
	<u>\$ 38,427</u>	<u>\$ 59,498</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Limited partnership	\$ <u>216</u>	\$ <u>-</u>

B. Information relating to price risk and fair value of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current items:		
Limited partnership	\$ 101,310	\$ 101,310
Valuation adjustment	( <u>875</u> )	( <u>7,958</u> )
	<u>\$ 100,435</u>	<u>\$ 93,352</u>

A. The Group has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$100,435 and \$93,352 as at December 31, 2024 and 2023, respectively.

B. In accordance with the FAQ issued by the Securities and Futures Bureau of the Financial Supervisory Commission, the Group recognised newly added limited partnership investments starting from July 1, 2023 as financial assets at fair value through profit or loss according to the regulations of accounting treatment stipulated in the IFRS Q&A of the Accounting Research and Development Foundation.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>7,083</u>	( <u>\$ 7,958</u> )

(4) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Time deposits	\$ <u>716,480</u>	\$ <u>-</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>2024</u>	<u>2023</u>
Interest income	\$ <u>8,730</u>	\$ <u>-</u>

B. As at December 31, 2024 and 2023, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$716,480 and \$0, respectively.

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

(5) Accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 3,416,489	\$ 3,747,079
Less: Allowance for bad debts	( 41,861)	( 47,420)
	<u>\$ 3,374,628</u>	<u>\$ 3,699,659</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Not past due	\$ 2,734,077	\$ 2,932,490
Up to 30 days	553,878	643,576
31 to 60 days	86,216	97,046
61 to 90 days	-	26,433
91 to 120 days	457	114
Over 121 days	41,861	47,420
	<u>\$ 3,416,489</u>	<u>\$ 3,747,079</u>

The above ageing analysis is based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$2,295,934.

C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$3,374,628 and \$3,699,659, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2024		
	Cost	Allowance for market value decline	Book value
Raw materials	\$ 405,118	(\$ 127,692)	\$ 277,426
Work in progress	2,779,357	( 326,900)	2,452,457
Finished goods	633,691	( 210,522)	423,169
Inventory in transit	106,660	-	106,660
	<u>\$ 3,924,826</u>	<u>(\$ 665,114)</u>	<u>\$ 3,259,712</u>

  

	December 31, 2023		
	Cost	Allowance for market value decline	Book value
Raw materials	\$ 959,374	(\$ 325,327)	\$ 634,047
Work in progress	3,190,863	( 336,531)	2,854,332
Finished goods	988,527	( 298,725)	689,802
Inventory in transit	207,562	-	207,562
	<u>\$ 5,346,326</u>	<u>(\$ 960,583)</u>	<u>\$ 4,385,743</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2024	2023
Cost of goods sold	\$ 17,756,709	\$ 17,835,800
Inventories (gain on reversal of) losses on decline in market value	( 272,036)	37,628
Gain on reversal of capacity guarantee	( 1,045,110)	( 9,806)
Gain on scrap inventories	( 1,786)	( 13,558)
	<u>\$ 16,437,777</u>	<u>\$ 17,850,064</u>

A. For the year ended December 31, 2024, the Group reversed a previous inventory write-down because of the sale of certain inventories which were previously provided with allowance.

B. For the year ended December 31, 2024, the Group's gain on reversal of capacity guarantee was caused by the amendments to contract terms which were negotiated with certain suppliers.

(7) Prepayments

	December 31, 2024	December 31, 2023
Prepayments to suppliers (Note)	\$ 435,080	\$ 294,649
Excess business tax paid	67,209	56,386
Prepaid expenses	13,064	17,317
Other prepayments	3,018	4,610
	<u>\$ 518,371</u>	<u>\$ 372,962</u>

Note: In response to the low capacity of semiconductor silicon wafers and packaging and testing and the strengthening of long-term cooperative relationships with wafer manufacturers, the Group obtained capacity guarantees from suppliers by means of prepayments to suppliers and guarantee deposits paid, which were recorded under current and non-current assets based on the schedules for offsetting the payments for purchases and recovering the guaranty fund in the future, respectively. Please refer to Notes 6(8) and (13) for details. In addition, in response to the recent fluctuations in the overall market environment affecting market demand, the Group actively negotiated with suppliers to adjust the calculation method of capacity guarantee contracts, and accrued provisions for possible loss arising from the orders which may not meet the expected reserved capacity based on the market fluctuations. Please refer to Note 6(20) for details.

(8) Other current assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Guarantee deposits paid (Note)	\$ 973,021	\$ 1,215,313
Others	1,111	13,063
	<u>\$ 974,132</u>	<u>\$ 1,228,376</u>

Note: The related information is provided in Note 6(7).

(9) Property, plant and equipment

Details of the Group's owner-occupied property, plant and equipment are as follows:

	<u>2024</u>					
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
At January 1						
Cost	\$ 148,107	\$ 580,602	\$ 405,587	\$ 26,577	\$ 39,417	\$ 1,200,290
Accumulated depreciation	-	( 251,217)	( 160,577)	( 14,360)	( 19,482)	( 445,636)
	<u>\$ 148,107</u>	<u>\$ 329,385</u>	<u>\$ 245,010</u>	<u>\$ 12,217</u>	<u>\$ 19,935</u>	<u>\$ 754,654</u>
At January 1	\$ 148,107	\$ 329,385	\$ 245,010	\$ 12,217	\$ 19,935	\$ 754,654
Additions	-	-	173,640	2,960	15,333	191,933
Depreciation	-	( 29,332)	( 85,838)	( 8,958)	( 11,975)	( 136,103)
Net exchange difference	-	5,684	462	58	291	6,495
At December 31	<u>\$ 148,107</u>	<u>\$ 305,737</u>	<u>\$ 333,274</u>	<u>\$ 6,277</u>	<u>\$ 23,584</u>	<u>\$ 816,979</u>
At December 31						
Cost	\$ 148,107	\$ 592,452	\$ 549,514	\$ 26,026	\$ 52,092	\$ 1,368,191
Accumulated depreciation	-	( 286,715)	( 216,240)	( 19,749)	( 28,508)	( 551,212)
	<u>\$ 148,107</u>	<u>\$ 305,737</u>	<u>\$ 333,274</u>	<u>\$ 6,277</u>	<u>\$ 23,584</u>	<u>\$ 816,979</u>

	Land	Buildings	Machinery and equipment	Leasehold improvements	Other equipment	Total
At January 1						
Cost	\$ 145,417	\$ 576,030	\$ 368,670	\$ 22,410	\$ 32,360	\$ 1,144,887
Accumulated depreciation	-	( 222,013)	( 167,605)	( 7,261)	( 10,014)	( 406,893)
	<u>\$ 145,417</u>	<u>\$ 354,017</u>	<u>\$ 201,065</u>	<u>\$ 15,149</u>	<u>\$ 22,346</u>	<u>\$ 737,994</u>
At January 1	\$ 145,417	\$ 354,017	\$ 201,065	\$ 15,149	\$ 22,346	\$ 737,994
Additions	2,690	7,783	104,430	4,409	7,449	126,761
Depreciation	-	( 29,278)	( 60,269)	( 7,296)	( 9,707)	( 106,550)
Net exchange difference	-	( 3,137)	( 216)	( 45)	( 153)	( 3,551)
At December 31	<u>\$ 148,107</u>	<u>\$ 329,385</u>	<u>\$ 245,010</u>	<u>\$ 12,217</u>	<u>\$ 19,935</u>	<u>\$ 754,654</u>
At December 31						
Cost	\$ 148,107	\$ 580,602	\$ 405,587	\$ 26,577	\$ 39,417	\$ 1,200,290
Accumulated depreciation	-	( 251,217)	( 160,577)	( 14,360)	( 19,482)	( 445,636)
	<u>\$ 148,107</u>	<u>\$ 329,385</u>	<u>\$ 245,010</u>	<u>\$ 12,217</u>	<u>\$ 19,935</u>	<u>\$ 754,654</u>

No interest of the Group was capitalised for the years ended December 31, 2024 and 2023.

(10) Leasing arrangements – lessee

A. The Group leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	Carrying amount	
	December 31, 2024	December 31, 2023
Buildings	\$ 70,057	\$ 31,404
Business vehicles	13,288	25,477
	<u>\$ 83,345</u>	<u>\$ 56,881</u>
	Depreciation	
	Year ended December 31,	
	2024	2023
Buildings	\$ 51,951	\$ 52,583
Business vehicles	17,014	17,622
	<u>\$ 68,965</u>	<u>\$ 70,205</u>

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$103,762 and \$20,496, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,385	\$ 1,478
Expense on short-term lease contracts	\$ 7,973	\$ 6,840
Expense on leases of low-value assets	\$ 564	\$ 484
Gain on lease modification	\$ 119	\$ 148

E. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$79,338 and \$80,003, respectively.

(11) Leasing arrangements – lessor

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease payments receivable	\$ -	\$ 134,283

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used for purposes other than those specified in the contracts.

B. For the years ended December 31, 2024 and 2023, the Group recognised rent income in the amounts of \$10,164 and \$11,301, respectively, based on the operating lease agreement, which does not include variable lease payments. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within one year	\$ 8,433	\$ 6,650
Beyond one year	4,919	-
	<u>\$ 13,352</u>	<u>\$ 6,650</u>

C. The Group leases machinery and equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and equipment will be transferred to lessees when the leases expire.

D. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within one year	\$ -	\$ 134,283
Beyond one year	-	-
	<u>\$ -</u>	<u>\$ 134,283</u>

(12) Intangible assets

	2024			
	Licensed technology	Computer software	Goodwill	Total
At January 1				
Cost	\$ 159,152	\$ 3,305	\$ 64,291	\$ 226,748
Accumulated amortisation	( 65,705)	( 1,131)	-	( 66,836)
	<u>\$ 93,447</u>	<u>\$ 2,174</u>	<u>\$ 64,291</u>	<u>\$ 159,912</u>
At January 1	\$ 93,447	\$ 2,174	\$ 64,291	\$ 159,912
Additions	119,235	3,747	-	122,982
Amortisation	( 125,412)	( 1,675)	-	( 127,087)
Net exchange difference	-	50	-	50
At December 31	<u>\$ 87,270</u>	<u>\$ 4,296</u>	<u>\$ 64,291</u>	<u>\$ 155,857</u>
At December 31				
Cost	\$ 211,080	\$ 7,154	\$ 64,291	\$ 282,525
Accumulated amortisation	( 123,810)	( 2,858)	-	( 126,668)
	<u>\$ 87,270</u>	<u>\$ 4,296</u>	<u>\$ 64,291</u>	<u>\$ 155,857</u>
	2023			
	Licensed technology	Computer software	Goodwill	Total
At January 1				
Cost	\$ 153,380	\$ 2,982	\$ 64,291	\$ 220,653
Accumulated amortisation	( 83,341)	( 83)	-	( 83,424)
	<u>\$ 70,039</u>	<u>\$ 2,899</u>	<u>\$ 64,291</u>	<u>\$ 137,229</u>
At January 1	\$ 70,039	\$ 2,899	\$ 64,291	\$ 137,229
Additions	109,049	2,915	-	111,964
Amortisation	( 85,641)	( 3,607)	-	( 89,248)
Net exchange difference	-	( 33)	-	( 33)
At December 31	<u>\$ 93,447</u>	<u>\$ 2,174</u>	<u>\$ 64,291</u>	<u>\$ 159,912</u>
At December 31				
Cost	\$ 159,152	\$ 3,305	\$ 64,291	\$ 226,748
Accumulated amortisation	( 65,705)	( 1,131)	-	( 66,836)
	<u>\$ 93,447</u>	<u>\$ 2,174</u>	<u>\$ 64,291</u>	<u>\$ 159,912</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2024	2023
Operating costs	\$ 8,567	\$ 12,365
Selling expenses	13,798	20,409
Administrative expenses	1,690	1,293
Research and development expenses	103,032	55,181
	<u>\$ 127,087</u>	<u>\$ 89,248</u>

(13) Other non-current assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments to suppliers (Note)	\$ 144,300	\$ 288,600
Prepayments for equipment	-	7,889
	<u>\$ 144,300</u>	<u>\$ 296,489</u>

Note: The related information is provided in Note 6(7).

(14) Short-term borrowings

As of December 31, 2024 : None.

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 900,000</u>	1.80% ~ 1.90%	None

(15) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ 5,573</u>	<u>\$ -</u>

A. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative financial assets</u>	<u>December 31, 2024</u>		
	<u>Notional principal (In thousands)</u>	<u>Currency</u>	<u>Contract period</u>
Pre-sale forward foreign exchange contracts	USD 5,000	USD to NTD	2024.11.06~2025.01.08
Pre-sale forward foreign exchange contracts	USD 3,000	USD to NTD	2024.11.11~2025.01.13

As of December 31, 2023: None.

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export and import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

B. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

<u>Items</u>	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>(\$ 20,480)</u>	<u>\$ -</u>

(16) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accrued salaries and bonus	\$ 2,438,670	\$ 2,759,929
Payable on processing fees	684,550	773,633
Payable for employees' compensation	72,194	22,044
Payable on mask fees	42,034	92,223
Payable on equipment	31,647	22,207
Payable for directors' remuneration	25,765	-
Payable on royalties	22,364	17,647
Payable on service fees	20,714	8,389
Payable on employee stock appreciation right	-	52,792
Others	93,401	49,361
	<u>\$ 3,431,339</u>	<u>\$ 3,798,225</u>

(17) Other current liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Guarantee deposits received (Note)	\$ 724,069	\$ 839,402
Others	11,247	15,919
	<u>\$ 735,316</u>	<u>\$ 855,321</u>

Note: Due to the limited supply capacity in the product market and the maintenance of long-term cooperative relationships with major customers, the Group entered into the contracts with certain customers. Under the contracts, specific capacity was provided to the customers after the customers provided guaranty fund, which were recorded under current and non-current liabilities according to the guarantee period stipulated in the contracts, respectively. As of December 31, 2024 and 2023, the amounts of the guarantee deposits received recorded as current liabilities amounted to \$724,069 and \$839,402, respectively, and the amounts of the guarantee deposits received recorded as non-current liabilities amounted to \$318,513 and \$738,167, respectively.

(18) Pensions

A. (a) The Company's subsidiary, ILI TECHNOLOGY CORP. ("ILI TECHNOLOGY"), has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. ILI TECHNOLOGY contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, ILI

TECHNOLOGY would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, ILI TECHNOLOGY will make contributions for the deficit by next March.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 23,228	\$ 25,384
Fair value of plan assets	( 1,531)	( 1,347)
Net defined benefit liability	<u>\$ 21,697</u>	<u>\$ 24,037</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2024</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 25,384	(\$ 1,347)	\$ 24,037
Current service cost	571	-	571
Interest (expense) income	299	( 10)	289
	<u>26,254</u>	<u>( 1,357)</u>	<u>24,897</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 122)	( 122)
Change in demographic assumptions	6	-	6
Change in financial assumptions	( 868)	-	( 868)
Experience adjustments	( 2,164)	-	( 2,164)
	<u>( 3,026)</u>	<u>( 122)</u>	<u>( 3,148)</u>
Pension fund contribution	-	( 52)	( 52)
At December 31	<u>\$ 23,228</u>	<u>(\$ 1,531)</u>	<u>\$ 21,697</u>

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 24,467	(\$ 1,226)	\$ 23,241
Current service cost	319	-	319
Interest (expense) income	311	( 10)	301
	<u>25,097</u>	<u>( 1,236)</u>	<u>23,861</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 16)	( 16)
Change in demographic assumptions	2	-	2
Change in financial assumptions	217	-	217
Experience adjustments	68	-	68
	<u>287</u>	<u>( 16)</u>	<u>271</u>
Pension fund contribution	-	( 95)	( 95)
At December 31	<u>\$ 25,384</u>	<u>(\$ 1,347)</u>	<u>\$ 24,037</u>

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

	Year ended December 31,	
	2024	2023
Discount rate	1.60%	1.20%
Future salary increases	5.00%	5.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	( 504)	534	515	( 490)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	( 538)	567	544	( 520)

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

(e) Expected contributions to the defined benefit pension plans of ILI TECHNOLOGY for the year ending December 31, 2025 amount to \$9,476.

(f) As of December 31, 2024, the weighted average duration of the retirement plan is 8 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	10,990
1-2 year(s)		190
2-5 years		2,989
Over 5 years		12,805
	<u>\$</u>	<u>26,974</u>

B. (a) The Company's subsidiaries in Taiwan have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) In accordance with the regulations of local government, the subsidiaries located within Mainland China contribute to the pension insurance fund based on a certain percentage of employees' total salaries and wages, which is paid to relevant government departments and deposited in each employee's independent account.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023, were \$91,549 and \$81,955, respectively.

(19) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity</u>	<u>Contract</u>	<u>Vesting conditions</u>
2019 First Employee Stock Options (Note 1)	2019.8.1	2,740,000	4 years and 3 months	Vested 100% after 4 years of service and upon the shares being listed
2019 First Restricted Stocks to Employees (Note 2)	2019.8.1	27,216,000	4 years	Vested 100% after 4 years of service and upon the shares being listed
2021 First Restricted Stocks to Employees (Note 2)	2022.3.1	33,428,000	4 years	Vested 50% after 2 years of service and upon the shares being listed Vested 25% after 3 years of service and upon the shares being listed Vested 25% after 4 years of service and upon the shares being listed
Cash capital increase reserved for employee preemption	2024.11.13	4,000,000	Not applicable	Vested immediately

Note 1: The abovementioned share-based payment arrangements are settled by equity. In December 2023, the Group amended the contracts with employees to convert the 2019 First Employee Stock Options to the cash-settled cash stock appreciation right plans.

Note 2: On January 26, 2022 and June 19, 2019, the Board of Directors of the Company resolved to issue 33,428,000 ordinary shares and 47,463,000 ordinary shares, respectively, for the employee stock options of the subsidiary, ILI Technology(SZ) LTD. (later renamed as HOWDI MICROELECTRONICS (SZ) LTD.), and the restricted stocks to employees of the subsidiary, ILI TECHNOLOGY CORP.

B. Details of the share-based payment arrangements are as follows:

	2024		2023	
	No. of options (units)	Weighted-average exercise price (in dollars)	No. of options (units)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	2,446,000	\$ 10.00
Options forfeited for the year	-	-	( 10,000)	10.00
Stock appreciation rights converted for the year	-	-	(2,436,000)	10.00
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

C. Cash stock appreciation right plan

In December 2023, the Group amended the contracts with employees to convert the 2019 First Employee Stock Options to the cash-settled cash stock appreciation right plans, with a granting number of 2,436,000 units. Each unit of stock appreciation right represents the right of each ordinary share of the Company and is granted to the subsidiaries' employees who meet the certain conditions. The duration of cash stock appreciation right plans is the same as that of the original employee stock options granted to employees. For restricted stocks where employees meet the vesting condition, each unit can be settled by cash based on the market price of the shares, net of NT\$10 (in dollars). For restricted stocks where employees do not meet the vesting condition, the Company and subsidiaries will recover their rights at no consideration. The stock appreciation rights during the vesting period do not entitle the related rights of ordinary shares.

D. On January 26, 2022 and June 28, 2019, the Board of Directors of the Group's subsidiary, ILI TECHNOLOGY CORP., resolved to issue the abovementioned ordinary shares of subsidiaries (the 2021 and 2019 First Restricted Stocks to Employees) with consideration, and the subscription price was US\$1.12 (in dollars) per share and NT\$10 (in dollars) per share. The restricted stocks cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not

required to return the dividends received if they resign during the vesting period.

Movements in the number of the abovementioned employee restricted stocks outstanding are as follows:

(Unit: shares)

	2024	2023
Restricted stocks not vested at January 1	\$ 58,934,000	\$ 58,934,000
Vested for the year	( 34,772,000)	-
Expired and disposed for the year	( 207,500)	-
Restricted stocks not vested at December 31	<u>\$ 23,954,500</u>	<u>\$ 58,934,000</u>

E. The fair value information of the Group's share-based payment transactions is as follows:

(a) The fair value is measured using the Binomial option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price/net asset value (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
2019 First Employee Stock Options	2019.8.1	TWD 11.12	TWD 10.00	39.00%	4.25 years	0%	0.57%	TWD 3.95
Cash capital increase reserved for employee preemption	2024.11.13	TWD 41.99	TWD 39.65	46.95%	0.01 years	0%	1.22%	TWD 2.44

Note: Expected price volatility rate was referenced from the historical stock price volatility of comparable companies.

(b) Information relating to the employee restricted stocks measured at fair value is as follows:

Type of arrangement	Grant date	Stock price/net asset value (in dollars)	Exercise price (in dollars)	Fair value per unit (in dollars)
2019 First Restricted Stocks to Employees	2019.8.1	TWD 11.12	TWD 10.00	TWD 1.12
2021 First Restricted Stocks to Employees	2022.3.1	USD 1.60	USD 1.12	USD 0.48

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31,	
	2024	2023
Equity-settled	\$ 111,288	\$ 161,597
Cash-settled	9,908	-
	<u>\$ 121,196</u>	<u>\$ 161,597</u>

G. Liabilities arising from share-based payment transactions are shown below:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash-settled	<u>\$ -</u>	<u>\$ 52,792</u>

For the year ended December 31, 2023, the Group converted the original employee stock options to the cash-settled cash stock appreciation right plans, which was recognised as liabilities on the conversion date, at the fair value of \$52,792. The amount was offset the original capital surplus of \$9,671 which was recorded due to the employee stock options, and the retained earnings was covered the insufficient amount of \$43,121. The cash settlement was completed in December 2024 and January 2025.

(20) Provisions

	<u>2024</u>		
	<u>Decommissioning liabilities</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 9,352	\$ 2,005,842	\$ 2,015,194
Reversal for the year	<u>-</u>	<u>(1,045,110)</u>	<u>(1,045,110)</u>
At December 31	<u>\$ 9,352</u>	<u>\$ 960,732</u>	<u>\$ 970,084</u>
	<u>2023</u>		
	<u>Decommissioning liabilities</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 9,352	\$ 2,015,648	\$ 2,025,000
Reversal for the year	<u>-</u>	<u>(9,806)</u>	<u>(9,806)</u>
At December 31	<u>\$ 9,352</u>	<u>\$ 2,005,842</u>	<u>\$ 2,015,194</u>

Analysis of total provisions:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	<u>\$ 970,084</u>	<u>\$ 1,977,467</u>
Non-current	<u>\$ -</u>	<u>\$ 37,727</u>

Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Group bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used from future years.

Others

In response to the low capacity of semiconductor silicon wafers and packaging and testing and the strengthening of long-term cooperative relationships with wafer manufacturers, the Group received capacity guarantees from wafer manufacturers by mean of guarantee deposits paid. The orders may not meet the expected reserved capacity based on the market fluctuations. When the inevitable costs

of fulfilling the obligation exceed the economic benefits expected to be obtained from the contracts, the difference will be recognised as cost of goods sold and provisions.

(21) Share capital

As of December 31, 2024, the Company's authorised capital was \$10,000,000, consisting of 1,000,000 thousand shares of ordinary share, and the paid-in capital was \$4,923,966 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	(Unit: share in thousands)	
	2024	2023
At January 1	\$ 452,397	\$ 367,714
Cash capital increase	40,000	84,683
At December 31	\$ 492,397	\$ 452,397

- A. On June 5, 2023, the Board of Directors of the Company resolved to increase its capital by issuing 84,683 thousand new shares with an issuance price of US\$1 (in dollars) per share. The capital increase was set effective on December 7, 2023, and the share capital was increased by \$867,910.
- B. On December 29, 2023, the Company's shareholders at their annual shareholders' meeting approved to change the par value to \$10. Accordingly, the share capital was decreased by \$102,184 and the capital surplus was increased by \$102,184.
- C. On August 19, 2024, the Board of Directors of the Company resolved to increase its capital by issuing 40,000 thousand new shares with an issuance price of NT\$39.65 (in dollars) per share. The capital increase was set effective on November 22, 2024, and the share capital was increased by \$400,000.

(22) Capital surplus

Except for offsetting the Company's deficit, capital surplus shall not be used. However, capital surplus arising from paid-in capital in excess of par value on issuance of ordinary shares (including consolidation premium and premium on treasury share transactions) and donations may be capitalised within the limit of certain percentage of the paid-in capital each year, provided that the Company has no deficit. The abovementioned capital surplus may also be distributed in cash to shareholders in proportion to their share ownership.

	2024			
	Share	Employee	Difference between	Total
	premium	restricted shares	consideration and carrying amount of subsidiaries acquired or disposed	
At January 1	\$ 2,443,662	\$ 1,226,270	\$ 48,485	\$ 3,718,417
Cash capital increase	1,713,940	-	-	1,713,940
Adjustment of employee restricted stocks	-	27,520	-	27,520
Employee restricted shares vested	1,056,473	( 1,056,473)	-	-
Compensation costs of employee stock options	9,773	-	-	9,773
At December 31	<u>\$ 5,223,848</u>	<u>\$ 197,317</u>	<u>\$ 48,485</u>	<u>\$ 5,469,650</u>

	2024				
	Share	Employee	Difference between	Employee	Total
	premium	restricted shares	consideration and carrying amount of subsidiaries acquired or disposed	stock options	
At January 1	\$ 476,672	\$ 1,226,270	\$ 48,485	\$ 8,348	\$ 1,759,775
Cash capital increase	1,864,806	-	-	-	1,864,806
Compensation costs of employee stock	-	-	-	1,323	1,323
Employee stock options converted to stock appreciation rights	-	-	-	( 9,671)	( 9,671)
New shares exchanged due to changes in face value	102,184	-	-	-	102,184
At December 31	<u>\$ 2,443,662</u>	<u>\$ 1,226,270</u>	<u>\$ 48,485</u>	<u>\$ -</u>	<u>\$ 3,718,417</u>

(23) Retained earnings

- A. Under the Articles of Incorporation of the Company, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' losses and then the remaining amount shall be set aside as legal reserve as stipulated in the regulations for public companies until the legal reserve equals the paid-in capital. In addition, set aside special reserve in accordance with the regulations for public companies or upon requested by competent authority. Except for the laws and the regulations for public companies, the current year's earnings less the aforementioned items, plus accumulated unappropriated earnings of prior years are the distributable earnings. The profit distribution plan of distributable earnings shall be proposed by the Board of Directors and reported to the shareholders for a resolution.
- B. On August 7, 2023, the shareholders resolved that total dividends for the distribution of earnings for the year of 2022 was \$1,148,186 at US\$0.1 (in dollars) per share.

C. The appropriations of 2024 and 2023 earnings as resolved by the Board of Directors on March 14, 2025 and resolved by the shareholders on May 23, 2024 are as follows:

	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 225,181		\$ -	
Cash dividends	984,793	\$ 2.00	488,588	\$ 1.08
	<u>\$ 1,209,974</u>		<u>\$ 488,588</u>	

(24) Other equity items

	2024			
	Currency translation differences	Unrealised employees' compensation	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
At January 1	(\$ 19,406)	(\$ 108,251)	(\$ 7,958)	(\$ 135,615)
Revaluation	-	-	7,083	7,083
Compensation costs of employee restricted stocks	-	101,515	-	101,515
Adjustment of employee restricted stocks	-	( 27,520)	-	( 27,520)
Currency translation differences	53,566	-	-	53,566
At December 31	<u>\$ 34,160</u>	<u>(\$ 34,256)</u>	<u>(\$ 875)</u>	<u>(\$ 971)</u>

  

	2023			
	Currency translation differences	Unrealised employees' compensation	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
At January 1	\$ 9,689	(\$ 268,525)	\$ -	(\$ 258,836)
Revaluation	-	-	( 7,958)	( 7,958)
Compensation costs of employee restricted stocks	-	160,274	-	160,274
Currency translation differences	( 29,095)	-	-	( 29,095)
At December 31	<u>(\$ 19,406)</u>	<u>(\$ 108,251)</u>	<u>(\$ 7,958)</u>	<u>(\$ 135,615)</u>

(25) Operating revenue

	Year ended December 31,	
	2024	2023
Revenue from contracts with customers	<u>\$ 22,461,565</u>	<u>\$ 22,397,637</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue in the following product lines:

<u>2024</u>	<u>Sales of goods</u>	<u>Rendering services</u>	<u>Total</u>
Revenue from contracts with customers	\$ 22,458,521	\$ 3,044	\$ 22,461,565
<u>2023</u>	<u>Sales of goods</u>	<u>Rendering services</u>	<u>Total</u>
Revenue from contracts with customers	\$ 22,395,573	\$ 2,064	\$ 22,397,637

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities	\$ 229,341	\$ 355,869	\$ 226,391

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 343,835	\$ 176,152

(26) Interest income

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 214,888	\$ 310,250
Interest income from financial assets measured at amortised cost	8,730	-
	<u>\$ 223,618</u>	<u>\$ 310,250</u>

(27) Other income

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Rent income	\$ 10,164	\$ 11,301
Dividend income	2,000	-
Gains on write-off of past due payable	1,195	1,991
Gains arising from lease modifications	119	148
Other income, others	53,208	19,338
	<u>\$ 66,686</u>	<u>\$ 32,778</u>

(28) Other gains and losses

	Year ended December 31,	
	2024	2023
Net currency exchange gains	\$ 912,645	\$ 143,910
Gains on financial assets at fair value through profit or loss	( 20,264)	-
Other losses	( 789)	( 132)
	<u>\$ 891,592</u>	<u>\$ 143,778</u>

(29) Finance costs

	Year ended December 31,	
	2024	2023
Interest expense	\$ 10,547	\$ 19,430
Financial expense, others	-	86,572
	<u>\$ 10,547</u>	<u>\$ 106,002</u>

(30) Expenses by nature

	Year ended December 31,	
	2024	2023
Employee benefit expense	\$ 2,873,709	\$ 2,285,358
Depreciation on property, plant and equipment	136,103	106,550
Depreciation on right-of-use assets	68,965	70,205
Amortisation on intangible assets	127,087	89,248
	<u>\$ 3,205,864</u>	<u>\$ 2,551,361</u>

(31) Employee benefit expense

	Year ended December 31,	
	2024	2023
Wages and salaries	\$ 2,592,727	\$ 2,021,569
Labour and health insurance fees	113,397	110,291
Pension costs	92,409	82,575
Other personnel expenses	75,176	70,923
	<u>\$ 2,873,709</u>	<u>\$ 2,285,358</u>

A. In accordance with the amended Articles of Incorporation of the Company as approved by the shareholders on November 15, 2023, a ratio of the current year's pre-tax profit before deducting employees' compensation and directors' compensation, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be more than 1% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.

For the year ended December 31, 2024, employees' compensation and directors' remuneration of the Company were accrued at \$25,765 and \$25,765, respectively. The aforementioned

amounts were recognised in salary expenses. If the accrued amount differs from the actual appropriation amount resolved by the Board of Directors, the difference is recognised as profit or loss in the following year.

The employees' compensation and directors' remuneration were both estimated and accrued based on 1% of distributable profit of current year as of the end of reporting period.

Employees' compensation of 2023 as resolved by the Board of Directors on March 22, 2024 were in agreement with those amounts recognised in the 2023 financial statements.

- B. In accordance with the Articles of Incorporation of the Company's subsidiary, ILI TECHNOLOGY CORP., a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 0.01% for employees' compensation.

For the years ended December 31, 2024 and 2023, employees' compensation of the Company's subsidiary, ILI TECHNOLOGY CORP., was accrued at \$46,429 and \$2,044, respectively. The aforementioned amounts were recognised in salary expenses. If the accrued amount differs from the actual appropriation amount resolved by the Board of Directors, the difference is recognised as profit or loss in the following year.

The employees' compensation was both estimated and accrued based on 1.22% of distributable profit of current year as of the end of reporting period.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31,	
	2024	2023
Current income tax:		
Current income tax on profits for the year	\$ 381,063	\$ 329,237
Tax on undistributed earnings of subsidiaries	33,152	130,486
Prior year income tax under (over) estimate	83,688	( 34,071)
Total current income tax	497,903	425,652
Deferred income tax:		
Origination and reversal of temporary differences	621,573	88,404
Total deferred income tax	621,573	88,404
Income tax expense	\$ 1,119,476	\$ 514,056

- (b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	\$ 630	(\$ 54)

(c) The income tax charged/(credited) to equity during the year: None.

B. Reconciliation between income tax expense and accounting profit

	2024	2023
Income tax calculated based on income before tax(Note)	\$ 766,595	\$ 365,647
Expenses and losses disallowed by tax regulation	-	134
Effect from investment tax credits	( 32,600)	( 62,334)
Change in assessment of realisation of deferred tax assets	( 6,977)	( 16,951)
Prior year income tax under (over) estimate	83,688	( 34,071)
Tax on undistributed earnings of subsidiaries	33,152	130,486
Deferred tax liabilities of investment companies	275,618	131,145
Income tax expense	<u>\$ 1,119,476</u>	<u>\$ 514,056</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2024					
	January 1	Recognised in			Net current difference	December 31
		in profit or loss	other comprehensive income	Others		
— Deferred tax assets:						
Temporary differences:						
Unrealised loss on market price decline and obsolete and slow-moving inventories and others	\$ 192,250	(\$ 59,449)	\$ -	\$ -	\$ 29	\$ 132,830
Allowance for bad debts	5,834	-	-	-	-	5,834
Provisions	401,169	( 209,022)	-	-	-	192,147
Others	4,806	161	( 630)	-	-	4,337
	<u>\$ 604,059</u>	<u>(\$ 268,310)</u>	<u>(\$ 630)</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 335,148</u>
— Deferred tax liabilities:						
Unrealised (loss) gain on long-term investments	(\$ 148,382)	(\$ 277,068)	\$ -	\$ 129,694	\$ -	(\$ 295,756)
Unrealised exchange gain	( 75,363)	( 76,195)	-	-	-	( 151,558)
	<u>(\$ 223,745)</u>	<u>(\$ 353,263)</u>	<u>\$ -</u>	<u>\$ 129,694</u>	<u>\$ -</u>	<u>(\$ 447,314)</u>
	<u>\$ 380,314</u>	<u>(\$ 621,573)</u>	<u>(\$ 630)</u>	<u>\$ 129,694</u>	<u>\$ 29</u>	<u>(\$ 112,166)</u>

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive	December 31
– Deferred tax assets:				
Temporary differences:				
Unrealised loss on market price decline and obsolete and slow-moving inventories and others	\$ 196,691	(\$ 4,441)	\$ -	\$ 192,250
Allowance for bad debts	5,834	-	-	5,834
Provisions	403,130	( 1,961)	-	401,169
Others	225	4,527	54	4,806
	<u>\$ 605,880</u>	<u>(\$ 1,875)</u>	<u>\$ 54</u>	<u>\$ 604,059</u>
– Deferred tax liabilities:				
Unrealised (loss) gain on long-term investments	(\$ 17,023)	(\$ 131,359)	\$ -	(\$ 148,382)
Unrealised exchange gain	( 114,219)	38,856	-	( 75,363)
Others	( 5,974)	5,974	-	-
	<u>(\$ 137,216)</u>	<u>(\$ 86,529)</u>	<u>\$ -</u>	<u>(\$ 223,745)</u>
	<u>\$ 468,664</u>	<u>(\$ 88,404)</u>	<u>\$ 54</u>	<u>\$ 380,314</u>

D. Income tax of the Company's subsidiaries, ILI TECHNOLOGY CORP. and W1 TECHNOLOGY CO., LTD., returns through 2022 have been assessed and approved by the Tax Authority.

(33) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of common shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 2,249,289</u>	<u>401,083</u>	<u>\$ 5.61</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	2,249,289	401,083	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	470	
Employee restricted shares	-	6,428	
Profit attributable to common shareholders of the parent company	<u>\$ 2,249,289</u>	<u>407,981</u>	<u>\$ 5.51</u>

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of common shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 1,101,591	314,580	\$ 3.50
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	1,101,591	314,580	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	919	
Employee restricted shares	-	18,041	
Profit attributable to common shareholders of the parent company	\$ 1,101,591	333,540	\$ 3.30

(34) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31,	
	2024	2023
Acquisition of property, plant and equipment	\$ 191,933	\$ 126,761
Less: Opening balance of prepayments for equipment	( 7,889)	( 955)
Add: Ending balance of prepayments for equipment	-	7,889
Add: Opening balance of payable on equipment	22,207	16,350
Less: Ending balance of payable on equipment	( 31,647)	( 22,207)
Net exchange difference	( 25)	-
Others	1,863	-
Cash paid during the year	\$ 176,442	\$ 127,838

	Year ended December 31,	
	2024	2023
Acquisition of intangible assets	\$ 122,982	\$ 111,964
Add: Opening balance of payable on licensed technology	-	-
Less: Ending balance of payable on licensed technology	( 164)	-
Net exchange difference	554	-
Cash paid during the year	\$ 123,372	\$ 111,964

### (35) Changes in liabilities from financing activities

	2024			
	Short-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 900,000	\$ 56,902	\$ 1,577,569	\$ 2,534,471
Changes in cash flow from financing activities	( 900,000)	( 69,416)	( 552,549)	( 1,521,965)
Interest expense	-	1,385	-	1,385
Interest paid	-	( 1,385)	-	( 1,385)
Impact of changes in foreign exchange	-	-	17,562	17,562
Changes in other non-cash items	-	95,158	-	95,158
At December 31	<u>\$ -</u>	<u>\$ 82,644</u>	<u>\$ 1,042,582</u>	<u>\$ 82,644</u>

	2023				
	Short-term borrowings	Lease liability	Guarantee deposits received	Financial liabilities at amortised cost	Liabilities from financing activities-gross
At January 1	\$ 970,000	\$ 110,331	\$ 4,419,286	\$ 2,645,175	\$ 8,144,792
Changes in cash flow from financing activities	( 70,000)	( 71,201)	( 2,571,814)	( 2,731,747)	( 5,444,762)
Interest expense	-	1,478	-	-	1,478
Interest paid	-	( 1,478)	-	-	( 1,478)
Impact of changes in foreign exchange	-	-	( 269,903)	-	( 269,903)
Valuation adjustment	-	-	-	86,572	86,572
Changes in other non-cash items	-	17,772	-	-	17,772
At December 31	<u>\$ 900,000</u>	<u>\$ 56,902</u>	<u>\$ 1,577,569</u>	<u>\$ -</u>	<u>\$ 2,534,471</u>

### 7. Related Party Transactions

#### (1) Names of related parties and relationship

None.

#### (2) Significant related party transactions

None.

#### (3) Key management compensation

	Year ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 43,321	\$ 77,947
Post-employment benefits	216	216
Compensation costs of share-based payments	19,142	2,178
	<u>\$ 62,679</u>	<u>\$ 80,341</u>

### 8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- A. The Group entered into capacity reservation contracts with certain suppliers. According to the contracts, these suppliers shall provide agreed production capacity with the Group after prepayment by the Group. Please refer to Notes 6(7) and (19) for details.
- B. The Group entered into capacity reservation contracts with certain customers. According to the contracts, the Group shall provide agreed production capacity to these customers after collection of the Group. Please refer to Note 6(16) for details.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. Information about the appropriations of 2024 earnings of the Group is provided in Note 6(23) in the Group's consolidated financial statements.
- B. The Board of Directors of the Group's subsidiary, ILI TECHNOLOGY CORP., during its meeting on February 7, 2025 resolved to acquire operating assets and technology authorisation in relation to single-chip microcomputer timing controller (Discrete TCON) from MediaTek Inc. and MediaTek Singapore Pte. Ltd for US\$150,000 thousand.
- C. On February 14, 2025, the Group's subsidiary, ILI TECHNOLOGY CORP., completed the capital reduction amounting to \$1,700,000 thousand, retiring a total of 170,000 thousand shares. The capital reduction ratio was 83.49%.

12. Others

(1) Capital management

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

(2) Financial risks of financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 38,427	\$ 59,498
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 100,435	\$ 93,352
<u>Financial assets at amortised cost</u>		
Cash and cash equivalents	\$ 7,072,138	\$ 4,174,922
Financial assets at amortised cost	716,480	-
Accounts receivable	3,374,628	3,699,659
Finance lease receivable (including current and non-current)	-	134,283
Other receivables	81,971	76,380
Guarantee deposits paid (including current and non-current)	10,300,756	10,512,885
	\$ -	\$ -

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit	\$ 5,573	\$ -
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ -	\$ 900,000
Accounts payable	1,194,862	-
Other payable	3,431,339	-
Guarantee deposits received (including current and non-current)	1,042,582	1,577,569
	\$ 5,674,356	\$ 2,477,569
Lease liability	\$ 82,644	\$ 56,902

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and their recognised assets and liabilities, Group treasury sets the natural hedging as principle and monitors at any time to reduce its foreign exchange risk to zero. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 410,487	32.785	\$ 13,457,816
RMB:NTD	246,560	4.478	1,104,096
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 110,387	32.785	\$ 3,619,038
RMB:NTD	40,527	4.478	181,480
December 31, 2023			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 662,113	30.705	\$ 20,330,180
RMB:NTD	206,983	4.327	895,615
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 182,790	30.705	\$ 5,612,567
RMB:NTD	7,602	4.327	32,894

v. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to \$912,645 and \$143,910, respectively.

vi. The Group's foreign exchange risk is mainly affected by the exchange rate fluctuations of USD and RMB. Details of the sensitivity analysis are as follows:

If there is a 1% unfavourable change in the exchange rate of NTD against USD and RMB, the Group's net profit for the years ended December 31, 2024 and 2023 would have decreased by \$107,614 and \$155,803, respectively.

Price risk

i. The Group's financial assets/liabilities, which are exposed to price risk, are the held financial assets/liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

ii. The Group's investments comprise limited partnership and derivative instruments. The prices of financial assets would change due to the change of the future value of investee companies. If the prices of these financial assets had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$340 and \$595, respectively, as a result of gains/losses on financial instruments classified as at fair value through profit or loss. Other components of financial assets would have increased/decreased by \$1,004 and \$934, respectively, as a result of other comprehensive income classified as financial assets at fair value through other comprehensive income.

#### Cash flow interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the long-term and short-term borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$0 and \$1,800, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the counterparties on the contract obligations. The Group's credit risk mainly arises from accounts receivable and guarantee deposits paid generated from operating activities and bank deposits, fixed investment income and other financial instruments generated from investing activities.
- ii. Each unit of the Group follows the policies, procedures and controls of credit risk to manage credit risk. The credit risks of counterparties are assessed based on a comprehensive consideration of the factors, such as counterparties' financial position, credit ratings by credit institutions, historical transaction experiences, current economic environment and the Group's internal rating standards. The Group also applies certain credit enhancement tools at an appropriate time (such as collecting sales revenue in advance, etc.) to reduce credit risk of specific counterparties.
- iii. Group treasury manages the credit risk of bank deposits and other financial instruments based on the Company's credit policy. The Group has no significant credit risk as its counterparties, which are determined based on the internal control procedures, are banks and companies with optimal ratings.

- iv. Impairment assessment of credit risk on financial assets at amortised cost:
- (a) The Group adopts assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; the default occurs when the contract payments are past due over 90 days.
- (b) The Group used the forecastability to adjust historical and timely information and considered the credit rating of issue banks to estimate expected credit loss.
- (c) Guarantee deposits paid held by the Group mainly arose from the guarantee deposits paid for the capacity guarantee contracts that were entered into with suppliers. Such suppliers are all in optimal operating conditions and no past due has occurred in the past where guarantee deposits could not be returned according to the agreement. Consequently, no credit loss is expected and the impact to the financial statements is remote.
- v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

	Up to 30 days		31~60 days	61~90 days	91~120 days	Over 121 days	
	Not past due	past due	past due	past due	past due	past due	Total
<u>At December 31, 2024</u>							
Expected loss rate	0.02%	0.02%	0.02%	0.02%	0.02%	100%	
Total book value	\$ 2,734,077	\$ 553,878	\$ 86,216	\$ -	\$ 457	\$ 41,861	\$ 3,416,489
Loss allowance	\$ -	\$ 111	\$ 17	\$ -	\$ 0	\$ 41,861	\$ 41,989
	Up to 30 days		31~60 days	61~90 days	days	days	
	Not past due	past due	past due	past due	past due	past due	Total
<u>At December 31, 2023</u>							
Expected loss rate	0.02%	0.02%	0.02%	0.02%	0.02%	100%	
Total book value	\$ 3,066,773	\$ 643,576	\$ 97,046	\$ 26,433	\$ 114	\$ 47,420	\$ 3,881,362
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,420	\$ 47,420

- viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
At January 1	\$ 47,420	\$ 47,420
Reversal of impairment loss	( 5,559)	-
At December 31	\$ 41,861	\$ 47,420

(c) Liquidity risk

- i. The Group's objectives for managing liquidity risk are to ensure that the Group has sufficient liquidity to support the operating demand during the next 12 months. The Company meets its contract obligations based on proper capital and bank facilities. The table below summarises the contractual maturities regarding the payments of the Group's financial liabilities based on the earliest date on which repayment may be required. The amounts are prepared using undiscounted cash flows and include the agreed interest.
- ii. The Group has the following undrawn borrowing facilities.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 2,700,000	\$ 1,300,000

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

<u>Non-derivative financial liabilities</u>	<u>Less than 1 years</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years to 5 years</u>	<u>Total</u>
December 31, 2024				
Accounts payable	\$ 1,194,862	\$ -	\$ -	\$ 1,194,862
Other payables	3,431,339	-	-	3,431,339
Guarantee deposits received	724,069	318,513	-	1,042,582
Lease liabilities	58,401	14,241	11,520	84,162
<u>Non-derivative financial liabilities</u>	<u>Less than 1 years</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years to 5 years</u>	<u>Total</u>
December 31, 2023				
Short-term borrowings	\$ 902,691	\$ -	\$ -	\$ 902,691
Accounts payable	1,102,795	-	-	1,102,795
Other payables	3,798,225	-	-	3,798,225
Guarantee deposits received	839,402	736,215	1,952	1,577,569
Lease liabilities	43,041	13,140	1,500	57,681

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, lease payments receivable, other receivables, short-term borrowings, accounts payable, other payables and other financial liabilities are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2024 and 2023 are as follows:

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

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 38,427	\$ 38,427
Financial assets at fair value through other comprehensive income				
Limited partnership	\$ -	\$ -	\$ 100,435	\$ 100,435
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 5,573	\$ -	\$ 5,573
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 59,498	\$ 59,498
Financial assets at fair value through other comprehensive income				
Limited partnership	\$ -	\$ -	\$ 93,352	\$ 93,352

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The fair value of the Group's financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iii. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
At January 1	\$ 152,850	\$ 95,187
Gains (losses) recognised in other comprehensive income	7,083 (	7,958)
Gains recognised in profit or loss	216	-
Acquired during the year	28,713	65,621
Disposed during the year	( 50,000)	-
At December 31	<u>\$ 138,862</u>	<u>\$ 152,850</u>

- iv. The following is the qualitative information of significant unobservable inputs and sensitivity analysis to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Limited partnership	<u>\$ 138,862</u>	Net asset value	Not applicable	Not applicable	Not applicable
	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Limited partnership	<u>\$ 152,850</u>	Net asset value	Not applicable	Not applicable	Not applicable

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(15) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group's segment income (loss) is measured with revenue and profit after tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31,	
	2024	2023
Revenue from external customers	\$ 22,461,565	\$ 22,397,637
Segment profit	\$ 2,249,289	\$ 1,101,591
	December 31, 2024	December 31, 2023
Segment assets	\$ 27,228,840	\$ 25,623,924
Segment liabilities	\$ 7,628,944	\$ 10,073,124

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision-maker with respect to segment income (loss), total assets and liabilities are measured in a manner consistent with that of the Group's financial statements.

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 21,568,730	\$ 225,827	\$ 21,392,704	\$ 210,480
Taiwan	711,722	974,654	772,382	1,057,456
Others	181,113	-	232,551	-
	<u>\$ 22,461,565</u>	<u>\$ 1,200,481</u>	<u>\$ 22,397,637</u>	<u>\$ 1,267,936</u>

The Group's geographic revenue is presented separately based on the areas where sales incur.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Revenue	
	Year ended December 31,	
	2024	2023
D	\$ 3,083,640	Note
B	2,827,172	\$ 2,523,023
A	Note	2,974,484

Note: Revenue from the customer did not account for more than 10% of the consolidated net operating revenue.

ITH Corporation and subsidiaries  
Loans to others  
Year ended December 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance		Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					during the year ended December 31, 2024	Balance at December 31, 2024							Item	Value			
1	ILI TECHNOLOGY CORP.	ITH Corporation	Other receivables due from related parties	Yes	\$3,283,500 (USD 100,000,000)	\$1,180,260 (USD 36,000,000)	\$1,180,260 (USD 36,000,000)	5.35%~5.73%	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 8,152,829	\$ 8,152,829	(1) 40% of ILI TECHNOLOGY CORP.'s net assets as of December 31, 2024 (2) Ending balance of interest receivable of \$5,262

ITH Corporation and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

				As of December 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
ITH Corporation	Walden Technology Ventures IV, L.P. (Limited partnership)	None	Financial assets measured at fair value through other comprehensive income - non-current	-	\$100,435 (USD 3,063,441)	Not applicable	\$100,435 (USD 3,063,441)	-
ITH Corporation	Walden Technology Ventures IV, L.P. (Limited partnership)	None	Financial assets measured at fair value through profit or loss-non-current	-	38,427 (USD 1,172,094)	Not applicable	38,427 (USD 1,172,094)	-

ITH Corporation and subsidiaries  
Purchases or sales of goods from or to related parties reaching NTS\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ILI TECHNOLOGY CORP.	HEFEI HOWDI MICROELECTRONICS CO., LTD.	Parent-subsidiary company	Purchases	\$ 667,593	5.28%	30 days after monthly billings	Not applicable	Not applicable	\$ 27,950	2.34%	

ITH Corporation and subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 December 31, 2024

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ILI TECHNOLOGY CORP.	ITH Corporation	The Company's subsidiary	\$ 1,185,522	-	\$ -	-	\$ -	\$ -
HOWDI MICROELECTRONICS (SZ) LTD.	ILI TECHNOLOGY CORP.	The Company's subsidiary	147,771	4.03	-	-	74,740	-

ITH Corporation and subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2024

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ITH Corporation	ILI TECHNOLOGY CORP.	1	Other payables to related parties	\$ 1,185,522	-	4.35%
0	ITH Corporation	ILI TECHNOLOGY CORP.	1	Interest expense	157,475	-	0.70%
1	HOWDI MICROELECTRONICS (SZ) LTD.	GRANDA MICROELECTRONICS (XIAMEN) LTD.	3	Other payables to related parties	3,631	60 days after monthly billings	0.01%
1	HOWDI MICROELECTRONICS (SZ) LTD.	GRANDA MICROELECTRONICS (XIAMEN) LTD.	3	Professional service fees	25,283	Negotiated prices	0.11%
2	ILI TECHNOLOGY CORP.	HOWDI MICROELECTRONICS (SZ) LTD.	3	Other payables to related parties	147,771	90 days after monthly billings	0.54%
2	ILI TECHNOLOGY CORP.	HOWDI MICROELECTRONICS (SZ) LTD.	3	Professional service fees	515,640	Negotiated prices	2.30%
2	ILI TECHNOLOGY CORP.	HEFEI HOWDI MICROELECTRONICS CO., LTD.	3	Accounts payable to related parties	27,950	30 days after monthly billings	0.10%
2	ILI TECHNOLOGY CORP.	HEFEI HOWDI MICROELECTRONICS CO., LTD.	3	Purchases	667,593	30 days after monthly billings	2.97%
2	ILI TECHNOLOGY CORP.	W1 TECHNOLOGY CO., LTD.	3	Other payables to related parties	11,399	30 days after monthly billings	0.04%
2	ILI TECHNOLOGY CORP.	W1 TECHNOLOGY CO., LTD.	3	Professional service fees	222,584	Negotiated prices	0.99%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Counterparty related parties' transactions are not disclosed.

Note 4: Only amounts exceeding \$1 million will be disclosed.

ITH Corporation and subsidiaries  
Information on investees  
Year ended December 31, 2024

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
ITH Corporation	ILI TECHNOLOGY CORP.	Republic of China	Research, design and development of Driver IC	\$ 2,176,931	\$ 2,176,931	203,617,000	100%	\$ 20,417,617	\$ 2,931,945	\$ 2,933,992	-
ILI TECHNOLOGY CORP.	ILITEK Holding Inc.	British Virgin Islands	General investment business	399,927	399,927	13,050	100%	1,136,372	22,462	22,462	-
ILI TECHNOLOGY CORP.	W1 TECHNOLOGY CO., LTD.	Republic of China	Research, design and development of IC	10,000	10,000	-	100%	41,739	16,531	16,531	-

ITH Corporation and subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment (loss) income recognised by the Company for the year ended December 31, 2024 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
GRANDA MICROELECTRONICS (XIAMEN) LTD.	Sales of electronic products as well as consulting services and after-sale service of related technologies	\$ 176,850	1	\$ -	\$ -	\$ -	\$ -	(\$ 10,626)	100%	(\$ 10,626)	\$ 145,330	\$ -	-
HOWDI MICROELECTRONICS (SZ) LTD.	Sales of electronic products as well as consulting services and after-sale service of related technologies	1,316,297	2	398,475	-	-	398,475	28,192	100%	28,192	1,423,157	-	-
HEFEI HOWDI MICROELECTRONICS CO., LTD.	Sales of electronic products as well as consulting services and after-sale service of related technologies	220,202	3	-	-	-	-	( 54,798)	100%	( 54,798)	189,109	-	-
Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA											
\$ -	\$ -	\$ -											

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company (LITEK Holding Inc.) in the third area, which then invested in the investee in Mainland China.
- (3) Others (directly invest by HOWDI MICROELECTRONICS (SZ) LTD.)

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2024' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

ITH Corporation and subsidiaries  
Major shareholders information  
December 31, 2024

Table 8

Major shareholders	Shares	
	Number of shares held	Ownership (%)
Gaintech Co. Limited	53,889,085	10.94%
Nelpus Investments Limited	42,023,057	8.53%
Investment account of Black Crystal Limited under the custody of CTBC Bank	31,012,203	6.29%
Investment account of Lucky Sense Enterprises Limited under the custody of CTBC Bank	30,793,762	6.25%