

Leadtrend Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2025 and 2024 and Independent Auditors' Review Report

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Notice to Readers

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

Independent Auditors' Review Report

The Board of Directors and Shareholders
Leadtrend Technology Corporation

Introduction

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

Scope of Review

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

Conclusion

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

The engagement partners on the reviews resulting in this independent auditors' review report are Ya-Yun Chang and Ming-Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2025

Leadtrend Technology Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2025, December 31, 2024, and March 31, 2024
(In Thousands of New Taiwan Dollars)

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 542,636	26	\$ 493,439	24	\$ 409,923	22
1110	Financial assets at fair value through profit and loss - current (Note 7)	106,591	5	103,975	5	61,565	3
1170	Notes and accounts receivable (Note 9)	241,101	12	236,825	11	227,086	12
130X	Inventory (note 10)	666,943	32	709,100	34	633,156	34
1470	Other current assets (Note 15)	11,399	1	12,047	1	21,500	1
11XX	Total current assets	<u>1,568,670</u>	<u>76</u>	<u>1,555,386</u>	<u>75</u>	<u>1,353,230</u>	<u>72</u>
	Non-current assets						
1541	Financial assets at amortized cost-non-current (Note 8)	1,000	-	1,000	-	-	-
1600	Property, plant and equipment (Note 12)	458,121	22	462,119	22	480,426	26
1755	Right-of-use assets (Note 13)	31,399	2	34,656	2	19,814	1
1780	Intangible assets (Note 14)	9,187	-	7,130	-	10,638	1
1900	Other non-current assets (Note 15)	5,169	-	8,084	1	3,548	-
15XX	Total non-current assets	<u>504,876</u>	<u>24</u>	<u>512,989</u>	<u>25</u>	<u>514,426</u>	<u>28</u>
1XXX	Total assets	<u>\$2,073,546</u>	<u>100</u>	<u>\$2,068,375</u>	<u>100</u>	<u>\$1,867,656</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2170	Accounts payable	\$ 104,429	5	\$ 108,662	5	\$ 101,100	5
2200	Accrued compensation of employees and remuneration of directors (Note 22)	26,195	1	23,042	1	21,253	1
2230	Current tax liabilities (Note 4 and 23)	9,185	-	8,682	-	9,895	1
2280	Lease liabilities - current (Note 13)	13,146	1	12,989	1	10,094	1
2320	Long-term bank loan-current portion (Note 16)	14,583	1	10,208	1	-	-
2399	Other current liabilities (Note 17)	56,388	3	79,083	4	46,130	2
21XX	Total current liabilities	<u>223,926</u>	<u>11</u>	<u>242,666</u>	<u>12</u>	<u>188,472</u>	<u>10</u>
	Non-current liability						
2540	Long-term bank loans (Note 16)	20,417	1	24,792	1	-	-
2570	Deferred tax liabilities	369	-	335	-	374	-
2580	Lease liabilities - non-current (Note 13)	18,281	1	21,652	1	9,798	1
2645	Deposits received	13,484	-	13,138	1	4,482	-
25XX	Total non-current liabilities	<u>52,551</u>	<u>2</u>	<u>59,917</u>	<u>3</u>	<u>14,654</u>	<u>1</u>
2XXX	Total liabilities	<u>276,477</u>	<u>13</u>	<u>302,583</u>	<u>15</u>	<u>203,126</u>	<u>11</u>
	Equity (Notes 19 and 20)						
	Share capital						
3110	Common stock	604,316	29	604,421	29	589,003	31
	Capital surplus						
3210	Share premium	250,212	12	250,212	12	254,672	14
3251	Donations received from shareholders	84,732	4	84,732	4	84,732	4
3273	Restricted stock awards	60,581	3	61,218	3	49,645	3
3280	Others	131	-	131	-	132	-
	Retained earnings						
3310	Legal reserve	218,171	11	218,171	11	215,284	11
3320	Special reserve	786	-	786	-	-	-
3350	Unappropriated earnings	597,837	29	581,831	28	495,604	27
	Other equity						
3410	Exchange differences on translation of foreign financial statements	18,438	1	9,971	-	4,947	-
3491	Unearned compensation	(38,135)	(2)	(45,681)	(2)	(29,489)	(1)
3XXX	Total equity	<u>1,797,069</u>	<u>87</u>	<u>1,765,792</u>	<u>85</u>	<u>1,664,530</u>	<u>89</u>
	Total liabilities and equity	<u>\$2,073,546</u>	<u>100</u>	<u>\$2,068,375</u>	<u>100</u>	<u>\$1,867,656</u>	<u>100</u>

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

Leadtrend Technology Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the three months ended March 31			
Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues (Note 21)	\$ 344,790	100	\$ 311,084	100
5110	Operating costs (Notes 10, 18 and 22)	<u>220,663</u>	<u>64</u>	<u>193,672</u>	<u>63</u>
5900	Operating margin	<u>124,127</u>	<u>36</u>	<u>117,412</u>	<u>37</u>
	Operating expenses (Notes 18 and 22)				
6100	Selling expenses	14,401	4	18,545	6
6200	Administrative expenses	28,630	8	33,020	11
6300	Research and development expenses	<u>69,063</u>	<u>20</u>	<u>63,924</u>	<u>20</u>
6000	Total operating expenses	<u>112,094</u>	<u>32</u>	<u>115,489</u>	<u>37</u>
6900	Net operating income	<u>12,033</u>	<u>4</u>	<u>1,923</u>	<u>-</u>
	Non-operating income and expenses (Note 22)				
7100	Interest income	1,742	1	1,286	-
7010	Other Income	1,249	-	1,500	1
7020	Other gains and losses	4,201	1	5,751	2
7050	Finance costs	(<u>213</u>)	<u>-</u>	(<u>109</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>6,979</u>	<u>2</u>	<u>8,428</u>	<u>3</u>
7900	Income before tax	19,012	6	10,351	3
7950	Income tax expense (Notes 4 and 23)	<u>3,006</u>	<u>1</u>	<u>-</u>	<u>-</u>
8200	Net income	16,006	5	10,351	3
	Other comprehensive income and loss				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 19)	<u>8,467</u>	<u>2</u>	<u>5,733</u>	<u>2</u>
8500	Total Comprehensive Income	<u>\$ 24,473</u>	<u>7</u>	<u>\$ 16,084</u>	<u>5</u>
	Earing Per Share (NTD, Note 24)				
9750	Basic earnings per share	<u>\$ 0.27</u>		<u>\$ 0.18</u>	
9850	Diluted earnings per share	<u>\$ 0.27</u>		<u>\$ 0.17</u>	

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

Leadtrend Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Code		Share capital - common stock		Capital surplus				Retained earnings				Other equity		Total equity
		Shares (In Thousands)	Amount	Share premium	Donations received from shareholders	Restricted stock award	Others	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unearned compensation	
A1	Balance at January 1, 2024	58,918	\$ 589,178	\$ 254,672	\$ 84,732	\$ 50,306	\$ 125	\$ 215,284	\$ -	\$ 485,253	\$ 700,537	(\$ 786)	(\$ 35,803)	\$1,642,961
C17	Changes in other capital surplus	-	-	-	-	-	7	-	-	-	-	-	-	7
D1	Net income for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	10,351	10,351	-	-	10,351
D3	Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	-	-	5,733	-	5,733
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	10,351	10,351	5,733	-	16,084
N1	Cancellation of restricted stock award shares	(18)	(175)	-	-	175	-	-	-	-	-	-	-	-
N1	Compensation cost on restricted stock award shares	-	-	-	-	(836)	-	-	-	-	-	-	6,314	5,478
Z1	Balance at March 31, 2024	58,900	\$ 589,003	\$ 254,672	\$ 84,732	\$ 49,645	\$ 132	\$ 215,284	\$ -	\$ 495,604	\$ 710,888	\$ 4,947	(\$ 29,489)	\$1,664,530
A1	Balance at January 1, 2025	60,442	\$ 604,421	\$ 250,212	\$ 84,732	\$ 61,218	\$ 131	\$ 218,171	\$ 786	\$ 581,831	\$ 800,788	\$ 9,971	(\$ 45,681)	\$1,765,792
D1	Net income for the three months ended March 31, 2025	-	-	-	-	-	-	-	-	16,006	16,006	-	-	16,006
D3	Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	-	-	-	-	8,467	-	8,467
D5	Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	-	-	16,006	16,006	8,467	-	24,473
N1	Cancellation of restricted stock award shares	(10)	(105)	-	-	105	-	-	-	-	-	-	-	-
N1	Compensation cost on restricted stock award shares	-	-	-	-	(742)	-	-	-	-	-	-	7,546	6,804
Z1	Balance at March 31, 2025	60,432	\$ 604,316	\$ 250,212	\$ 84,732	\$ 60,581	\$ 131	\$ 218,171	\$ 786	\$ 597,837	\$ 816,794	\$ 18,438	(\$ 38,135)	\$1,797,069

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

Leadtrend Technology Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

		For the three months ended March 31	
Code		2025	2024
	Cash flow from operating activities		
A10000	Income before tax	\$ 19,012	\$ 10,351
A20010	Adjustments for:		
A20100	Depreciation expense	17,763	19,590
A20200	Amortization expense	1,837	1,898
A20400	Net gain on financial assets at fair value through profit or loss	(405)	(413)
A20900	Finance costs	213	109
A21200	Interest income	(1,742)	(1,286)
A21900	Compensation cost on restricted stock award shares	6,804	5,478
A22500	Loss on disposal of property, plant and equipment	1	7
A23700	Write-down of inventories	4,704	1,657
A24100	Unrealized foreign exchange gain	(4,807)	(5,063)
A30000	Net changes in operating assets and liabilities		
A31150	Notes and accounts receivable	(4,130)	(29,586)
A31200	Inventories	37,453	(27,058)
A31240	Other current assets	984	(2,316)
A32150	Accounts payable	(4,146)	(8,905)
A32180	Accrued compensation of employees and remuneration of directors	3,153	2,038
A32230	Other current liabilities	(21,263)	(29,593)
A33000	Cash generated from operations	55,431	(63,092)
A33300	Interest paid	(213)	(109)
A33500	Income tax paid	(2,526)	(34)
AAAA	Net cash flow from operating activities	<u>52,692</u>	<u>(63,235)</u>
	Cash flow from investment activities		
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	24,244
B02700	Acquisition of property, plant and equipment	(10,436)	(13,465)
B03700	Increase in refundable deposits	(22)	(23)
B04500	Acquisition of intangible assets	(1,327)	(1,246)
B07500	Interest received	<u>1,463</u>	<u>1,312</u>
BBBB	Net cash flow from investment activities	<u>(10,322)</u>	<u>10,822</u>

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Code		For the three months ended March 31	
		2025	2024
	Cash flows from financing activities		
C03000	Increase in deposits received	\$ 346	\$ 3,622
C04020	Repayment of the principal portion of lease liabilities	(3,354)	(3,727)
C09900	Other financing activities	<u>-</u>	<u>7</u>
CCCC	Net cash flows to financing activities	(<u>3,008</u>)	(<u>98</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>9,835</u>	<u>4,689</u>
EEEE	Net increase (decrease) in cash and cash equivalents	49,197	(47,822)
E00100	Cash and cash equivalents at beginning of the period	<u>493,439</u>	<u>457,745</u>
E00200	Cash and cash equivalents at end of the period	<u>\$ 542,636</u>	<u>\$ 409,923</u>

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

Leadtrend Technology Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. History of Company

Leadtrend Technology Corporation (the "Company") was established on September 18, 2002, approved by the Ministry of Economic Affairs. It mainly engages in research, development, production, manufacturing, and sales of analog integrated circuits.

The Company offered its shares at the Taiwan Stock Exchange on August 14, 2009.

These consolidated financial statements of the Company are expressed in the Company's functional currency - New Taiwan Dollar.

2. Date and Procedure of Adopting Financial Statements

These consolidated financial statements were approved and issued by the Board of directors on May 8, 2025.

3. Applicability of New and Amended Standards and Interpretations

- (1) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Notices (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as "IFRSs") as applied initially.

- Amendments to IAS21 "Lack of Exchangeability"

Application of the IAS21 "Lack of Exchangeability" does not cause any significant change in accounting policies of Company and its subsidiaries (hereinafter referred to as the "Company").

- (2) IFRS approved by the Financial Supervisory Commission applicable in 2026.

Standards Published / Amended / Revised and Interpretations	Effective date of IASB issued
The amendment to IFRS 9 and IFRS 7, titled "Amendments to Classification and Measurement of Financial Instruments", includes revisions to the application guidance for financial asset classification.	January 1, 2026 (Note 1)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2026. Companies may also opt for early adoption starting January 1, 2025.

As of the date of approval and issuance of this consolidated financial report, the Company is still in the process of assessing the impact of this amendment on its financial position and performance.

(3) IFRSs issued by IASB but not approved and issued by FSC.

Newly issued/amended/revised criteria and interpretations	Effective date of IASB issued (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	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 publicly accountable: Disclosure"	January 1, 2027

Note 1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes introduced by the new standard include:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present subtotals and totals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar

characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.

- When engaging in public communications outside the financial statements and conveying management’s perspective on a specific aspect of the Company’s overall financial performance to financial statement users, the Company shall disclose management-defined performance measures in a single financial statement note, including a description of the measure, how the measure is calculated, its reconciliation with IFRS-defined subtotals or totals, and the income tax and non-controlling interest impact of the related adjustment items.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Material Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all required disclosures for a complete set of annual consolidated financial statements prepared under the IFRSs accounting standards.

(2) Basis of Consolidation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

Fair value measurement is classified as Levels 1 through Level 3 according to the observable degree and importance of relevant input values:

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

(3) Basis of Consolidation

These consolidated financial statements cover the financial statements of the Company and the entities under its control (i.e. subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those of the Company. In the preparation of consolidated

financial statements, all transactions between individual affiliates, account balances, gains and losses have been wiped out.

Please refer to Notes 11 and 30 for details on the subsidiaries, shareholding ratios and operating items.

(4) Other material accounting policies

Except for the following, please refer to the summary of significant accounting policies in the Company's consolidated financial statements for the year ended December 31, 2024.

Income Tax Expense

Income tax expense is the sum of current income tax and deferred income tax. Interim period income tax is assessed on an annual basis and calculated by applying the estimated annual effective tax rate to the interim pre-tax profit.

5. Material Accounting Judgments and Key Sources of Estimation Uncertainty

Refer to the consolidated financial statements for the year ended December 31, 2024 for the material.

6. Cash and Cash Equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Checking accounts and demand deposits	\$ 156,940	\$ 88,356	\$ 54,159
Foreign currency deposits	42,389	61,635	43,949
Petty cash and cash on hand	407	548	515
Cash equivalents			
Time deposits	<u>342,900</u>	<u>342,900</u>	<u>311,300</u>
	<u>\$ 542,636</u>	<u>\$ 493,439</u>	<u>\$ 409,923</u>

The interest rate for cash and equivalent cash at the balance sheet date ranges as follows :

	March 31, 2025	December 31, 2024	March 31, 2024
Bank deposits	0.03%~3.00%	0.00%~3.30%	0.05%~3.93%

7. Financial Assets at Fair Value Through Profit or Loss

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial Assets - Current</u>			
Mandatorily measured at fair value through profit and loss			
Non-derivative financial assets			
-Fund beneficiary certificate	<u>\$ 106,591</u>	<u>\$ 103,975</u>	<u>\$ 61,565</u>

8. Financial Assets at Amortized Cost

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-Current</u>			
Domestic Investment Bond Investment			
- P12 TSMC 2A	\$ 1,000	\$ 1,000	\$ -

On December 20, 2024, the Company purchased corporate bonds issued by Taiwan Semiconductor Manufacturing Company Limited with a face value of \$1,000 thousand. The bonds will mature on May 3, 2028, with an effective interest rate of 1.60%.

For information on credit risk management and expected credit loss assessment related to financial assets measured at amortized cost, please refer to Note 26.

9. Notes and Accounts Receivable

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 48,785	\$ 49,713	\$ 46,625
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 192,316	\$ 187,112	\$ 180,461

The Company's average credit period for merchandise sales is 30 to 60 days per month, and accounts receivable are interest-free. The Company will use other publicly available financial information and historical transaction histories to grade major customers. The Company continuously monitors credit risks and the credit ratings of the other trading party. To mitigate credit risks, the management of the Company assigns a dedicated team to determine credit lines, approve credit lines and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been included in unrecoverable receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes allowance losses for accounts receivable on the basis of expected credit losses during the duration of existence. The expected credit loss during the life period is calculated using the reserve matrix, which takes into account the customer's past default record and the current financial position and industrial economic situation. As the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the reserve matrix does not further distinguish between customer groups and only sets the expected credit loss rate based on the overdue days of accounts receivable.

If there is evidence that the other trading party is in serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, as the amount recovered will be recognized as profit or loss.

Refer to the table below for an aging analysis of accounts receivable at the end of the reporting period.

Aging analysis of net accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
No overdue nor derogation	<u>\$ 192,316</u>	<u>\$ 187,112</u>	<u>\$ 180,461</u>

10. Inventory

	March 31, 2025	December 31, 2024	March 31, 2024
Finished goods	\$ 128,318	\$ 102,301	\$ 77,720
Work in process	404,266	430,721	387,754
Raw materials	<u>134,359</u>	<u>176,078</u>	<u>167,682</u>
	<u>\$ 666,943</u>	<u>\$ 709,100</u>	<u>\$ 633,156</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024 were \$220,663 thousand and \$193,672 thousand, respectively.

The cost of goods sold included inventory write-downs of \$4,704 thousand and \$1,657 thousand for the three months ended March 31, 2025 and 2024, respectively.

11. Subsidiary

(1) Subsidiaries incorporated into consolidated financial statements

The subjects incorporated into preparation of these consolidated financial statements are listed below:

Investor	Investee	Nature of activities	Proportion of Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
Leadtrend Technology Corporation	Leadtrend Technology (Shenzhen) Ltd. ("Leadtrend Shenzhen")	Computer software design service, computer system integration service, wholesale of integrated circuits and related electronic products, and agent import and export business activities.	100%	100%	100%	-

12. Property, Plant and Equipment

	March 31, 2025	December 31, 2024	March 31, 2024
Assets used by the Company	\$ 443,970	\$ 462,119	\$ 462,228
Assets subject to operating leases	<u>14,151</u>	<u>-</u>	<u>18,198</u>
	<u>\$ 458,121</u>	<u>\$ 462,119</u>	<u>\$ 480,426</u>

(1) Assets used by the Company

	Land	Buildings	R&D equipment	Office equipment	Molding equipment	Leasehold Improvements	Mask	Total
<u>Cost</u>								
Balance at January 1, 2025	\$ 84,099	\$342,540	\$292,375	\$ 39,679	\$ 33,440	\$ 28,581	\$275,204	\$1,095,918
Transfers to assets subject to operating leases	(3,415)	(12,814)	-	-	-	-	-	(16,229)
Additions	-	523	2,076	97	393	-	6,285	9,374
Disposals	-	-	(126)	(55)	-	-	-	(181)
Effect of exchange rate changes	-	943	277	94	143	80	-	1,537
Balance at March 31, 2025	<u>\$ 80,684</u>	<u>\$331,192</u>	<u>\$294,602</u>	<u>\$ 39,815</u>	<u>\$ 33,976</u>	<u>\$ 28,661</u>	<u>\$281,489</u>	<u>\$1,090,419</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2025	\$ -	\$ 73,784	\$ 234,615	\$ 33,635	\$ 28,060	\$ 22,433	\$ 241,272	\$ 633,799
Transfers to assets subject to operating leases	-	(2,014)	-	-	-	-	-	(2,014)
Additions	-	2,693	5,232	754	645	518	4,466	14,308
Disposals	-	-	(126)	(54)	-	-	-	(180)
Effect of exchange rate changes	-	126	200	83	47	80	-	536
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 74,589</u>	<u>\$ 239,921</u>	<u>\$ 34,418</u>	<u>\$ 28,752</u>	<u>\$ 23,031</u>	<u>\$ 245,738</u>	<u>\$ 646,449</u>
Carrying amount at March 31, 2025	<u>\$ 80,684</u>	<u>\$ 256,603</u>	<u>\$ 54,681</u>	<u>\$ 5,397</u>	<u>\$ 5,224</u>	<u>\$ 5,630</u>	<u>\$ 35,751</u>	<u>\$ 443,970</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 84,099</u>	<u>\$ 268,756</u>	<u>\$ 57,760</u>	<u>\$ 6,044</u>	<u>\$ 5,380</u>	<u>\$ 6,148</u>	<u>\$ 33,932</u>	<u>\$ 462,119</u>
<u>Cost</u>								
Balance at January 1, 2024	\$ 84,099	\$ 341,041	\$ 291,902	\$ 36,144	\$ 28,168	\$ 24,732	\$ 245,857	\$ 1,051,943
Transfers to assets subject to operating leases	(4,314)	(16,186)	-	-	-	-	-	(20,500)
Additions	-	-	436	-	5,137	3,476	8,936	17,985
Disposals	-	-	(1,218)	(271)	-	-	-	(1,489)
Effect of exchange rate changes	-	804	243	75	29	69	-	1,220
Balance at March 31, 2024	<u>\$ 79,785</u>	<u>\$ 325,659</u>	<u>\$ 291,363</u>	<u>\$ 35,948</u>	<u>\$ 33,334</u>	<u>\$ 28,277</u>	<u>\$ 254,793</u>	<u>\$ 1,049,159</u>

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	Land	Buildings	R&D equipment	Office equipment	Molding equipment	Leasehold Improvements	Mask	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 62,689	\$ 213,209	\$ 30,793	\$ 25,474	\$ 20,357	\$ 221,459	\$ 573,981
Transfers to assets subject to operating leases	- (2,221)		-	-	-	-	- (2,221)	
Additions	-	2,649	6,129	800	571	416	5,718	16,283
Disposals	-	-	(1,218)	(264)	-	-	- (1,482)	
Effect of exchange rate changes	-	74	157	66	4	69	-	370
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 63,191</u>	<u>\$ 218,277</u>	<u>\$ 31,395</u>	<u>\$ 26,049</u>	<u>\$ 20,842</u>	<u>\$ 227,177</u>	<u>\$ 586,931</u>
Carrying amounts at March 31, 2024	<u>\$ 79,785</u>	<u>\$ 262,468</u>	<u>\$ 73,086</u>	<u>\$ 4,553</u>	<u>\$ 7,285</u>	<u>\$ 7,435</u>	<u>\$ 27,616</u>	<u>\$ 462,228</u>

No impairment losses were recognized or reversed for the three months ended March 31, 2025 and 2024.

(2) Assets subject to operating leases

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2025	\$ -	\$ -	\$ -
Transfers from assets used by the Company	<u>3,415</u>	<u>12,814</u>	<u>16,229</u>
Balance at March 31, 2025	<u>\$ 3,415</u>	<u>\$ 12,814</u>	<u>\$ 16,229</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2025	\$ -	\$ -	\$ -
Transfers from assets used by the Company	-	2,014	2,014
Depreciation	<u>-</u>	<u>64</u>	<u>64</u>
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 2,078</u>	<u>\$ 2,078</u>
Carrying amounts at March 31, 2025	<u>\$ 3,415</u>	<u>\$ 10,736</u>	<u>\$ 14,151</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Transfers from assets used by the Company	<u>4,314</u>	<u>16,186</u>	<u>20,500</u>
Carrying amounts at March 31, 2024	<u>\$ 4,314</u>	<u>\$ 16,186</u>	<u>\$ 20,500</u>

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	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Transfers from assets used by the Company	-	2,221	2,221
Depreciation	<u>-</u>	<u>81</u>	<u>81</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 2,302</u>	<u>\$ 2,302</u>

Carrying amounts at March 31, 2024	<u>\$ 4,314</u>	<u>\$ 13,884</u>	<u>\$ 18,198</u>
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The Company leases parking spaces on an operating lease basis, with a lease period of one year. All operating lease contracts include a clause that the lessee will adjust the rent based on the market rent when exercising the right to renew the lease. The lessee does not have preferential purchase rights for the asset at the end of the lease period.

Depreciation costs are calculated on a straight-line basis for the following service life:

	Assets used by the Company	Assets subject to operating leases
Buildings	10 ~ 50 years	50 years
R&D equipment	2 ~ 8 years	-
Office equipment	4 ~ 9 years	-
Molding equipment	3 years	-
Leasehold Improvements	2 ~ 6 years	-
Mask	2 ~ 3 years	-

13. Lease Agreements

(1) Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amounts of right-of-use assets			
Buildings	<u>\$ 31,399</u>	<u>\$ 34,656</u>	<u>\$ 19,814</u>

	For the three months ended March 31	
	2025	2024
Additions to right-of-use asset	<u>\$ -</u>	<u>\$ 2,143</u>
Depreciation expense of right-of-use assets		
Buildings	<u>\$ 3,391</u>	<u>\$ 3,226</u>

Besides the additions and depreciation disclosed above, there was no significant sublease transactions and indication of impairment for the three months ended March 31, 2025 and 2024.

(2) Lease liability

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amounts of lease liabilities			
Current	<u>\$ 13,146</u>	<u>\$ 12,989</u>	<u>\$ 10,094</u>
Non-Current	<u>\$ 18,281</u>	<u>\$ 21,652</u>	<u>\$ 9,798</u>

The discount rate for lease liabilities ranges as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Buildings	1.96%~2.24%	1.96%~2.24%	1.96%~2.10%

(3) Major leasing activities and terms

The Company has leased several buildings for office use for 3~5 years. At the end of the lease term, the Company has no preferential right to purchase the leased land and buildings and agrees that the Company shall not sublease or transfer all or part of the leased property without the prior consent of the Lessor.

(4) Other Lease Information

	For the three months ended March 31	
	2025	2024
Short-term lease charges	<u>\$ 171</u>	<u>\$ 145</u>
Low-value asset leasing costs	<u>\$ 13</u>	<u>\$ 6</u>
Total cash (outflow) from leases	<u>(\$ 3,721)</u>	<u>(\$ 3,987)</u>

The Company chooses to apply the recognition exemption to office equipment that qualifies as short-term lease and office equipment that qualifies as low-value asset lease, and doesn't recognize related right-of-use assets and lease liabilities for these leases.

14. Intangible Assets

	Computer Software	Specialized Technology	Right of Patent	Others	Total
<u>Cost</u>					
Balance at January 1, 2025	\$ 103,851	\$ 34,688	\$ 8,383	\$ 2,922	\$ 149,844
Additions	1,327	2,567	-	-	3,894
Effect of exchange rate changes	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance at March 31, 2025	<u>\$ 105,180</u>	<u>\$ 37,255</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 153,740</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2025	\$ 100,108	\$ 34,584	\$ 5,100	\$ 2,922	\$ 142,714
Additions	1,097	531	209	-	1,837
Effect of exchange rate changes	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance at March 31, 2025	<u>\$ 101,207</u>	<u>\$ 35,115</u>	<u>\$ 5,309</u>	<u>\$ 2,922</u>	<u>\$ 144,553</u>
Carrying amounts at March 31, 2025	<u>\$ 3,973</u>	<u>\$ 2,140</u>	<u>\$ 3,074</u>	<u>\$ -</u>	<u>\$ 9,187</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 3,743</u>	<u>\$ 104</u>	<u>\$ 3,283</u>	<u>\$ -</u>	<u>\$ 7,130</u>
<u>Cost</u>					
Balance at January 1, 2024	\$ 102,517	\$ 33,434	\$ 8,383	\$ 2,922	\$ 147,256
Additions	<u>150</u>	<u>1,254</u>	<u>-</u>	<u>-</u>	<u>1,404</u>
Balance at March 31, 2024	<u>\$ 102,667</u>	<u>\$ 34,688</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 148,660</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2024	\$ 95,961	\$ 32,979	\$ 4,262	\$ 2,922	\$ 136,124
Additions	<u>1,025</u>	<u>664</u>	<u>209</u>	<u>-</u>	<u>1,898</u>
Balance at March 31, 2024	<u>\$ 96,986</u>	<u>\$ 33,643</u>	<u>\$ 4,471</u>	<u>\$ 2,922</u>	<u>\$ 138,022</u>
Carrying amounts at March 31, 2024	<u>\$ 5,681</u>	<u>\$ 1,045</u>	<u>\$ 3,912</u>	<u>\$ -</u>	<u>\$ 10,638</u>

Intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	3~6 years
Specialized technology	5 years
Right of patent	10 years
Other	3 ~ 5 years

An analysis of amortization expense by function:

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
An analysis of amortization expense by function		
Operating costs	\$ 253	\$ 253
Selling expenses	11	11
Administrative expenses	930	882
Research and development expenses	<u>643</u>	<u>752</u>
	<u>\$ 1,837</u>	<u>\$ 1,898</u>

15. Other Assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Current</u>			
Payment in advance	\$ 2,215	\$ 2,691	\$ 4,496
Temporary payments	735	3,803	492
Tax refund receivable	225	1,321	1,732
Tax retained	-	-	7,284
Others	<u>8,224</u>	<u>4,232</u>	<u>7,496</u>
	<u>\$ 11,399</u>	<u>\$ 12,047</u>	<u>\$ 21,500</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Non-Current</u>			
Refundable deposits	\$ 3,685	\$ 3,663	\$ 3,506
Prepayment for equipment	1,484	1,854	42
Prepaid patent rights	<u>-</u>	<u>2,567</u>	<u>-</u>
	<u>\$ 5,169</u>	<u>\$ 8,084</u>	<u>\$ 3,548</u>

16. Loan

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured borrowing</u>			
Bank loan (Note1)	\$ 35,000	\$ 35,000	\$ -
Less : Current portion	(14,583)	(10,208)	-
Long-term Loans	<u>\$ 20,417</u>	<u>\$ 24,792</u>	<u>\$ -</u>

Note 1: The bank loan is a government preferential interest loan under the Guidelines for Project Loans to Assist SMEs in Low-Carbon and Smart Transformation, as well as Optimization of Infrastructure for Registered and Specific Factories' initiated by the Ministry of Economic Affairs. The subsidy period is one year, with maturities gradually due before May 2027. The loan interest rate is calculated as the bank loan rate of 2.22% minus the government subsidy rate of 1.72%, resulting in a net borrowing rate of 0.5%.

17. Other Current Liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Bonuses payable	\$ 24,358	\$ 46,946	\$ 11,165
Unpaid leave benefits payable	5,957	6,442	4,424
Insurance premium payable	4,035	3,864	3,876
Labor expenses payable	3,751	4,073	3,791
Equipment payment payable	2,167	3,599	298
Others	<u>16,120</u>	<u>14,159</u>	<u>22,576</u>
	<u>\$ 56,388</u>	<u>\$ 79,083</u>	<u>\$ 46,130</u>

18. Retirement Benefit Plans

(1) Defined contribution plan

The Company's applicable pension program under the Workers' Pensions Ordinance is a defined-contribution retirement scheme administered by the government, which contributes 6% of an employee's monthly salary to the individual account of the Workers' Insurance Bureau. In addition, the basic pension premium paid by Leadtrend Shenzhen under the government management fund program shall be recognized as the current annual expense at the time of provision. Subject to the above relevant provisions, the amounts recognized as expenses in the consolidated income statement of the Company were \$2,751 thousand and \$2,682 thousand for the three months ended March 31, 2025 and 2024, respectively.

19. Equity

(1) Capital stock

Common stock

	March 31, 2025	December 31, 2024	March 31, 2024
Rated number of shares (thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized stock	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Number of shares issued and fully paid up (thousands)	<u>60,432</u>	<u>60,442</u>	<u>58,900</u>
Issued share capital	<u>\$ 604,316</u>	<u>\$ 604,421</u>	<u>\$ 589,003</u>

For each share of the common stock of the Company, with a face value of \$10 per share, the holder is entitled to one vote and the right to receive dividends.

The capital stock reserved for the issuance of employee stock warrants out of the rated capital stock is 7,800 thousand shares.

(2) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Used to cover losses, release cash or allocate capital stock (1)</u>			
Share premium (including exercised or lapsed employee stock options)	\$ 250,212	\$ 250,212	\$ 254,672
Donations received from shareholders (2)	84,732	84,732	84,732
<u>Used only to cover losses</u>			
Other	131	131	132
<u>Not used for any purpose</u>			
Restricted stock award shares	<u>60,581</u>	<u>61,218</u>	<u>49,645</u>
	<u>\$ 395,656</u>	<u>\$ 396,293</u>	<u>\$ 389,181</u>

1) Such capital reserves may be used to cover losses or, if the Company has no losses, to issue cash or to make up capital stock, subject to a certain percentage of the paid-in capital stock each year.

2) Donations in cash from Delaware Asia Pacific Investment Company.

(3) Retained earnings and dividend policy

In accordance with the earnings distribution policy of the Articles of Association of the Company, if there is any net profit after tax in the current period in the general accounts of each year, it shall be distributed in the following order:

- 1) Making good of accumulated loss (including adjustment of the amount of undistributed earnings).
- 2) To provision 10% of the statutory surplus reserve, unless such surplus reserves have reached the amount of the Company's paid-in capital.
- 3) To provision or reverse special surplus reserves as required by law or the regulatory authority.
- 4) Any other surpluses, together with undistributed surplus at the beginning of the period (including adjusted amount of undistributed surplus), shall be subject to a resolution on distribution proposed by the board of directors, or be proposed to the board of shareholders for resolution on distribution if it is distributed by issuing new shares.

The Company shall distribute all or part of dividends and dividends or statutory surplus reserves and capital reserves, in the form of cash, by authorizing the Board of Directors to report to the shareholders' meeting with the consent of more than two-thirds of the directors present and more than half of the directors present.

For the remuneration allocation policy in the Articles of Association of the Company, refer to Note 22 (7) Remuneration of employees and directors.

The distribution of dividends of the Company shall be based on the current year's earnings. As per the principle of dividend stability, the distribution ratio shall not be less than 30% of the current year's after-tax earnings, and the annual cash dividend shall not be less than 10% of the total cash and stock dividends of the current year.

The statutory surplus reserve shall be withdrawn till the balance reaches the total amount of paid-in capital stock of the Company. Statutory surplus reserves may be used to cover losses. When the Company has no loss, the portion of the statutory surplus reserve exceeding 25% of the total paid-up capital stock can be distributed in cash in addition to increasing capital stock.

The Company's earnings distribution plans for 2023 and 2022 are as follows:

	2024	2023
Allocated legal reserve	<u>\$ 11,189</u>	<u>\$ 2,887</u>
(Revised) Allocated Special reserve	<u>(\$ 786)</u>	<u>\$ 786</u>
Cash dividends	<u>\$47,623</u>	<u>\$ -</u>
Stock dividends	<u>\$ 11,906</u>	<u>\$ 11,638</u>
Cash dividends per share (NTD)	\$ 0.800	\$ -
Stock dividends per share (NTD)	\$ 0.200	\$ 0.200

In addition, on April 10, 2025, the board of directors of the Company decided to distribute cash dividends of \$23,812 thousand (\$0.4 per share) from the capital surplus of 2024. Besides the cash dividends, the remaining surplus distribution items were also decided at the regular meeting of shareholders on May 29, 2025.

On April 10, 2025, the board of directors of the Company decided to distribute cash dividends of \$23,275 thousand (\$0.4 per share) from the capital reserves of 2023. Besides the cash dividends, the remaining surplus distribution items were also decided at the regular meeting of shareholders on May 28, 2024.

(4) Other equity

1) Exchange differences on translation of foreign financial statements

	For the three months ended March 31	
	2025	2024
Balance, beginning of the period	<u>\$ 9,971</u>	<u>(\$ 786)</u>
Recognized for the period		
Exchange differences on translation of foreign financial statements	<u>8,467</u>	<u>5,733</u>
Other comprehensive gains and losses in current period	<u>8,467</u>	<u>5,733</u>
Balance, end of the period	<u>\$ 18,438</u>	<u>\$ 4,947</u>

The relevant exchange difference resulting from the conversion of the net assets of the foreign operators from its functional currency to the Company's expressed currency (i.e., New Taiwan dollar) is the exchange difference directly recognized as the conversion of the financial statements of the foreign operating institution under other comprehensive income and loss items. The previously accumulated conversion difference in the financial statements of the foreign operators shall be reclassified to profit or loss when disposed of by the foreign operators.

2) Unearned employee benefits

The Board of Shareholders of the Company decided on May 28, 2024, June 13, 2023, June 9, 2022 and June 23, 2020 respectively to issue the restricted stock award shares, please refer to Note 20.

	For the three months ended March 31	
	2025	2024
Balance, beginning of the period	<u>(\$ 45,681)</u>	<u>(\$ 35,803)</u>
Share-based payment expenses recognized	6,804	5,478
Cancellation of restricted stock award shares in current period	<u>742</u>	<u>836</u>
Balance, end of the period	<u>(\$ 38,135)</u>	<u>(\$ 29,489)</u>

20. Share-based payment

Restricted stock award shares

Information on the Company's issued the restricted stock award shares are given below:

Date of approval by the shareholders' meeting	Number of shares expected to be issued (thousand shares)	Number of shares resolved by the board of directors (thousand shares)	Granted date	Base date for capital increase	Number of actually issued shares (thousand shares)	Fair value on the granted date
2020.06.23	1,200	900	2020.09.01	2020.11.06	900	34.35
2020.06.23	1,200	300	2021.08.03	2021.08.03	300	122
2022.06.09	420	420	2022.10.07	2022.10.12	420	47.1
2023.06.13	420	420	2023.10.06	2023.10.11	420	66.5
2024.05.28	420	420	2024.10.08	2024.10.09	420	88.4

Issuance of restricted stock award shares in a total amount of \$12,000 thousand and was resolved at the shareholders' meeting of the Company on June 23, 2020. A total of 1,200 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" or above in the latest personal performance assessment prior to the granting date. If the employees still work at the Company upon expiration of any of the following granting periods, they will receive award shares at the granting ratio as scheduled below:

Granting period	Granting ratio
From the date of the grant until October 15 of the subsequent year.	1/6
From the date of the grant until April 15 of the second year.	1/6
From the date of the grant until October 15 of the second year.	1/6
From the date of the grant until April 15 of the third year.	1/6
From the date of the grant until October 15 of the third year.	1/6
From the date of the grant until April 15 of the fourth year.	1/6

Measures taken for employee failing to satisfy the granting conditions:

- (1) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the granting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not granted in the employees.
- (2) If the employees fail to meet the required personal performance immediately prior to the granting date, the Company will take back,

without payment, the award shares that have not granted in the employees that time.

- (3) The Company will give to the employees, without payment, the dividends allocated based on the award shares prior to the expiration of the granting period.
- (4) If the employees terminate or cancel, before their satisfaction of the granting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock award plan are summarized as follows:

	Restricted stock award shares 2020-1	Restricted stock award shares for 2020-2
	Unit (Thousand)	Unit (Thousand)
<u>For the three months ended</u> <u>March 31, 2025</u>		
Outstanding at beginning and end of the period	<u>-</u>	<u>33.5</u>
Granted weighted average fair value (NTD)	<u>\$ 34.35</u>	<u>\$ 122</u>
<u>For the three months ended</u> <u>March 31, 2024</u>		
Outstanding at beginning and end of the period	<u>132.0</u>	<u>105.0</u>
Granted weighted average fair value (NTD)	<u>\$ 34.35</u>	<u>\$ 122</u>

Issuance of restricted stock award shares in a total amount of \$ 4,200 thousand was resolved at the shareholders' meeting of the Company on June 9, 2022. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the granting date. If the employees still work at the Company upon expiration of any of the following

granting periods, they will receive award shares at the granting ratio as scheduled below:

Granting period	Granting ratio
From the date of the grant until October 11 of the subsequent year.	1/6
From the date of the grant until April 11 of the second year.	1/6
From the date of the grant until October 11 of the second year.	1/6
From the date of the grant until April 11 of the third year.	1/6
From the date of the grant until October 11 of the third year.	1/6
From the date of the grant until April 11 of the fourth year.	1/6

Measures taken for employees failing to satisfy the granting conditions:

- (1) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the granting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not granted in the employees.
- (2) If the employees fail to meet the required personal performance immediately prior to the granting date, the Company will take back, without payment, the award shares that have not granted in the employees that time.
- (3) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the granting period.
- (4) If the employees terminate or cancel, before their satisfaction of the granting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock award plan are summarized as follows:

	Restricted stock award shares 2022
	Unit (Thousand)
<u>For the three months ended March 31, 2025</u>	
Outstanding at the beginning of the period	171.0
Recovered for the period	(<u>3.0</u>)
Outstanding at the end of the period	<u>168.0</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>
<u>For the three months ended March 31, 2024</u>	
Outstanding at beginning and end of the period	<u>292.5</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>

Issuance of restricted stock award shares in a total amount of \$ 4,200 thousand was resolved at the shareholders' meeting of the Company on June 13, 2023. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the granting date. If the employees still work at the Company upon expiration of any of the following granting periods, they will receive award shares at the granting ratio as scheduled below:

Granting period	Granting ratio
From the date of the grant until October 11 of the subsequent year.	1/6
From the date of the grant until April 11 of the second year.	1/6
From the date of the grant until October 11 of the second year.	1/6
From the date of the grant until April 11 of the third year.	1/6
From the date of the grant until October 11 of the third year.	1/6
From the date of the grant until April 11 of the fourth year.	1/6

Measures taken for employees failing to satisfy the granting conditions:

- (1) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the granting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not granted in the employees.
- (2) If the employees fail to meet the required personal performance immediately prior to the granting date, the Company will take back,

without payment, the award shares that have not granted in the employees that time.

- (3) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the granting period.
- (4) If the employees terminate or cancel, before their satisfaction of the granting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock award plan are summarized as follows:

	Restricted stock award shares 2023
	<u>Unit (Thousand)</u>
<u>For the three months ended March 31, 2025</u>	
Outstanding at beginning and end of the period	<u>317.5</u>
Granted weighted average fair value (NTD)	<u>\$ 66.5</u>
<u>For the three months ended March 31, 2024</u>	
Outstanding at beginning of the period	420.0
Recovered for the year	(<u>9.0</u>)
Outstanding at the end of the period	<u>411.0</u>
Granted weighted average fair value (NTD)	<u>\$ 66.5</u>

Issuance of restricted stock award shares in a total amount of \$ 4,200 thousand was resolved at the shareholders' meeting of the Company on May 28, 2024. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the granting date. If the employees still work at the Company upon expiration of any of the following granting periods, they will receive award shares at the granting ratio as scheduled below:

Granting period	Granting ratio
From the date of the grant until October 11 of the subsequent year.	1/6
From the date of the grant until April 11 of the second year.	1/6
From the date of the grant until October 11 of the second year.	1/6
From the date of the grant until April 11 of the third year.	1/6
From the date of the grant until October 11 of the third year.	1/6
From the date of the grant until April 11 of the fourth year.	1/6

Measures taken for employees failing to satisfy the granting conditions:

- (1) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the granting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not granted in the employees.
- (2) If the employees fail to meet the required personal performance immediately prior to the granting date, the Company will take back, without payment, the award shares that have not granted in the employees that time.
- (3) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the granting period.
- (4) If the employees terminate or cancel, before their satisfaction of the granting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock award plan are summarized as follows:

	Restricted stock award shares 2024
	Unit (Thousand)
<u>For the three months ended March 31, 2025</u>	
Outstanding at the beginning of the year	414.0
Recovered for the year	(3.0)
Outstanding at the end of the year	<u>411.0</u>
Granted weighted average fair value (NTD)	<u>\$ 88.4</u>

Due to resignation of employees, 9 thousand and 6 thousand restricted stock award shares were recovered in 2025 and 2024 respectively, and there were 9 thousand and 6 thousand shares among such recovered shares to be revoked.

The compensation costs Compensation cost on restricted stock award shares as recognized for the three months ended March 31 of 2025 and 2024 are \$6,804 thousand and \$5,408 thousand respectively.

21. Operating Revenue

		<u>For the three months ended March 31</u>	
		<u>2025</u>	<u>2024</u>
Revenue from contracts with customers			
Integrated circuits		<u>\$344,790</u>	<u>\$311,084</u>
(1) Contractual balance			
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Notes and accounts receivable			
(Note 9)	<u>\$241,101</u>	<u>\$236,825</u>	<u>\$227,086</u>

(2) Itemized Revenue from Contracts with Customers

Itemized by Areas

		<u>For the three months ended March 31</u>	
		<u>2025</u>	<u>2024</u>
Taiwan (where the Company is located)		\$178,139	\$153,270
Mainland China		165,856	157,022
Korea		<u>795</u>	<u>792</u>
		<u>\$344,790</u>	<u>\$311,084</u>

22. Net Profit of Operations

(1) Interest Income

		<u>For the three months ended March 31</u>	
		<u>2025</u>	<u>2024</u>
Bank deposits		\$ 1,670	\$ 1,257
Repurchase Agreement Bond		45	-
Commercial paper		16	19
Deposit interest		<u>11</u>	<u>10</u>
		<u>\$ 1,742</u>	<u>\$ 1,286</u>

(2) Other Incomes

	<u>For the three months ended March 31</u>	
	2025	2024
Lease income		
Other operating leases	\$ 464	\$ 493
Others	<u>785</u>	<u>1,007</u>
	<u>\$ 1,249</u>	<u>\$ 1,500</u>

(3) Other Gains and Losses

	<u>For the three months ended March 31</u>	
	2025	2024
Gains and losses on financial assets		
Financial asset at fair value through profit or loss	\$ 405	\$ 413
Net gain (loss) on foreign exchange	3,797	5,346
Others	(<u>1</u>)	(<u>8</u>)
	<u>\$ 4,201</u>	<u>\$ 5,751</u>

(4) Financial Cost

	<u>For the three months ended March 31</u>	
	2025	2024
Interest on lease liabilities	\$ 183	\$ 109
Interest expense on bank loan	<u>30</u>	<u>-</u>
	<u>\$ 213</u>	<u>\$ 109</u>

(5) Depreciation and Amortization

	<u>For the three months ended March 31</u>	
	2025	2024
An analysis of depreciation expense by function		
Operating cost	\$ 4,404	\$ 4,655
Operating expenses	<u>13,359</u>	<u>14,935</u>
	<u>\$ 17,763</u>	<u>\$ 19,590</u>
An analysis of amortization expense by function		
Operating cost	\$ 253	\$ 253
Operating expenses	<u>1,584</u>	<u>1,645</u>
	<u>\$ 1,837</u>	<u>\$ 1,898</u>

(6) Employee Benefit Expenses

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Post-employment benefits (Note 18)		
Defined contribution plan	\$ 2,751	\$ 2,682
Share-based payment (Note 20)		
Equity-settled	6,804	5,478
Other employee benefits	<u>80,008</u>	<u>80,525</u>
Total employee benefit expenses	<u>\$89,563</u>	<u>\$88,685</u>
An analysis of employee benefit expenses by function		
Operating costs	\$ 13,647	\$ 12,159
Operating expenses	<u>75,916</u>	<u>76,526</u>
	<u>\$89,563</u>	<u>\$88,685</u>

(7) Compensation of employees and remuneration of directors

In accordance with the company's Articles of Incorporation, the Company allocates compensation of employees and remuneration of directors from the current Income before tax before distribution, with not less than 5% allocated to compensation of employees and not more than 2% to remuneration of directors.

Following the amendment to the Securities and Exchange Act in August 2024, the Company plans to propose an amendment to its Articles of Incorporation at the 2025 shareholders' meeting. The proposed amendment will stipulate that, from the current year's Income before tax before the distribution of compensation of employees and remuneration of directors, not less than 10% will be allocated to compensation of employees and not more than 2% to remuneration of directors. Of the total compensation of employees' amount, no less than 40% must be allocated to non-executive employees.

The estimated employee compensation (including grassroots employee compensation) and director compensation for the full year 2025 and for the period from January 1 to March 31, 2024, are as follows:

Accrual rate

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Compensation of employees	14%	15%
Remuneration of directors	1%	1%

Amount

	<u>For the three months ended March 31</u>	
	2025	2024
Compensation of employees	<u>\$ 2,882</u>	<u>\$ 1,863</u>
Remuneration of directors	<u>\$ 271</u>	<u>\$ 175</u>

If there is still any change in the amount after issuance of annual consolidated financial statements, it will be handled according to the change in accounting estimates and adjusted and recorded in the next year.

The annual compensation of employees and remuneration of directors for 2024 and 2023 were resolved by the Board on February 20, 2025 and February 29, 2024 respectively as follows:

Amount

	<u>2024</u>		<u>2023</u>	
	Cash	Share	Cash	Share
Compensation of employees	\$ 21,147	\$	\$ 5,197	\$
Remuneration of directors	1,895		489	

The actual distribution amounts of compensation of employees and remuneration of directors for fiscal years 2024 and 2023 are consistent with the amounts recognized in the consolidated financial statements for the same years. For details on the compensation of employees and remuneration of directors approved by the Board of Directors of the Company, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

(8) Gains or losses on foreign currency exchange

	<u>For the three months ended March 31</u>	
	2025	2024
Foreign exchange gains	\$ 4,542	\$ 8,711
Foreign exchange losses	(<u>745</u>)	(<u>3,365</u>)
Net profit	<u>\$ 3,797</u>	<u>\$ 5,346</u>

23. Income Tax

(1) Income tax recognized in profit and loss

The major components of income tax expense are as below:

	<u>For the three months ended March 31</u>	
	2025	2024
Current income tax		
Incurred in current period	\$ 2,972	(\$ 915)
Deferred income tax		
Incurred in current period	<u>34</u>	<u>915</u>
Income tax expense recognized in profit and loss	<u>\$ 3,006</u>	<u>\$ -</u>

(2) Income tax assessments

The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

24. Earnings per share

Unit: \$ per share

	<u>For the three months ended March 31</u>	
	2025	2024
Basic earnings per share	<u>\$ 0.27</u>	<u>\$ 0.18</u>
Diluted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.17</u>

In calculating earnings per share, the impact of share allotment without compensation has been retroactively adjusted, with the base date for the allotment set as July 17, 2024. Due to this retroactive adjustment, the changes in basic and diluted earnings per share for the three months ended March 31, 2023, are as follows:

Unit: \$ per share

	<u>Before retroactive adjustment</u>	<u>After retroactive adjustment</u>
	<u>For the three months ended March 31</u>	
	2024	2024
Basic earnings per share	<u>\$ 0.18</u>	<u>\$ 0.18</u>
Diluted earnings per share	<u>\$ 0.18</u>	<u>\$ 0.17</u>

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

Net Profit of the Period

	<u>For the three months ended March 31</u>	
	2025	2024
Net profit in the computation of basic and diluted earnings per share	<u>\$ 16,006</u>	<u>\$ 10,351</u>

Number of Shares

Unit: Thousand shares

	<u>For the three months ended March 31</u>	
	2025	2024
Weighted average number of common shares used in the computation of basic earnings per share	59,496	59,109
Impact of dilutive potential common stock:		
Restricted stock award shares	295	567
Compensation of employees	<u>229</u>	<u>50</u>
Weighted average number of common shares used in the computation of	<u>60,020</u>	<u>59,726</u>

diluted earnings per share

If the Company offers to settle the compensation paid to employees in stock or cash, diluted earnings per share will be calculated based on the assumption that the compensation of employees will be paid in stock. This assumption will be included in the weighted average number of outstanding shares to calculate dilutive earnings per share at the time when the potential common stock is considered dilutive. The dilution impact of such potential common shares also continues to be taken into account in calculating diluted earnings per share prior to the determination of the number of shares to be paid to employees in the next year.

25. Capital Management

The Company manages its capital to ensure that it is able to maximize shareholders' returns as a going concern. There has been no significant change in the Company's overall strategy.

The capital structure of the Company consists of capital stock, capital reserves, retained earnings and other equity.

The Company is not subject to other external capital requirements.

26. Financial Instruments

(1) Information of Fair Value - Financial Instruments Not Measured at Fair Value.

The management of the Company believes that the carrying amounts of the financial assets and financial liabilities not measured at fair value are close to fair value.

Mar 31, 2025

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
-Domestic corporate bonds	\$ 1,000	\$ -	\$ 994	\$ -	\$ 994

December 31, 2024

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
-Domestic corporate bonds	\$ 1,000	\$ -	\$ 994	\$ -	\$ 994

The above Level 2 fair value measurement is based on quoted prices obtained from the Taipei Exchange, operated by the Taipei Exchange of the Republic of China.

- (2) Fair Value information - financial instruments measured at fair value on a recurring basis.

1) Fair value hierarchy

Mar 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificate	<u>\$106,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$106,591</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificate	<u>\$103,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$103,975</u>

Mar 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificate	<u>\$ 61,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,565</u>

There were no transfers between Level 1 and Level 2 fair values during the three months ended March 31, 2025 and 2024.

(3) Classification of financial instruments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial Assets</u>			
Measured at fair value through profit or loss			
Non-derivative financial assets at fair value	\$ 106,591	\$ 103,975	\$ 61,565

(Continued on next page)

(Brought forward from previous page)

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at amortized costs			
Cash and Cash Equivalents	\$ 542,636	\$ 493,439	\$ 409,923
Notes and accounts receivable	241,101	236,825	227,086
Financial assets at amortized cost- non-current	1,000	1,000	-
Refundable deposits	3,685	3,663	3,506
<u>Financial liabilities</u>			
Measured at amortized cost			
Accounts payable	104,429	108,662	101,100
Long-term bank loans (Including due within one year)	35,000	35,000	-
Deposits received	13,484	13,138	4,482

(4) Purpose and Policy of Financial Risk Management

Main financial instruments of the Company include notes and accounts receivable, refundable deposits, accounts payable, loans and lease liabilities. The financial risk management objective of the Company is to manage the currency risk, interest rate risk, credit risk and liquidity risk relevant to operating activities. For reducing relevant financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential negative impact of market changes on the financial performance of the Company.

Important financial activities of the Company are reviewed by the board of directors pursuant to applicable regulations and internal control systems. During the implementation of the financial plan, the Company shall comply with applicable financial operating procedures for overall financial risk management and division of powers and responsibilities.

1) Market Risk

Main financial risks assumed by the Company for its operating activities are currency risk (as stated in (1) below) and interest rate risk (as stated in (2) below).

The Company does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(I) Foreign Currency Risk

Part of cash used or generated by the Company is in foreign currencies, so the effect of natural hedge exists. The Company manages foreign currency risk just for the purpose of hedging, not for profit.

The management strategy of foreign currency risk is established to review net positions of various currency assets and liabilities, and conduct risk management on net positions.

For carrying amounts of monetary assets and monetary liabilities of the Company in non-functional currencies on the balance sheet date, please refer to Note 29.

Net investments made by foreign operations of the Company are strategic investments; therefore, the Company does not hedge investment risk.

Sensitivity Analysis

The Company is mainly impacted by fluctuation of USD and CNY exchange rates.

The table below shows the Company's sensitivity analysis for the situations when the exchange rate of the NTD (the functional currency) to each foreign currency increases or decreases by 5%. Sensitivity analysis considers outstanding foreign currency monetary items, and the conversion made at the end of the period is adjusted by 5% exchange rate fluctuation. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable and other receivables, accounts payable and other payables. The positive number in the table below shows the amount increasing in the pretax net profit when the NTD against each foreign currency depreciates by 5%. If the NTD against each foreign currency appreciates by 5%, the impact on the pretax net profit will be a negative of the same amount.

	Impact of USD		Impact of CNY	
	For the three months ended March 31		For the three months ended March 31	
	2025	2024	2025	2024
Income before tax	\$ 3,076	\$ 3,720	\$ 3,257	\$ 3,085

Impact mainly derived from the receivables and payables in USD and CNY which were still outstanding on the balance sheet date and of which the cash flows were not hedged by the Company.

During the current period, the Company's sensitivity to the United States Dollar exchange rate decreased primarily due to a reduction in the balances of cash and cash equivalents and

accounts receivable denominated in USD, resulting in a decrease in net USD denominated assets at the end of the period. Conversely, the sensitivity to the Chinese Yuan exchange rate increased, mainly due to an increase in cash and cash equivalents denominated in CNY, leading to a rise in net CNY denominated assets at the end of the period.

(II) Interest Rate Risk

As consolidated entities of the Company possess fixed rate and floating rate assets, interest rate risk exposure is therefore incurred.

The carrying amounts of financial assets of the Company exposed to interest rate risk on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
— Financial assets	\$ 342,900	\$ 342,900	\$ 311,300
— Financial liabilities	66,427	69,641	19,892
Cash flow interest rate risk			
— Financial assets	199,329	149,991	98,108

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets, the analysis assumes that the amount of assets outstanding on the balance sheet date is outstanding during the reporting period.

If the interest rate increases/decreases by 0.1%, all other variables held constant, the Company's Income before tax for the three months ended March 31, 2025 and 2024 would increase/decrease by \$50 thousand and \$25 thousand respectively, due to the interest rate risk of the Company's variable interest rate net assets.

2) Credit risk

Credit risk refers to the risk of financial loss to the Company caused by default of contractual obligations by the other trading party. As of the balance sheet date, the Company's greatest credit risk exposure to non-performance of obligations by the other trading party is primarily attributable to the carrying value of financial assets recognized in the consolidated balance sheet.

To mitigate credit risk, the management of the Company has appointed a dedicated team responsible for the determination of credit lines, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis

at the balance sheet date to ensure that appropriate impairment losses have been included in unrecoverable receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

Accounts receivable cover a large number of customers, dispersed in different industries and geographical regions. The Company continuously evaluates the financial position of its customers involving in accounts receivable.

Except for Customer A, Customer B, Customer C, Customer D, Customer E and Customer F as described below, the Company does not have a material credit risk against any single trading party or any set of trading parties with similar characteristics. When the trading parties are related enterprises to each other, the Company defines them as the trading parties with similar characteristics. As of March 31, 2025, with the exception of Customer A, Customer B, Customer C, Customer D, Customer E and Customer F, the concentration of credit risk with respect to other trading parties did not exceed 5% of total accounts receivable. The credit risks with Customer A, Customer B, Customer C, Customer D, Customer E and Customer F are limited, since they are highly reputable manufacturers.

3) Liquidity Risk

The Company keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents.

(I) Liquidity of Non-derivative Financial Liabilities

The table below shows the maturity analysis for the remaining contracts of non-derivative financial liabilities, which is conducted based on the undiscounted cash flows of financial liabilities, including cash flows of interest and principal, on the earliest date that the Company is requested to make the repayment.

March 31, 2025

	Immediate payment or less than 1 month	1 ~ 3 months	3 months up ~ 1 year	1 ~ 5 years	Total
Accounts payable	<u>\$ 53,886</u>	<u>\$ 50,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,429</u>
Lease liabilities	<u>\$ 816</u>	<u>\$ 2,231</u>	<u>\$ 10,617</u>	<u>\$ 18,579</u>	<u>\$ 32,243</u>
Fixed rate instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,583</u>	<u>\$ 20,417</u>	<u>\$ 35,000</u>
Other current liabilities	<u>\$ 9,587</u>	<u>\$ 4,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,858</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1~5 years	> 5 years
Lease liabilities	\$ 13,664	\$ 18,579	\$ -
Fixed rate instruments	<u>14,583</u>	<u>20,417</u>	<u>-</u>
	<u>\$ 28,247</u>	<u>\$ 38,996</u>	<u>\$ -</u>

December 31, 2024

	Immediate payment or less than 1 month	1 ~ 3 months	3 months up ~ 1 year	1 ~ 5 years	Total
Accounts payable	<u>\$ 66,437</u>	<u>\$ 42,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,662</u>
Lease liabilities	<u>\$ 816</u>	<u>\$ 2,218</u>	<u>\$ 10,544</u>	<u>\$ 22,098</u>	<u>\$ 35,676</u>
Fixed rate instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,208</u>	<u>\$ 24,792</u>	<u>\$ 35,000</u>
Other current liabilities	<u>\$ 8,229</u>	<u>\$ 8,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,541</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1~5 years	> 5 years
Lease liabilities	\$ 13,578	\$ 22,098	\$ -
Fixed rate instruments	<u>10,208</u>	<u>24,792</u>	<u>-</u>
	<u>\$ 23,786</u>	<u>\$ 46,890</u>	<u>\$ -</u>

March 31, 2024

	Immediate payment or less than 1 month	1 ~ 3 months	3 months up ~ 1 year	1 ~ 5 years	Total
Accounts payable	<u>\$ 63,920</u>	<u>\$ 37,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,100</u>
Lease liabilities	<u>\$ 1,122</u>	<u>\$ 2,244</u>	<u>\$ 7,456</u>	<u>\$ 10,005</u>	<u>\$ 20,827</u>
Other current liabilities	<u>\$ 11,168</u>	<u>\$ 4,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,508</u>

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1~5 years	Over 5 years
Lease liabilities	<u>\$ 10,822</u>	<u>\$ 10,005</u>	<u>\$ -</u>

27. Transactions with Related Parties

- (1) All transactions between the Company and its subsidiaries, account balances, gains and losses have been eliminated at the time of consolidation and are not disclosed in this note. The Company has no dealings with any other affiliated party.

(2) Remuneration of key management personnel

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 6,280	\$ 6,682
Post-employment benefits	130	131
Share-based payment	<u>1,234</u>	<u>832</u>
	<u>\$ 7,644</u>	<u>\$ 7,645</u>

The remuneration of directors and key management personnel was determined by the remuneration committee in accordance with individual performance and market trends.

28. Major Contingent Liabilities and Unrecognized Contractual Commitments

The major commitments of the Company as of the balance sheet date are as follows:

(1) Major commitments

The Company signed a patented technology transfer agreement with a company in March 2018, and the transfer consideration was paid in three phases. The total amount of the first and second contractual amounts was US\$ 600 thousand, and the third-phase was paid based on the profits of the patented derivative products within three years after the offering date, amounting at least US\$ 300 thousand.

29. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in terms of foreign currencies other than the Company's individual functional currency. The exchange rate disclosed refers to the exchange rate at which such foreign currencies are converted to functional currency. Foreign currency assets and liabilities with significant impact are listed below:

Unit: Thousand in each foreign currency

March 31, 2025

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,378	33.205 (USD:NTD)	\$ 112,165
USD	2	7.261 (USD: CNY)	72
CNY	14,243	4.573 (CNY:NTD)	<u>65,134</u>
			<u>\$ 177,371</u>
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD	1,528	33.205 (USD:NTD)	<u>\$ 50,724</u>

Unit: Thousand in each foreign currency

December 31, 2024

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary item</u>			
USD	\$ 4,182	32.785 (USD:NTD)	\$ 137,091
USD	2	7.321 (USD: CNY)	71
CNY	20,221	4.478 (CNY:NTD)	<u>90,550</u>
			<u>\$ 227,712</u>

	Foreign currency	Exchange rate	Carrying amount
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD	\$ 1,772	32.785 (USD:NTD)	\$ 58,089
CNY	112	4.478 (CNY:NTD)	<u>501</u>
			<u>\$ 58,590</u>

Unit: Thousand in each foreign currency

March 31, 2024

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary item</u>			
USD	\$ 3,967	32.000 (USD:NTD)	\$ 126,935
CNY	13,996	4.408 (CNY:NTD)	<u>61,696</u>
			<u>\$ 188,631</u>

Financial liabilities

<u>Monetary item</u>			
USD	1,642	32.000 (USD:NTD)	<u>\$ 52,544</u>

The realized and unrealized net foreign exchange (losses) gains for the three months ended March 31, 2025 and 2024 was \$ 3,797 thousand and \$ 5,346 thousand respectively. As foreign currency transactions are diversified, disclosing foreign exchange gains or losses based on each foreign currency with material impact is not feasible.

30. Additional Disclosures

- (1) Information on Significant transactions and (2) Information about investees:
At the time of preparation of these consolidated financial statements, all significant transactions between the parent and subsidiaries and their balances have been wiped out.

- 1) Financings provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held at the end of the period:

Holding Company Name	Type of Marketable Security	Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2025				Remark
					Shares or Units (In Thousands)	Carrying amount	Percentage of Ownership	Fair Value	
Leadtrend Shenzhen	Fund	Fund B on Mainland China Resources YuanDa Cash Connect Money Market	—	Financial assets at fair value through profit or loss - current	-	\$53,585	-	\$53,585	Note 1
		ICBC Financial Management Corporation Tianlibao Net Value Financial Products	—	Financial assets at fair value through profit or loss - current	-	53,006	-	53,006	Note 1

Note 1: Based on net value as at March 31, 2025.

Note 2: No security, pledged loans or other agreed restriction for use of the securities as listed above has been offered as of March 31, 2025.

Note 3: The securities listed in this table are determined by the Company based on the principle of materiality.

- 4) Total purchases from or sales to related parties amounting to at least NT \$100 million or more than 20% of the paid-in capital: None.
- 5) Receivables from related parties amounting to NT \$100 million or more than 20% of the paid-in capital: None.
- 6) Others: Intercompany relationships and significant intercompany transactions:

For the three months ended March 31, 2025

No.	Company Name	Counterparty	Relationship (Note 2)	Transaction Information			Ratio to total revenues or total assets
				Item	Amount	Payment Terms	
0	Leadtrend	Leadtrend Shenzhen	1	Sales revenue	\$ 90,348	Note 3	26%
0	Leadtrend	Leadtrend Shenzhen	1	Accounts Receivable - related parties	61,818	Note 3	3%

Note 1: The parent company is designated as 0. Subsidiaries are listed in numerical order, starting from 1.

Note 2: "1" represents transactions between the parent company and its subsidiaries.

Note 3: There is no suitable object that can be compared with the sales price between subsidiaries, and the collection period with the subsidiary is comparable to that of ordinary customers.

Note 4: The material transactions in this table may be included at the Company's discretion, based on the principle of materiality.

- 7) Information on investees: None.

(3) Information on investments in Mainland China:

The Company has no other matters to be disclosed except the following:

- 1) Name of investees in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China:

Unit: In thousands of NTD; in thousands of USD

Name of investee company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered in the year		Investment amount remitted or recovered in the year	Investee company's profit (loss) of the year	Percentage of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the year (Note 2)	Ending book value of investment (Note 2)	Investment gain remitted back to Taiwan as of the end of the year
					Outward	Inward						
Leadtrend Shenzhen	Computer software design service, computer system integration service, wholesale of integrated circuits and related electronic products, and agent import and export business activities	\$328,730 (USD9,900)	Note 1	\$234,095 (USD7,050)	\$ -	\$ -	\$234,095 (USD7,050)	\$ 12,203 (USD 371)	100%	\$ 12,203 (USD371)	\$331,792 (USD9,992)	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	60% of net worth, the limit of investment provided by Investment Commission, Ministry of Economic Affairs
\$234,095 (USD7,050)	\$328,730 (USD9,900)	\$1,078,241

Note 1: Direct investment in mainland China.

Note 2: It was calculated based on the financial statements of the same accounting period reviewed by CPAs.

Note 3: The figures in a foreign currency indicated in the table were converted into New Taiwan Dollars at the exchange rate announced on the reporting date.

Note 4: As of March 31, 2025, the Company had an investment amount of US\$9,900 thousand approved by the Investment Review Committee of the Ministry of Economic Affairs, and had actually remitted US\$7,050 thousand. The remaining uninvested amount has lapsed.

- 2) Information on major transactions with investees in Mainland China directly or indirectly through third regions, and related prices, terms of payment, unrealized gains and losses and any other information which may be helpful to understand the impact of investment in Mainland China on financial statements: Please refer to Section (1) VI, Others.

31. Segment Information

The operating decision-makers of the Company utilize resource distribution and segment performance evaluation to focus on product information. Each product shares similar economic characteristics and is marketed through a unified and centralized approach, allowing the Company to summarize and report them within a single operating department. Additionally, the Company provides segment information reviewed by the operating decision-makers on the same basis as the consolidated financial statements. Therefore, the segment revenues and operating results for the three months ended March 31, 2025 and 2024 can be referenced in the consolidated statement of comprehensive income for the three months ended March 31, 2025 and 2024. Segment assets that need to be reported can be found in the consolidated balance sheets as of March 31, 2025 and 2024.