AP Memory Technology Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF ASSOCIATES

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

Company: AP Memory Technology Corporation
Person in charge: Chen Wen-liang
Date: February 27, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
AP Memory Technology Corporation

Opinion

We have audited the accompanying financial statements of AP Memory Technology Corporation and its subsidiaries, which comprise the Consolidated Statement of Financial Position as of December 31, 2024 and December 31, 2023, the Consolidated Statement of Comprehensive Income from January 1 to December 31, 2024 and from January 1 to December 31, 2023, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of AP Memory Technology Corporation and its subsidiaries as of December 2024 and 2023 and of the financial performance, changes in equity and cash flows of AP Memory Technology Corporation and its subsidiaries from January 1 to December 31, 2024 and 2023.

Basis for Opinion

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of AP Memory Technology Corporation and its subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for 2024. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for 2024:

<u>Authenticity of Sales Revenue from Specific Customers</u>

In the fiscal year 2024, the sales revenue from certain customers has shown significant growth compared to the fiscal year 2023, constituting a substantial portion of the total sales revenue. Therefore, the authenticity of the related sales revenue has been identified as one of the key audit matters.

During the audit, our accountants performed the following audit procedures in response to this key audit matter:

1. Understand and evaluate the internal control system related to revenue recognition, and test the design and execution of such controls.
2. Sample confirmation requests were sent for the entire year's sales revenue from the specific customers, and alternative procedures were conducted for those from whom confirmation was not timely received. This includes verifying transaction evidence and subsequent collections.
3. Perform audit sampling on the sales revenue details of the specific customers, review related transaction documents, including customer orders, shipping documents, and receipts, to confirm the authenticity of the revenue recognized.
4. Audit the occurrences of sales returns and allowances after the reporting period and subsequent collections to confirm the reasonableness of the sales revenue recognized.

Others

AP Memory Technology Corporation has prepared parent company only financial statements for the years 2024 and 2023, and the accountant has issued unqualified audit reports for reference.

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

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of AP Memory Technology Corporation and its subsidiaries.

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 GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of AP Memory Technology Corporation and its subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of AP Memory Technology Corporation and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause AP Memory Technology Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of AP Memory Technology Corporation and its subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on AP Memory Technology Corporation and its subsidiaries.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for the year ended December 31, 2024 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the 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 auditors' report and consolidated financial statements shall prevail.

AP Memory Technology Corporation and Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2024, and December 31, 2023

(In Thousands of New Taiwan Dollars)

	Dec. 31, 2024		Dec. 31, 2023	
Assets	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	$ 4,188,544	32	$ 8,864,216	71
Financial assets measured at amortized cost - current (Notes 4, 8 and 29)	4,752,325	37	2,819	-
Accounts receivable (Notes 4, 9 and 21)	517,992	4	567,535	5
Other receivables (Notes 4 and 9)	60,026	-	47,800	-
Current income tax assets (Note 4)	-	-	1,144	-
Inventories (Notes 4, 5 and 10)	1,203,177	9	851,330	7
Other current assets (Note 16)	64,511	1	55,803	-
Total current assets	10,786,575	83	10,390,647	83
Non-current assets				
Financial assets measured at FVTPL - non-current (Notes 4, 5, 7 and 27)	543,115	4	1,139,267	9
Financial assets measured at amortized cost - non-current (Notes 4 and 8)	-	-	6,622	-
Investments accounted for using the equity method (Notes 4 and 12)	874,465	7	106,011	1
Property, plant and equipment (Notes 4 and 13)	66,155	1	76,438	1
Right-of-use assets (Notes 4 and 14)	24,975	-	53,091	-
Other intangible assets (Notes 4 and 15)	64,422	-	76,363	1
Deferred income tax assets (Notes 4 and 23)	84,588	1	58,489	-
Refundable deposits (Note 30)	447,766	3	459,525	4
Other non-current assets (Note 16)	116,227	1	147,138	1
Total non-current assets	2,221,713	17	2,122,944	17
Total assets	$ 13,008,288	100	$ 12,513,591	100
Liabilities and Equity				
Current liabilities				
Short-term loans (Note 17)	$ 100,000	1	$ 300,000	2
Contract liabilities (Notes 4 and 21)	158,961	1	68,828	1
Accounts payable	230,869	2	255,186	2
Other payables (Note 18)	172,397	1	189,766	2
Income tax payable (Note 4)	284,309	2	238,365	2
Lease liabilities - current (Notes 4 and 14)	11,889	-	25,917	-
Other current liabilities (Note 18)	6,594	-	10,217	-
Total current liabilities	965,019	7	1,088,279	9
Non-current liabilities				
Deferred income tax liabilities (Notes 4 and 23)	115,533	1	77,578	1
Lease liabilities - non-current (Notes 4 and 14)	12,342	-	9,940	-
Deposits received	2,000	-	16,000	-
Other payable - non-current (Note 18)	6,337	-	-	-
Total non-current liabilities	136,212	1	103,518	1
Total liabilities	1,101,231	8	1,191,797	10
Equity (Notes 4, 20 and 25)				
Share capital				
Share capital of common stock	811,739	6	810,020	6
Share capital collected in advance	369	-	1,739	-
Total share capital	812,108	6	811,759	6
Capital surplus	6,367,692	49	6,234,430	50
Retained earnings				
Legal reserve	905,376	7	760,879	6
Special reserve	343	-	450	-
Undistributed earnings	3,813,354	30	3,514,619	28
Total retained earnings	4,719,073	37	4,275,948	34
Other equity	8,184	-	(343)	-
Total equity	11,907,057	92	11,321,794	90
Total liabilities and equity	$ 13,008,288	100	$ 12,513,591	100

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

AP Memory Technology Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024, and December 31, 2023

(In Thousands of New Taiwan Dollars, except earnings (losses) per share)

	2024		2023	
	Amount	%	Amount	%
Revenue (Notes 4, 21 and 28)	$ 4,192,378	100	$ 4,226,907	100
Cost of revenue (Notes 10 and 22)	2,046,805	49	2,471,901	59
Gross profit	2,145,573	51	1,755,006	42
Operating expenses (Notes 4, 9 and 22)				
Marketing	107,947	2	124,811	3
General and administrative	193,319	5	164,854	4
R&D expenses	780,593	19	583,627	14
Expected credit losses	624	-	28,933	1
Total operating expenses	1,082,483	26	902,225	22
Income from operations	1,063,090	25	852,781	20
Non-operating income and expense				
Other income	3,846	-	3,987	-
Shares of the profit or loss of associates recognized for using the equity method (Notes 4 and 12)	774	-	(543)	-
Interest income (Note 4)	408,711	10	367,260	9
Loss on disposal of property, plant and equipment (Note 4)	(21,028)	-	-	-
Gain on financial assets measured at FVTPL (Notes 4, 12 and 27)	66,802	2	388,140	9
Interest expenses (Note 4)	(2,059)	-	(1,744)	-
Gain on foreign exchange - net value (Notes 4, 22 and 31)	512,739	12	9,100	-
Total non-operating income and expenses	969,785	24	766,200	18
Net income before tax	2,032,875	49	1,618,981	38
Income tax expense (Notes 4 and 23)	(454,643)	(11)	(174,011)	(4)

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	2024		2024	
	Amount	%	Amount	%
Net income	1,578,232	38	1,444,970	34
Other comprehensive income (Note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	8,527	-	107	-
Other comprehensive income (net of income tax)	8,527	-	107	-
Total comprehensive income	$ 1,586,759	38	$ 1,445,077	34
Earnings per share (Note 24)				
Basic earnings per share	$ 9.73		$ 8.93	
Diluted earnings per share	$ 9.66		$ 8.85	

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

AP Memory Technology Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2024, and December 31, 2023

(In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4, 20 and 25)				Retained Earnings (Notes 4 and 20)				Other Equity (Note 4)	
	Capital Stock - Common Stock	Share Capital Collected in Advance	Total Share Capital	Capital Surplus (Notes 4, 20 and 25)	Legal Reserve	Special Reserve	Undistributed Earnings	Total	Exchange differences arising on translation of foreign operations	Total Equity
Balance, Jan. 1, 2023	$ 807,786	$ 848	$ 808,634	$ 6,178,947	$ 566,709	$ -	$ 3,396,727	$ 3,963,436	($ 450)	$ 10,950,567
Appropriation and distribution of earnings, 2022										
Recognition of legal reserve	-	-	-	-	194,170	-	(194,170)	-	-	-
Recognition as special reserve	-	-	-	-	-	450	(450)	-	-	-
Cash dividends for the company’s shareholders	-	-	-	-	-	-	(1,132,458)	(1,132,458)	-	(1,132,458)
Change in value of associates accounted for using the equity method	-	-	-	688	-	-	-	-	-	688
Cost for recognizing stock options as compensation	-	-	-	31,554	-	-	-	-	-	31,554
Net income, 2023	-	-	-	-	-	-	1,444,970	1,444,970	-	1,444,970
Other comprehensive income, net of income tax, 2023	-	-	-	-	-	-	-	-	107	107
Total comprehensive income, 2023	-	-	-	-	-	-	1,444,970	1,444,970	107	1,445,077
Common shares issued under the employee stock option plan	2,234	891	3,125	23,241	-	-	-	-	-	26,366
Balance, Dec. 31, 2023	810,020	1,739	811,759	6,234,430	760,879	450	3,514,619	4,275,948	(343)	11,321,794
Appropriation and distribution of earnings, 2023										
Recognition of legal reserve	-	-	-	-	144,497	-	(144,497)	-	-	-
Reversal of special reserve	-	-	-	-	-	(107)	107	-	-	-
Cash dividends for the company’s shareholders	-	-	-	-	-	-	(1,135,107)	(1,135,107)	-	(1,135,107)
Change in value of associates accounted for using the equity method	-	-	-	48,746	-	-	-	-	-	48,746
Cost for recognizing stock options as compensation	-	-	-	60,508	-	-	-	-	-	60,508
Net income, 2024	-	-	-	-	-	-	1,578,232	1,578,232	-	1,578,232
Other comprehensive income, net of income tax, 2024	-	-	-	-	-	-	-	-	8,527	8,527
Total comprehensive income, 2024	-	-	-	-	-	-	1,578,232	1,578,232	8,527	1,586,759
Common shares issued under the employee stock option plan	1,719	(1,370)	349	24,008	-	-	-	-	-	24,357
Balance, Dec. 31, 2024	$ 811,739	$ 369	$ 812,108	$ 6,367,692	$ 905,376	$ 343	$ 3,813,354	$ 4,719,073	$ 8,184	$ 11,907,057

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

AP Memory Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2024, and December 31, 2023

(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flow from operating activities		
Net income before tax	$ 2,032,875	$ 1,618,981
Adjustments		
Depreciation expense	52,908	63,097
Amortization expense	37,432	18,341
Expected credit losses	624	28,933
Gain on financial assets measured at FVTPL	(66,802)	(388,628)
Interest expenses	2,059	1,744
Interest income	(408,711)	(367,260)
Dividend income	-	(51)
Cost of share-based payment awards	60,509	31,554
Share of gain or loss from associates recognized for using the equity method	(774)	543
Loss on disposal or retirement of property, plant and equipment	21,028	-
Inventory devaluation and obsolescence losses	105,252	61,551
Unrealized gain on foreign exchange	(8,191)	9,332
Net changes in operating assets and liabilities		
Accounts receivable	66,595	25,935
Other receivables	(899)	350
Inventories	(457,099)	615,511
Other assets	22,203	(12,090)
Refundable deposits	11,759	4,927
Contract liabilities	90,133	45,785
Accounts payable	(33,767)	111,845
Other payables	(11,180)	43,208
Other current liabilities	(3,623)	6,955
Cash generated from operations	1,512,331	1,920,563
Interest received	397,340	350,882
Dividends received	-	51
Interest paid	(2,256)	(1,507)
Income tax paid	(395,695)	(226,688)
Net cash generated by operating activities	1,511,720	2,043,301

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	2024	2023
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	($ 529,177)	($ 500,000)
Disposal of financial assets at fair value through profit or loss	480,131	5,368
Acquisition of financial assets at amortized cost	(4,749,466)	-
Disposal of financial assets at amortized cost	6,622	-
Acquisition of long-term equity investments accounted for using the equity method	(30,256)	-
Purchase of property, plant and equipment	(32,811)	(10,527)
Disposal of property, plant and equipment	14,000	-
Acquisition of intangible assets	(24,466)	(12,149)
Dividends received from associates	23,758	11,160
Net cash used in investing activities	(4,841,665)	(506,148)
Cash flows from financing activities		
Increase in short-term loans	150,000	300,000
Decrease in short-term loans	(350,000)	-
Increase (decrease) in deposits received	(14,000)	2,000
Repayment of the principal portion of lease liabilities	(28,562)	(49,051)
Issuance of cash dividends	(1,135,085)	(1,132,442)
Stock options exercised by employees	24,357	26,366
Net cash used in financing activities	(1,353,290)	(853,127)
Effect of exchange rate changes on cash and cash equivalents	7,563	(2,242)
Net increase (decrease) in cash and cash equivalents	(4,675,672)	681,784
Cash and cash equivalents, beginning of year	8,864,216	8,182,432
Cash and cash equivalents, end of year	$ 4,188,544	$ 8,864,216

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

AP Memory Technology Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Unless otherwise specified, the basic unit for any amount shall be in thousands of New Taiwan Dollars.)

1. General

AP Memory Technology Corporation (hereinafter referred to as the "Company") was incorporated on August 4, 2011, upon approval of the Ministry of Economic Affairs. The Company mainly engages in the research, development, production and sale of various integrated circuit (IC) products, and provides technical services related to the product design, research and development.

Upon approval of Taipei Exchange (TPEx) in June 2015, the Company started trading on Emerging Stock Board of TPEx and then trading on Taiwan Stock Exchange (TWSE) on May 31, 2016. In January 2022, the Company made an initial public offering of global depositary receipts (GDRs) by way of a capital raising issue of new shares and was listed on the Bourse de Luxembourg.

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

2. The Authorization of Financial Statements

The consolidated financial statements were approved by the board of directors on February 27, 2025.

3. Application of New and Revised International Financial Reporting Standards

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Company and entities controlled by the Company (collectively, the "Consolidated Company").

(2) FSC-approved IFRSs applicable in 2025

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 21 - "Lack of Exchangeability"	Jan. 1, 2025 (Note 1)

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

As of the date the consolidated financial statements were authorized for issue, the Group assessed the possible impact that the application of above standards and interpretations will not materially impact the Group's financial position and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (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 "Amendments to the Contracts Referencing Nature-dependent Electricity."	January 1, 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Undefined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Initial application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. <u>Summary of Significant Accounting Policies</u>

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(2) Basis of Preparation

Apart from financial instruments measured at fair value, these consolidated financial statements are prepared on a historical cost basis.

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

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

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date; and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries), and the consolidated statement of comprehensive income includes the operating income or loss of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

When changes in the Consolidated Company's ownership interests in a subsidiary do not result in the loss of control, they are treated as equity transactions. The carrying amounts of the Consolidated Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Upon the loss of control of a subsidiary, the gain or loss on disposal is the difference between (1) the fair value of the consideration received and the fair value of any remaining investment in the former subsidiary at the date control is lost, and (2) the aggregate of the carrying amounts of the assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary at the date control is lost. The accounting treatment for all amounts previously recognized in other comprehensive income relating to that subsidiary is the same as if the Consolidated Company had directly disposed of the related assets or liabilities.

The remaining investment in the former subsidiary is initially recognized at fair value on the date control is lost.

See Note 11, Table 5 and Table 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(5) Foreign Currencies

When preparing financial statements, each entity translates transactions in currencies other than the functional currency of the entity (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are recognized in profit or loss; however, for those fair value changes recognized in other comprehensive income, the resulting exchange differences are also recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

If the Consolidated Company disposes of its entire interest in a foreign operation, all related cumulative exchange differences are reclassified to profit or loss.

(6) Inventories

Inventories include raw materials, finished goods, and work in progress. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value, items are assessed individually, except for inventories of similar categories. Net realizable 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. The cost of inventories is calculated using the weighted average method.

(7) Investments in Associates

Associates are entities over which the Consolidated Company has significant influence but which are not subsidiaries.

The Consolidated Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Consolidated Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Furthermore, changes in the Consolidated Company's share of the equity of associates are recognized in proportion to the shareholding.

The excess of the cost of acquisition over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the associate at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. If the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the associate at the date of acquisition exceeds the cost of acquisition, this excess is recognized in profit or loss.

For impairment assessment, the entire carrying amount of the investment (including goodwill) is considered as a single asset to compare the recoverable amount with the carrying amount for impairment testing. Any impairment loss recognized is not allocated to any assets that make up the carrying amount of the investment, including goodwill. Any reversal of impairment losses is recognized to the extent that the recoverable amount of the investment increases subsequently.

The Consolidated Company ceases using the equity method from the date its investment is no longer an associate. The retained interest in the former associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment at the date when the equity method is ceased is immediately recognized in profit or loss. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

Gains and losses from upstream, downstream, and lateral transactions between the Consolidated Company and an associate are recognized in the consolidated financial statements only to the extent that they are unrelated to the Consolidated Company's equity interest in the associate.

(8) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(9) Intangible Assets

1. Separately acquired

   Separately acquired intangible assets with finite useful lives are initially measured at cost and are subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Company reviews the estimated useful lives, residual values, and amortization methods of the intangible assets at least at each financial year-end and defers the effect of any changes in accounting estimates.

2. Acquired in a merger

   Intangible assets acquired in a merger are recognized at their fair value on the acquisition date and are accounted for separately from goodwill. The subsequent measurement of these intangible assets is the same as that of separately acquired intangible assets.

3. Derecognition

   When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized as a gain or loss in the current year's profit or loss.

(10) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Excluding Goodwill)

At each balance sheet date, the Consolidated Company assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit groups on a reasonable and consistent basis.

The recoverable amount is the higher value in use and fair value less costs to sell. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Consolidated Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement Types

The types of financial assets held by the Consolidated Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments which are not designated by the Consolidated Company as measured at FVTOCI, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest generated and gains or losses from remeasurement recognized in profit or loss. For the method of determining fair value, please refer to Note 27.

B. Financial assets measured at amortized cost

The Consolidated Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, investments in debt instruments measured at amortized cost, accounts receivable, other receivables and refundable deposits) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets except in the following situations.

a. For financial assets credit-impaired at acquisition or origination, interest income is calculated using the effective interest rate adjusted for credit losses on the amortized cost of the financial asset.
b. For financial assets not credit-impaired at acquisition or origination but subsequently became credit-impaired, interest income is calculated from the period after the credit impairment using the effective interest rate on the amortized cost of the financial asset.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include highly liquid deposits that are readily convertible to known amounts of cash with insignificant risk of changes in value and are within three months of maturity from the date of acquisition, used to meet short-term cash commitments.

(2) Impairment of Financial Assets

The Consolidated Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, without considering the collateral held, the Consolidated Company considers a financial asset defaulted when internal or external information indicates the debtor is unlikely to pay its debts.

All impairment losses on financial assets are reduced through an allowance account against their carrying amount.

(3) Derecognition of Financial Assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

2. Equity Instruments

Debts and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized at the amount of the acquisition price less direct issuance costs.

Repurchases of the Company's own equity instruments are recognized and deducted under equity. Transactions involving the purchase, sale, issuance, or cancellation of the Company's own equity instruments are not recognized in profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

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

(2) Derecognition of Financial Liabilities

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

(12) Income Recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Revenue from Sales of Goods

   Revenue from sales of goods arises from the sale of integrated circuit products. Since customers have determined prices and rights to use the goods with the primary responsibility for resale and bear the risks of obsolescence once trade terms are met, the Consolidated Company recognizes revenue and accounts receivable at that point. Prepayments received for product sales are recognized as contract liabilities until the product is shipped.

   When providing processing services, revenue is not recognized as control of the processed products does not transfer upon processing.

2. Service Revenue

   Service revenue arises from providing design, research and development of technical services as per contract, recognized based on the completion stage of the contract.

   Revenue from design, research and development services provided by the Consolidated Company is recognized based on the completion stage of the contract.

3. Licensing Revenue

   For technology licensing transactions, as there is no commitment to engage in activities that change the functionality of the silicon intellectual property, and such technology can operate without updates or technical support, licensing fees are recognized as licensing revenue at the time the right to use the silicon intellectual property is transferred.

(13) Lease

The Consolidated Company assesses on the inception date of a contract whether the contract is (or contains) a lease.

The Consolidated Company as a lessee

The lease payments for leases of low-value assets and short-term leases that qualify for recognition exemptions are recognized as expenses on a straight-line basis over the lease term. For all other leases, the right-of-use assets and lease liabilities are recognized at the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measurement of lease liabilities) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the adjustment of lease liability remeasurements. The right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the lease term.

Lease liabilities are measured initially at the present value of the lease payments (including fixed payments). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the balance sheet.

(14) Employee Benefits

1. Short-term employee benefits

   The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Retirement benefits

   Defined benefit pension plans are recognized as expenses over the period of service of the employees.

(15) Share-based Payment Arrangements

Employee stock options are recognized at the fair value of the equity instruments granted and the best estimate of the number expected to vest, expensed over the vesting period on a straight-line basis, with a simultaneous adjustment to capital surplus - employee stock options. If they vest immediately at the grant date, the expense is fully recognized on the grant date.

The Consolidated Company revises its estimate of the number of employee stock options expected to vest at each balance sheet date. If there is an adjustment to the original estimated number, the impact is recognized in profit or loss to reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

(16) Income Tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

   The Consolidated Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

   The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

   The adjustment of income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

   Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available to offset the temporary differences and loss carryforwards.

   Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates, except where the Consolidated Company can control the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future. Deferred tax assets for deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit available to utilize the temporary difference and it is expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred income tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred income tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Consolidated Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

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

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When the Consolidated Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The management will continuously review the estimates and underlying assumptions. If the revisions to estimates only affect the current period, they are recognized in the current period; if the adjustments to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods. Actual results may differ from estimates.

Valuation of Inventory

Net realizable value of inventory is the estimated selling price less the estimated costs to completion and sale in normal operating conditions. Such estimates are based on current market conditions and historical sale experience of similar products. Changes in market conditions may materially affect such estimates.

Fair Value Measurement and Valuation Techniques

When assets and liabilities measured at fair value are not traded in active markets and no market quotations are available, the Consolidated Company determines whether to use an external valuer and decides on the appropriate fair value valuation technique based on applicable laws or judgment.

If Level 1 inputs are not available for estimating fair value, the Consolidated Company or its appointed valuer refers to analyses of the financial position and operating results of the investee, recent transaction prices, quotations for similar equity instruments in inactive markets, quotations for similar instruments in active markets, and valuation multiples of comparable companies to determine the inputs. If actual future changes in inputs differ from expectations, fair value adjustments may occur.

The Consolidated Company updates the inputs quarterly based on market conditions to monitor whether the fair value measurement is appropriate.

For a description of fair value valuation techniques and inputs, refer to Notes 7 and 27.

6. Cash and cash dividends

	Dec. 31, 2024	Dec. 31, 2023
Petty cash and cash on hand	$ 57	$ 40
Bank checks and demand deposits	610,821	368,667
Cash equivalents (with investments which matures within three months)		
Time deposits	3,577,666	8,495,509
	$ 4,188,544	$ 8,864,216

The interest rate range for bank deposits as of the balance sheet date is as follows:

	Dec. 31, 2024	Dec. 31, 2023
Bank deposits	0.001%~1.150%	0.001%~3.350%
Time deposits	1.505%~4.890%	0.625%~5.400%

7. Financial Instruments at Fair Value Through Profit or Loss

	Dec. 31, 2024	Dec. 31, 2023
Financial assets - non-current		
Non-derivative financial assets		
－Unlisted		
Hai Ning Chang Meng Technology Partnership (limited partnership) (1)	$ 493,938	$ 373,267
GeneASIC Technologies Corporation (2)	-	-
－Listed		
M3 Technology Inc. (3)	-	766,000
－Simple agreement for future equity		
PowerLattice Technologies Incorporated (4)	49,177	-
	$ 543,115	$ 1,139,267

(1) In August 2019, the Consolidated Company signed an investment agreement with Hai Ning Chang Meng Technology Partnership (limited partnership) (referred to as "Hai Ning Chang Meng"), subscribing and paying RMB 6,900 thousand, which accounted for 24.64% of the total contribution. The Consolidated Company does not have the ability to influence relevant activities, hence it does not have significant influence. As of December 31, 2024, the paid contribution of the Consolidated Company accounted for 24.64% of the paid-in capital.

(2) In August 2020, the Group acquired 500 thousand ordinary shares of GeneASIC Technologies Corporation (hereinafter referred to as GeneASIC) at the price of NT$500 thousand. The Consolidated Company did not participate in GeneASIC Technologies' capital increase by cash in April 2023, July 2024 and Dec 2024, resulting in a decrease in its shareholding ratio to 11.22% as of December 31, 2024.

(3) In November 2023, the Consolidated Company acquired 4,000 thousand common shares of M3 Technology Inc. (referred to as "M3 Technology") on the centralized trading market for NT$500,000 thousand, mainly to enhance the efficiency of capital utilization of the Consolidated Company and to seek cooperation opportunities to establish an advanced packaging ecosystem. The Company was elected as a director at the extraordinary shareholders' meeting held by M3 Technology on January 31, 2024, and was subsequently appointed as chairman at the emergency board meeting on the same day having significant influence over M3 Technology. Therefore, transferred the equity instruments that were originally classified as financial assets at fair value through profit or loss to investments accounted for using equity method.

(4) In July 2024, the Consolidated Company signed a simple agreement for future equity with PowerLattice Technologies Incorporated (referred to as " PowerLattice”) for US$1,500 thousand to be converted into equivalent shares upon a future capital raising by PowerLattice. As of December 31, 2024, no equity conversion has occurred.

8. Financial assets measured at amortized cost

	Dec. 31, 2024	Dec. 31, 2023
Current		
Time deposits which mature in more than 3 months	$4,752,325	$ 2,819
Non-current		
Time deposits which mature in more than 1 year	$ -	$ 6,622

For the information of pledged financial assets measured at amortized cost, please see Note 29.

9. Accounts receivable and other receivables

	Dec. 31, 2024	Dec. 31, 2023
Accounts receivable		
Measure at amortized cost		
Total carrying amount	$ 547,921	$ 596,163
Less: Provision for loss	(29,929)	(28,628)
	$ 517,992	$ 567,535
Other receivables		
Interest receivable	$ 39,881	$ 28,576
Tax refunds	19,543	15,906
Lease receivable	578	3,318
Others	24	-
	$ 60,026	$ 47,800

Accounts receivable

To mitigate credit risk, the Consolidated Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Consolidated 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 recorded for uncollectible receivables. Accordingly, the Consolidated Company's management believes that the credit risk of the Consolidated Company has been significantly reduced.

The Consolidated Company recognizes a provision for loss on accounts receivable based on the expected credit losses over the lifetime of the receivables. The lifetime expected credit losses are calculated considering the customer's past default history, current financial condition, and the economic conditions of the industry. The Consolidated Company segments its customer base based on the historical experience of credit losses and establishes expected credit loss rates based on the overdue days of accounts receivable for different customer groups.

If there is evidence indicating that a counterparty is experiencing significant financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount due, the related accounts receivable are directly written off, though recovery efforts continue. Any amounts recovered through such efforts are recognized in profit or loss.

The Consolidated Company measures the provision for loss on accounts receivable using a provision matrix as follows:

Dec. 31, 2024

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	181-360 days past due	Over 360 days past due	Total
Total carrying amount	$484,993	$ 32,999	$ -	$ -	$ -	$ -	$ 29,929	$547,921
Provision for loss (expected credit loss in the duration)	-	-	-	-	-	-	(29,929)	(29,929)
Amortized cost	$484,993	$ 32,999	$ -	$ -	$ -	$ -	$ -	$517,992

Dec. 31, 2023

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	181-360 days past due	Over 360 days past due	Total
Total carrying amount	$544,876	$ 22,659	$ -	$ -	$ -	$ -	$ 28,628	$596,163
Provision for loss (expected credit loss in the duration)	-	-	-	-	-	-	(28,628)	(28,628)
Amortized cost	$544,876	$ 22,659	$ -	$ -	$ -	$ -	$ -	$567,535

Changes in loss provision of accounts receivable are as follows:

	2024	2023
Beginning balance	$ 28,628	$ 4
Impairment losses	624	28,933
Net exchange differences	677	(309)
Ending balance	$ 29,929	$ 28,628

10. Inventories

	Dec. 31, 2024	Dec. 31, 2023
Finished good	$ 357,953	$ 184,212
Work-in-progress	265,254	232,607
Raw materials	579,970	434,511
	$ 1,203,177	$ 851,330

Cost of goods sold for the years 2024 and 2023 included inventory impairment loss of NT$105,252 and NT$61,551 thousand respectively.

11. Subsidiaries

Subsidiaries listed in the consolidated financial statements

The consolidated financial statements were prepared based on the information of the following companies:

Name of the Investment Company	Name of Subsidiary	Nature of Business	Percentage of shareholdings Dec. 31, 2024	Percentage of shareholdings Dec. 31, 2023	Remark
The Company	AP Memory Corp, USA (hereinafter referred to as “AP-USA”)	IC design and development	100%	100%	(1)
The Company	Zentel Electronics Corporation (hereinafter referred to as “Zentel Electronics”)	IC design, development, and sales	-	-	(2)
The Company	AP Memory Technology (Hangzhou) Limited Co. (hereinafter referred to as “AP Hangzhou”)	IC design, development, and sales	100%	100%	(3)
The Company	APware Technology Corp. (hereinafter referred to as “APware”)	IC design, development, and sales	100%	100%	(4)
The Company	VIVR Corporation (hereinafter referred to as “VIVR”)	IC design, development, and sales	100%	100%	(5)
The Company	CascadeTeq Inc. (hereinafter referred to as “CascadeTeq”)	IC sales	100%	100%	(6)
AP Hangzhou	AP Memory Technology (Hong Kong) Co. Limited (hereinafter referred to as “AP Hong Kong”)	IC sales	100%	100%	(7)

(1) Established in the state of Oregon in the United States in February 2012, AP-USA mainly engages in the research and development of integrated circuits (ICs). As of February 27, 2025, the Company already contributed US$2,000 thousand of capital thereto.

(2) Powerchip Semiconductor is involved in the design, development, and sale of integrated circuit products. Considering the overall operational planning and resource allocation of the group, Powerchip Semiconductor was dissolved on June 30, 2022, with the liquidation process completed on January 12, 2023.

(3) AP Hangzhou was established in Hangzhou in June 2018, mainly engaged in the design, development, and sale of integrated circuits. As of February 27, 2025, the company's paid-in capital amount is US$2,000 thousand.

(4) To accommodate the growth scale of reinvested enterprises and future operational layout planning, the Company decided through a board resolution on October 15, 2021, to invest and establish a subsidiary, APware, in the Cayman Islands. APware was established in October 2021, mainly engaged in the design, development, and sale of integrated circuits. The Company made capital contributions of US$1,550 thousand in July 2024. As of February 27, 2025, the company's paid-in capital amount is US$1,550 thousand.

(5) In response to future product development and operational layout planning, the Company decided through a board resolution on August 30, 2022, to establish a subsidiary, VIVR, in the United States. VIVR was established in August 2022, mainly engaged in the design, development, and sale of integrated circuits and established its Taiwan branch on February 8, 2023. As of February 27, 2025, the company's paid-in capital amount is US$1,000 thousand.

(6) To accommodate future operational layout planning, the Company decided through a board resolution on October 28, 2022, to establish a subsidiary, CascadeTeq. CascadeTeq was established in December 2022, primarily engaged in the sale of integrated circuits. The Company made capital contributions of NT$5,000 thousand in January 2024. As of February 27, 2025, the company's paid-in capital amount is NT$10,000 thousand.

(7) AP Hangzhou established AP Hong Kong, a company primarily engages in the sale of ICs in October 2019 in Hong Kong. As of February 27, 2025, AP Hong Kong’s paid-in capital amounted to US$10 thousand.

12. Investments accounted for using the equity method

	Dec. 31, 2024	Dec. 31, 2023
Investments in associates		
Significant associates(1)		
M3 Technology	$ 709,180	$ -
Non-significant associates(2)		
Lyontek Inc. (hereinafter referred to as "Lyontek")	94,863	91,867
ONECENT TECHNOLOGY LTD. (hereinafter referred to as "ONECENT")	70,422	14,144
	$ 874,465	$ 106,011

(1) Significant associates:

Company Name	Dec. 31, 2024
M3 Technology	$ 709,180

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Company Name	Dec. 31, 2024
M3 Technology	$ 382,000

Following aggregate financial information is compiled according to M3 Technology's consolidated financial report and adjusted to reflect the application of the equity method.

	Dec. 31, 2024
Current assets	$ 1,564,725
Non-current assets	188,690
Current liabilities	(193,137)
Non-current liabilities	(4,774)
Equity	1,555,504
Non-controlling interest	(1,410,239)
	$ 145,265
Consolidated company ownership	9.34%
Interest attributable to Consolidated company	$ 145,265
Goodwill	412,302
Customer relationship	126,238
Intangible assets	25,375
Carrying amount of the investment	$ 709,180

	2024
Operating revenue	$ 907,178
Net income	$ 121,558
Other comprehensive income	413
Total comprehensive income	$ 121,971
Dividends received	$ 11,878

As stated in Note 7, The Consolidated Company has had significant influence over M3 Technology since January 31, 2024. Consequently, the financial assets previously measured at fair value through profit or loss was treated as disposed of, resulting in a loss of NT$54,000 on financial assets at fair value through profit or loss.

(2) Aggregate information of individually non-significant associates:

Aggregate information regarding the Consolidated Company's associates is as follows:

	2024	2023
Shares owned by the Consolidated Company		
Net income (losses)	$ 2,331	($ 543)
Other comprehensive income	405	2,035
Total comprehensive income	$ 2,736	$ 1,492

1. Lyontek

   In October 2016, the Consolidated Company invested NT$75,060 thousand to acquire 3,600 thousand common shares of Lyontek, representing a 30% ownership interest. The goodwill generated from the acquisition of Lyontek amounting to NT$2,610 thousand was recognized in the cost of investment in associate.

2. ONECENT

   The Consolidated Company made investments of NT$238 thousand in May 2022, NT$33,533 thousand in August 2022 and NT$30,256 thousand in Jun 2024, cumulatively acquiring 7,348 thousand common shares of ONECENT, representing a 27.88% ownership interest. The management of the Company considers that it has significant influence over ONECENT, thus classifying it as an associate of the Consolidated Company. The goodwill and intangible assets arising from the acquisition of ONECENT were recognized in the related costs of investment in the associate.

Refer to table 5 for the nature of activities, principal place of business and country of registration of the associates.

The profit or loss and other comprehensive income shares of Lyontek and ONECENT, an associated company accounted for using the equity method, are calculated based on financial report which have not been audited. however, the Company's management believes that the unaudited financial reports of the said investee company do not have a material impact.

13. Property, plant and equipment

	Machinery	Computers and Communication Equipment	Office Equipment	Leasehold Improvements	Total
Cost					
Balance on Jan. 1, 2024	$ 209,162	$ 16,997	$ 4,915	$ 17,875	$ 248,949
Addition	24,027	5,767	90	2,538	32,422
Disposal	(88,526)	(675)	-	-	(89,201)
Internal transfers	69,553	-	-	-	69,553
Net exchange differences	163	114	74	58	409
Balance, Dec. 31, 2024	214,379	22,203	5,079	20,471	262,132
Accumulated depreciation					
Balance on Jan. 1, 2024	$ 140,822	$ 12,173	$ 4,653	$ 14,863	$ 172,511
Depreciation expense	28,907	3,593	234	2,912	35,646
Disposal	(53,498)	(675)	-	-	(54,173)
Internal transfer	41,732	-	-	-	41,732
Net exchange differences	52	84	74	51	261
Balance, Dec. 31, 2024	158,015	15,175	4,961	17,826	195,977
Carrying amount, Dec. 31, 2024	$ 56,364	$ 7,028	$ 118	$ 2,645	$ 66,155
Cost					
Balance on Jan. 1, 2023	$ 168,238	$ 13,579	$ 4,952	$ 16,736	$ 203,505
Addition	6,172	3,441	-	1,170	10,783
Internal transfers	34,777	-	-	-	34,777
Net exchange differences	(25)	(23)	(37)	(31)	(116)
Balance, Dec. 31, 2023	209,162	16,997	4,915	17,875	248,949
Accumulated depreciation					
Balance on Jan. 1, 2023	97,558	9,750	4,420	11,143	122,871
Depreciation expense	22,422	2,431	270	3,747	28,870
Internal transfers	20,866	-	-	-	20,866
Net exchange differences	(24)	(8)	(37)	(27)	(96)
Balance, Dec. 31, 2023	140,822	12,173	4,653	14,863	172,511
Carrying amount, Dec. 31, 2023	$ 68,340	$ 4,824	$ 262	$ 3,012	$ 76,438

Depreciation expense is calculated on a straight-line basis over the following useful lives:

Machinery	2-5 years
Computers and Communication Equipment	3-7 years
Office Equipment	3-7 years
Leasehold Improvements	3 years

14. Lease Agreements

(1) Right-of-use assets

	Dec. 31, 2024	Dec. 31, 2023
Carrying amount of right-of-use assets		
Buildings	$ 24,975	$ 24,690
Machinery	-	28,401
	$ 24,975	$ 53,091

	2024	2023
Addition of right-of-use assets	$ 16,788	$ 21,282
Depreciation expense of right-of-use assets		
Buildings	$ 16,682	$ 14,520
Machinery	580	19,707
	$ 17,262	$ 34,227

(2) Lease liabilities

	Dec. 31, 2024	Dec. 31, 2023
Carrying amount of lease liabilities		
Current	$ 11,889	$ 25,917
Non-current	$ 12,342	$ 9,940

The discount rate range for lease liabilities is as follows:

	Dec. 31, 2024	Dec. 31, 2023
Buildings	2.15%~6.5%	2%~4%
Machinery	-	1.8%

(3) Other leasing information

	2024	2023
Short-term lease expenses	$ 4,427	$ 5,272
Total amount of cash (outflow) from lease	($ 33,593)	($ 55,332)

The Consolidated Company has elected to apply the recognition exemption for short-term leases related to offices, dormitories, and several parking spaces, not recognizing right-of-use assets and lease liabilities for these leases.

15. Other intangible assets

	Computer Software	Technical Authorization	Total
Cost			
Balance on Jan. 1, 2024	$ 86,227	$ 60,800	$ 147,027
Addition	24,466	-	24,466
Decrease	(29,473)	-	(29,473)
Net exchange differences	1,861	-	1,861
Balance, Dec. 31, 2024	$ 83,081	$ 60,800	$ 143,881
Accumulated amortization			
Balance on Jan. 1, 2024	$ 68,975	$ 1,689	$ 70,664
Amortization expense	17,165	20,267	37,432
Decrease	(29,473)	-	(29,473)
Net exchange differences	836	-	836
Balance, Dec. 31, 2024	$ 57,503	$ 21,956	$ 79,459
Carry amount, Dec. 31, 2024	$ 25,578	$ 38,844	$ 64,422
Cost			
Balance, Jan. 1, 2023	$ 125,005	$ -	$ 125,005
Addition	12,149	-	12,149
Decrease	(51,491)	-	(51,491)
Reclassification	-	60,800	60,800
Net exchange differences	564	-	564
Balance, Dec. 31, 2023	$ 86,227	$ 60,800	$ 147,027
Accumulated amortization			
Balance, Jan. 1, 2023	$ 103,294	$ -	$ 103,294
Amortization expense	16,652	1,689	18,341
Decrease	(51,491)	-	(51,491)
Net exchange differences	520	-	520
Balance, Dec. 31, 2023	$ 68,975	$ 1,689	$ 70,664
Carry amount Dec. 31, 2023	$ 17,252	$ 59,111	$ 76,363

Amortization expense is calculated on a straight-line basis over the following useful lives:

Computer software	1-3 years
Technical Authorization	3 years

16. Other assets

	Dec. 31, 2024	Dec. 31, 2023
Current		
Prepayments	$ 50,341	$ 52,771
Masks and probe cards	14,040	-
Offsets against business tax payable	130	2,514
Others	-	518
	$ 64,511	$ 55,803
Non-current		
Masks and probe cards	$ 109,885	$ 128,960
Prepaid bonuses	6,342	18,178
	$ 116,227	$ 147,138

17. Short-term Loans

	Dec. 31, 2024	Dec. 31, 2023
Unsecured loans		
Loans using credit facilities	$ 100,000	$ 300,000

The interest rate for loans using credit facilities as of December 31, 2024 and 2023, was 1.95% and 1.60% to 1.98% respectively.

18. Other liabilities

	Dec. 31, 2024	Dec. 31, 2023
Current		
Other payables		
Salaries and bonuses payable	$ 53,170	$ 56,248
Compensation of employees payable	45,049	56,502
Others	74,178	77,016
	$ 172,397	$ 189,766
Other liabilities		
Receipts under custody	$ 6,564	$ 3,978
Others	30	6,239
	$ 6,594	$ 10,217
Non-current		
Other payables		
Computer software payable	$ 6,337	$ -

19. Post-Employment Benefit Plans

Defined contribution plan

The retirement pension scheme applicable to the Company within the Consolidated Company, under the "Labor Pension Act", is a government-managed defined contribution plan. Contributions of 6% of monthly salaries are made to the individual accounts at the Bureau of Labor Insurance.

Employees of the Consolidated Company's subsidiaries in China, the United States, and Japan are members of the local government-operated retirement benefit plans. These subsidiaries are required to contribute a specific percentage of salary costs to the retirement benefit plans to fund these retirement benefit plans. The Consolidated Company's obligation to these government-operated retirement benefit plans is limited to making specified contributions.

20. Equity

(1) Share Capital

1. Common shares

	Dec. 31, 2024	Dec. 31, 2023
Number of shares authorized (in thousands)	200,000	200,000
Shares capital authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	162,348	162,004
Shares capital issued	$ 811,739	$ 810,020
Advance receipts for ordinary shares	$ 369	$ 1,739

Changes in the Company's share capital resulted from employees exercising employee stock options.

As of December 31, 2024, and 2023, the Company had 2,037 and 8,500 units of exercised employee stock options not yet issued as new ordinary shares, respectively, with the exercise prices received amounting to NT$369 thousand and NT$1,739 thousand accounted as Advance receipts for ordinary shares.

The number of shares issued for employee stock options that had not been approved by the company registration authority as of December 31, 2024, was 98,123 shares.

2. Issuance of Global Depositary Receipts

On December 6, 2021, the Company decided through an extraordinary shareholders' meeting to conduct a capital increase by cash for the issuance of ordinary shares to participate in the issuance of global depository receipts. On January 25, 2022, 6,400 thousand units of global depository receipts were issued on the Luxembourg Stock Exchange, priced at US$29.65 per unit, with each unit representing 2 shares of the Company, totaling 12,800 thousand shares, raising a total of US$189,760 thousand. The aforementioned global depository receipts were all redeemed in February 2022. The relevant authorized but unissued shares is still retained to be issued at such times.

(2) Capital surplus

	Dec. 31, 2024	Dec. 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Shares issued at premium	$ 5,779,225	$ 5,755,217
Exercised and invalid employee stock options	208,288	197,605
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	153,042	153,042
Vested restricted shares for employees	47,595	47,595
Cash capital increase reserved for employees	467	467
	6,188,617	6,153,926
May be used to offset a deficit only (2)		
Changes in the ownership of subsidiaries recognized for using the equity method	49,835	1,089
Cannot be used for any other purpose		
Employee stock options	129,240	79,415
	$ 6,367,692	$ 6,234,430

1. This type of capital surplus can be used to offset losses, or it can be used to issue cash dividends or increase share capital when the company has no losses. However, when increasing share capital, it is limited to a certain ratio of the paid-in share capital each year.
2. The capital surplus arising from the recognition of changes in ownership interests in subsidiaries, other than for covering deficits, shall not be used for any other purposes.

(3) Retained Earnings and Dividend Policy

According to the Company's articles of incorporation regarding the profit distribution policy, if there is a profit for the fiscal year, after legally paying taxes and compensating for accumulated losses, 10% of the profit is allocated to the legal reserve. The remainder is allocated or reversed to the special reserve as per legal requirements. If there is still a balance, along with the accumulated undistributed earnings, the board of directors shall draft a profit distribution proposal. When distributing by issuing new shares, it shall be resolved by the shareholders' meeting; when distributing in cash, it requires a resolution passed by more than two-thirds of directors present at the board meeting and more than half of the votes of the directors attending, and to be reported at the shareholders' meeting. The employee and director compensation distribution policy stipulated in the Company's articles of incorporation is referenced in Note 22(3) on "Compensation to employees and directors".

Considering the Company's environment and growth stage, in response to future capital needs and long-term financial planning, dividends can be distributed in the form of cash dividends or stock dividends, where the ratio of cash dividends should not be less than 20% of the total dividend distribution to shareholders.

The aforementioned dividend distribution ratio can be adjusted by the shareholders' meeting based on the Company's actual profit and financial situation for the year.

The legal reserve must be allocated until its balance reaches the total amount of the Company's paid-in capital. The legal reserve can be used to offset losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the paid-in capital can be used for cash distribution besides capital increase.

The profit distribution proposals for the years 2023 and 2022 are as follows:

	2023	2022
Legal reserve	$ 144,497	$ 194,170
Special reserve recognition (reversal)	($ 107)	$ 450
Cash dividends	$ 1,135,107	$ 1,132,458
Cash dividends per share (TWD)	$ 7.0	$ 7.0

The cash dividends mentioned above were resolved by the Board of Directors on March 1, 2024, and February 24, 2023, respectively, while the rest of the profit distribution items were also resolved in the regular meeting of shareholders on May 27, 2024, and May 29, 2023, respectively.

Due to the execution of employee stock options, the actual cash dividends per share for 2023 and 2022 were adjusted to NT$6.99765854 and NT$6.99660505, respectively.

The profit distribution plan proposed by the Company's Board of Directors for the year 2024 on February 27, 2025 is as follows:

	2024
Legal reserve	$ 157,823
Reversal on special reserve	($ 343)
Cash dividends	$ 1,137,180
Cash dividends per share (TWD)	$ 7.0

The cash dividends have been resolved by the Board of Directors, with the remainder expected to be decided at the regular meeting of shareholders scheduled for April 30, 2025.

21. Revenue

	2024	2023
Revenue from contracts with customers		
Merchandise sales revenue	$ 3,872,334	$ 3,902,005
Service revenue	245,587	205,724
Licensing revenue	48,061	90,214
Other income	26,396	28,964
	$ 4,192,378	$ 4,226,907

(1) Description of customer contracts

Refer to Note 4(13) for details.

(2) Contract balances

	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Accounts receivable (Note 9)	$ 517,992	$ 567,535	$ 638,597
Contract liabilities			
Merchandise sales	$ 158,961	$ 68,828	$ 23,043

The changes in contract liabilities primarily result from the difference between the timing of fulfilling performance obligations and the timing of receiving payments from customers.

The amount recognized as revenue in the current year from contract liabilities at the beginning of the year is as follows:

	2024	2023
From beginning contract liabilities		
Merchandise sales	$ 68,828	$ 23,043

22. Net income

(1) Depreciation and amortization

	2024	2023
Property, plant and equipment	$ 35,646	$ 28,870
Right-of-use assets	17,262	34,227
Other intangible assets	37,432	18,341
	$ 90,340	$ 81,438

	2024	2023
An analysis of depreciation by function		
Cost of goods sold	$ 28,882	$ 42,477
Operating expenses	24,026	20,620
	$ 52,908	$ 63,097

	2024	2023
An analysis of Amortization by function		
Cost of goods sold	$ 179	$ 105
Operating expenses	37,253	18,236
	$ 37,432	$ 18,341

(2) Employee benefit expenses

	2024	2023
Post-employment benefits		
Defined contribution plan (Note 19)	$ 20,406	$ 16,338
Share-based payment		
Equity settlement	60,508	31,554
Other employee benefits		
Salary expense	513,306	466,533
Labor and health insurance	34,372	28,710
Other personnel expenses	29,896	25,598
	577,574	520,841
Total employee benefit expenses	$ 658,488	$ 568,733
Summarized by function		
Cost of goods sold	$ 55,894	$ 49,116
Operating expense	602,594	519,617
	$ 658,488	$ 568,733

(3) Compensation to employees and directors

According to the Company's Articles of Incorporation, the Company accrues employees' compensation and board directors' remuneration at the rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors.

The estimated compensation to employees and directors for 2024 and 2023 were resolved by the board of directors on February 27, 2025, and March 1, 2024, respectively:

Estimated proportion

	2024	2023
Compensation to employees	1.16%	2.17%
Compensation to directors	0.30%	0.29%

Amount

	2024	2023
Compensation to employees	$ 24,008	$ 36,057
Compensation to directors	6,200	4,800

If the amounts change after the approval date of the annual consolidated financial statements, they will be treated as changes in accounting estimates and adjusted in the accounts in the following year.

The actual distribution amounts for compensation to employees and directors for 2023 and 2022 showed no difference from the amounts recognized in the 2023 and 2022 consolidated financial statements.

For information on the compensation to employees and directors resolved by the Company's board of directors, please refer to the Taiwan Stock Exchange's "Market Observation Post System".

(4) Foreign currency exchange gains (losses)

	2024	2023
Total gains on foreign exchange	$ 877,215	$ 723,621
Total losses on foreign exchange	(364,476)	(714,521)
Net income (losses)	$ 512,739	$ 9,100

23. Income tax

(1) The major components of income tax expense recognized in profit or losses:

	2024	2023
Current income tax expense		
Generated in the current year	($ 403,523)	($ 273,606)
Additional tax on undistributed earnings	(8,274)	(30,447)
Investment tax credits	40,866	36,188
Adjustment from previous years	(71,856)	98,974
	(442,787)	(168,891)
Deferred income tax		
Generated in the fiscal year	(11,856)	(5,120)
Income tax expense recognized in profit or losses	($ 454,643)	($ 174,011)

The reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

	2024	2023
Income before income tax	$ 2,032,875	$ 1,618,981
Income tax expenses at statutory rate	($ 406,684)	($ 323,485)
Unrecognizable expense for tax purposes	(8,695)	-
Unrecognizable income for tax purposes	-	54,800
Estimated investment tax credits	40,866	36,188
Income tax adjustments of previous years	(71,856)	98,974
Unrecognized temporary differences	-	(10,041)
Tax on undistributed Earnings	(8,274)	(30,447)
Income tax expense recognized in profit or losses	($ 454,643)	($ 174,011)

(2) Deferred income tax assets and liabilities

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

2024

Deferred income tax assets	Beginning balance	Recognized in profit or losses	Ending balance
Temporary differences			
Allowances for losses on market price decline and obsolete and slow-moving inventories	$ 41,050	$ 21,050	$ 62,100
Leaves payable	1,250	368	1,618
Foreign exchange losses	3,748	(3,219)	529
Losses on foreign investments accounted for using the equity method	11,943	7,573	19,516
Unrealized profit of sales	-	343	343
Bad debts expenses	498	(16)	482
	$ 58,489	$ 26,099	$ 84,588

Deferred income tax liabilities	Beginning balance	Recognized in profit or losses	Ending balance
Temporary differences			
Financial assets measured at FVTPL	$ 68,647	$ 24,135	$ 92,782
Profit on foreign exchange	1,638	672	2,310
Profit on foreign investments accounted for using the equity method	7,293	13,148	20,441
	$ 77,578	$ 37,955	$ 115,533

2023

Deferred income tax assets	Beginning balance	Recognized in profit or losses	Ending balance
Temporary differences			
Allowances for losses on market price decline and obsolete and slow-moving inventories	$ 28,725	$ 12,325	$ 41,050
Leaves payable	1,475	(225)	1,250
Foreign exchange losses	963	2,785	3,748
Losses on foreign investments accounted for using the equity method	-	11,943	11,943
Bad debts expenses	-	498	498
	$ 31,163	$ 27,326	$ 58,489

Deferred income tax liabilities	Beginning balance	Recognized in profit or losses	Ending balance
Temporary differences			
Financial assets measured at FVTPL	$ 43,717	$ 24,930	$ 68,647
Profit on foreign exchange	1,415	223	1,638
Profit on foreign investments accounted for using the equity method	-	7,293	7,293
	$ 45,132	$ 32,446	$ 77,578

(3) Income tax assessments

The Company's and subsidiary CascadeTeq's up to 2022 income tax filing cases have been settled by the tax collection authorities. The subsidiary, Zentel Electronics, has been liquidated, along with its previous year's settlement filing cases that have been settled by the tax collection authorities.

24. Earnings per share

(NT$ per share)

	2024	2023
Basic earnings per share	$ 9.73	$ 8.93
Diluted earnings per share	$ 9.66	$ 8.85

The earnings and weighted average number of common shares used to calculate earnings per share are as follows:

Net income for the year

	2024	2023
Net income used for calculating the basic and diluted earnings per share	$ 1,578,232	$ 1,444,970

Number of shares

(In thousand shares)

	2024	2023
Weighted-average number of common shares for basic earnings per share calculations	162,214	161,847
Effects of dilutive potential common shares:		
Employee stock options	1,134	1,313
Compensation to employees	89	95
Weighted-average number of common shares for diluted earnings per share calculation	163,437	163,255

If the Company has the option to distribute employee compensation in stock or cash, when calculating diluted earnings per share, it is assumed that employee compensation are to be distributed in the form of stock. This potential common stock is included in the weighted average number of shares outstanding for the calculation of diluted earnings per share if it has a dilutive effect. This consideration of the dilutive effect of such potential common stock continues until the number of shares to be distributed for employee compensation is determined in the following year.

25. Share-based payment agreement

Employee stock option plan

Grant date	2024.06.03	2024.01.01	2023.12.22	2023.04.28	2022.12.23	2022.04.29	2021.03.12	2020.09.26	2019.12.20	2019.04.26	2018.11.09	2017.01.25
Approval date by board of directors	2023.10.27	2023.10.27	2022.08.30	2022.08.30	2022.08.30	2021.07.30	2020.08.07	2020.08.07	2019.04.26	2018.08.08	2018.08.08	2016.11.03
Grant unit	40,000	150,000	398,400	173,670	426,330	267,000	69,430	319,000	750,000	8,000	692,000	680,000
Exercise price (NT$) (Notes 1 and 2)	356.5	459.5	457.5	279.5	170	251	781	333.5	83.7	43.85	44.8	81.70
Share per unit (Note 2)	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share
Granted to	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements
Vesting conditions (Note 3)	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 40% 3 years 30% 4 years 30%
Duration (years)	10	10	10	10	10	10	10	10	10	10	10	10

Note 1: After the issuance of employee stock options, if there is a change in the Company's common shares or the Company distributes cash dividends, the exercise price of the stock options will be adjusted according to a specified formula. If the adjustment formula necessitates a re-measurement of the exercise price and if the adjusted exercise price exceeds the pre-adjustment exercise price, the exercise price will not be adjusted.

Note 2: After the issuance of employee stock options, if the Company undergoes a change in stock par value, the exercise price of the stock options will first be adjusted according to a specified formula, followed by an adjustment to the subscription ratio. However, stock options that have already been exercised will not be retroactively adjusted. In August 2021, the Company amended its articles of incorporation as resolved in the regular meeting of shareholders, changing the par value per share from NT$10 to NT$5, and completed the related conversion in October 2021. This resulted in the exercise price per share of stock options granted before October 2021 being adjusted to 50% of the original exercise price, with the number of shares each option could purchase adjusted from 1 share to 2 shares.

Note 3: Calculated from the date the employee stock options were granted.

Information related to the issued employee stock options is as follows:

Employee stock options	2024 Units	2024 Weighted Average Exercise Price (TWD)	2023 Units	2023 Weighted Average Exercise Price (TWD)
Beginning outstanding	1,942,348	$ 257.72	1,754,073	$ 188.65
Given in the current year	190,000	437.82	572,070	401.70
Expired in the current year	(106,478)	289.70	(160,445)	175.12
Exercised in the current year	(179,196)	143.57	(223,350)	114.06
Ending outstanding	1,846,674	279.55	1,942,348	257.72
Exercisable at the end of the current year	602,258	170.76	422,863	146.68
Weighted-average fair value of the stock options given in the current year (TWD)	$ 204.27		$ 189.92	

The weighted average share price at the date of exercise for employee stock options in 2024 and 2023 was NT$409.01 and NT$299.90, respectively.

As of the balance sheet date, information related to outstanding employee stock options is as follows:

December 31, 2024			December 31, 2023		
Issue Date	Exercise Price (NT$)/unit	Weighted Average Remaining Contractual Life (Years)	Issue Date	Exercise Price (NT$)/unit	Weighted Average Remaining Contractual Life (Years)
2018.11.09	$ 41.60	3.86	2018.11.09	$ 42.40	4.86
2019.04.26	40.60	4.32	2019.04.26	41.40	5.32
2019.12.20	77.60	4.97	2019.12.20	79.20	5.98
2020.09.26	309.80	5.74	2020.09.26	316.00	6.74
2021.03.12	725.00	6.20	2021.03.12	739.60	7.20
2022.04.29	236.20	7.33	2022.04.29	240.90	8.33
2022.12.23	163.20	7.98	2022.12.23	166.50	8.99
2023.04.28	268.30	8.33	2023.04.28	273.70	9.33
2023.12.22	448.50	8.98	2023.12.22	457.50	9.98
2024.01.01	450.50	9.01			
2024.06.03	349.50	9.43			

Options granted in June 2024, January 2024, December 2023 and April 2023 were priced by using the binomial pricing model, and the inputs to the model were as follows:

Year of Offering	June 2024	January 2024	December 2023	April 2023
Fair value per option - grant date	$135.33 ~ $191.37	$181.15 ～$245.51	$180.44 ~ $247.78	$105.05 ~ $151.06
Exercise price	$356.50	$459.50	$457.50	$$279.50
Expected volatility	61.73% ~ 65.59%	61.98% ~ 66.26%	61.98% ~ 66.32%	63.00% ~ 65.36%
Expected life	6 ~ 7.5 years	6 ~ 7.5 years	6 ~ 7.5years	6 ~ 7.5 years
Expected dividend yield	-	-	-	-
Risk-free interest rate	1.53% ~1.57%	1.20%~1.21%	1.18%~1.20%	1.11%~1.14%

The expected volatility is calculated based on the historical stock price volatility of similar companies. The Company assumes that employees will exercise their stock options at the midpoint between the vesting period end and the expiration date of the options.

The compensation costs recognized for 2024 and 2023 were NT$60,509 thousand and NT$31,554 thousand, respectively.

26. Capital Risk Management

The Consolidated Company conducts capital management to ensure its ability to continue as a going concern while maximizing shareholder returns through optimizing the balance of debt and equity.

The capital structure of the Consolidated Company consists of equity of the Consolidated Company, which includes share capital, capital surplus, retained earnings, and other equity items.

The Consolidated Company is not subject to any external capital requirements.

The management of the Consolidated Company regularly reviews the capital structure, considering the costs and risks associated with various capital structures. Generally, the Consolidated Company employs a cautious risk management strategy.

27. Financial Instruments

(1) Fair value of financial instruments that are not measured at fair value

The main management of the Consolidated Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value in the consolidated financial statements approximate their fair values.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

Dec. 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments	$ -	$ -	$ 543,115	$ 543,115

Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity instruments	$ 766,000	$ -	$ 373,267	$ 1,139,267

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

2024

Financial Assets	Measured at Fair Value through Profit or Loss Equity Instruments
Beginning balance	$373,267
Add in current year	47,475
Recognized in profit or losses	122,373
Ending balance	$543,115
Unrealized gains recognizing in the current year related to the assets held at the end of year	$120,671

2023

Financial Assets	Measured at Fair Value through Profit or Loss Equity Instruments
Beginning balance	$250,639
Recognized in profit or losses	122,628
Ending balance	$373,267
Unrealized gains recognizing in the current year related to the assets held at the end of year	$122,628

3. Level 3 fair value measurement techniques and inputs

Financial instruments	Evaluation techniques and input values
Unlisted domestic and foreign stocks	1. The market approach is used, referring to the valuation of similar companies and recent fundraising activities of the investee company to measure its fair value. 2. The asset approach is used, referring to the total market value of the individual assets and individual liabilities of the investee company to measure its fair value 3. Fair values are estimated using transaction prices from inactive markets within the past six months

(3) Categories of financial instruments

	Dec. 31, 2024	Dec. 31, 2023
Financial assets		
Equity instruments investment measured at fair value through profit or loss	$ 543,115	$ 1,139,267
Measured at amortized cost (Note 1)	9,947,110	9,932,611
Financial liabilities		
Measured at amortized cost (Note 2)	511,603	760,952

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, debt instrument investments, accounts receivable, other receivables (excluding tax refunds), and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term loans, accounts payable, other payables, and deposits received.

(4) Financial Risk Management Objectives and Policies

The primary financial instruments of the Consolidated Company include equity and debt instrument investments, accounts receivable, other receivables, refundable deposits, loans, accounts payable, other payables, lease liabilities, and deposits received. The financial management department of the Consolidated Company provides services to business units, overseeing and managing financial risks related to the operations of the Consolidated Company.

These risks include market risks (including exchange rate risk, interest rate risk, and other price risks), credit risks, and liquidity risks.

1. Market Risk

The main financial risks borne by the Consolidated Company due to its operating activities include foreign currency exchange rate risk (see below (1)), interest rate risk (see below (2)), and other price risks (see below (3)).

There has been no change in the consolidated company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange rate risk

Several subsidiaries of the Company are involved in transactions of sales and purchases denominated in foreign currencies, thereby exposing the Consolidated Company to exchange rate fluctuation risks.

Refer to Note 31 for the carrying amounts of monetary assets and liabilities denominated in non-functional currencies at the balance sheet date.

Sensitivity Analysis

The Consolidated Company is primarily affected by fluctuations in the USD exchange rate.

The table below details a sensitivity analysis for the Consolidated Company when the exchange rate of the functional currency against the USD increases or decreases by 5%. The sensitivity analysis only includes monetary items denominated in foreign currencies that are outstanding at year-end and adjusts their conversion at the end of the year by a 5% change in exchange rates. The positive figures in the table indicate the amount by which net income before tax would decrease when the functional currency appreciates by 5% against the USD; when the functional currency depreciates by 5% against the USD, the impact on net income before tax would be the same amount in negative.

	USD Impact	
	2024	2023
Gain or loss (i)	$ 416,918	$ 384,498

(i) Mainly arising from the Consolidated Company’s USD-denominated demand deposits, time deposits, accounts receivable, other receivables, accounts payable, and other payables that are outstanding at the balance sheet date and not hedged for cash flow.

(2) Interest rate risk

The carrying amount of the consolidated Company's financial assets with exposure to interest rates at the end of the reporting period were as follows:

	Dec. 31, 2024	Dec. 31, 2023
Fair value interest rate risk		
－Financial assets	$ 8,329,991	$ 8,504,950
－Financial liabilities	124,231	335,857
Cash flow interest rate risk		
－Financial assets	610,102	368,627

<u>Sensitivity Analysis</u>

The sensitivity analysis for interest rate risk is determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date were outstanding for the entire reporting period. An increase of 50 basis points, with all other variables held constant, would increase the Consolidated Company's net income before tax by NT$3,051 thousand and NT$1,843 thousand for 2024 and 2023, respectively, mainly due to the Consolidated Company's floating rate deposits.

(3) Other price risk

The price risk of financial assets measured at fair value through profit or loss for the Consolidated Company in 2024 and 2023 primarily arises from equity instrument investments.

<u>Sensitivity Analysis</u>

The following sensitivity analysis is based on equity prices at the balance sheet date.

If equity prices were to increase/decrease by 5%, the net income before tax of the Consolidated Company for 2024 and 2023 would respectively increase/decrease by NT$27,156 thousand and NT$56,963 thousand, due to the change in fair value of financial assets measured at fair value through profit or loss.

2. Credit Risk

Credit risk refers to the risk of financial loss to the Consolidated Company if a counterparty to a financial instrument fails to meet its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk that could cause financial loss to the Consolidated Company mainly arises from the carrying amounts of financial assets recognized on the consolidated balance sheet.

The policy adopted by the Consolidated Company involves transacting with creditworthy parties and obtaining adequate collateral, where necessary, to mitigate the financial loss from defaults. The Consolidated Company uses publicly available financial information and its transaction history to rate its major customers. The Consolidated Company continuously monitors credit exposure and the credit ratings of its counterparties, distributing the total transaction volume across customers with qualified credit ratings.

The credit risk of the Consolidated Company is primarily concentrated on a few customers. As of December 31, 2024, and 2023, the accounts receivable balances exceeding 10% of the total are summarized as follows:

	Dec. 31, 2024
Customer A	$ 94,154
Customer B	93,748
	$ 187,902

	Dec. 31, 2023
Customer F	$ 181,366
Customer B	160,633
	$ 341,999

To mitigate credit risk, the management of the Consolidated Company has assigned a dedicated team responsible for deciding on credit limits, approving credit, and other monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue receivables. Moreover, at the balance sheet date, the Consolidated Company reviews the recoverability of receivables to ensure that appropriate impairment losses are recognized for irrecoverable amounts. Based on this, the management of the Consolidated Company believes that the credit risk has been significantly reduced.

3. Liquidity Risk

The objective of managing liquidity risk is to ensure that the Consolidated Company has sufficient liquidity to meet its operational needs over the next 12 months. The Consolidated Company achieves this by maintaining adequate levels of cash and cash equivalents to meet its contractual obligations, continuously controlling changes in cash flows, net cash positions, and significant capital expenditures, timely monitoring the usage of bank financing facilities, and ensuring compliance with loan agreement terms.

Bank borrowings are an important source of liquidity for the Consolidated Company. Refer to the explanation below for the unused borrowing facilities of the Consolidated Company.

(1) Liquidity and interest rate risk table

The table below details the remaining contractual maturity analysis of non-derivative financial liabilities of the Consolidated Company with agreed repayment periods, based on the earliest date the Consolidated Company could be required to pay. The table is prepared using the undiscounted cash flows of financial liabilities, including both interest and principal cash flows.

Dec. 31, 2024

	Weighted average effective interest rate (%)	Request pay-as-you-go or less than 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
No interest-bearing liabilities	-	$ 380,821	$ 22,445	$ 6,337	$ -
Lease liabilities	2.83	3,726	8,664	12,582	-
Fixed rate instruments	1.95	100,182	-	-	-
		$ 484,729	$ 31,109	$ 18,919	$ -

Dec. 31, 2023

	Weighted average effective interest rate (%)	Request pay-as-you-go or less than 3 months	3 months to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
No interest-bearing liabilities	-	$ 416,151	$ 28,801	$ -	$ -
Lease liabilities	2.26	16,693	9,619	10,114	-
Fixed rate instruments	1.81	300,496	-	-	-
		$ 733,340	$ 38,420	$ 10,114	$ -

(2) Amount of financing

	Dec. 31, 2024	Dec. 31, 2023
Amount of bank loan		
Amount utilized	$ 100,000	$ 300,000
Amount unutilized	697,510	610,575
	$ 797,510	$ 910,575

The operating capital and financing amount of the Consolidated Company are sufficient to support operational needs, thus there is no liquidity risk arising from the inability to raise funds to fulfill contractual obligations.

28. Related Party Transactions

The transactions, account balances, income, and expenses between the company and its subsidiaries (the related parties of the Company) have been fully eliminated during the consolidation process, and therefore, they are not disclosed in this note.

Other than the part disclosed in other notes, transactions between the consolidated company and other related parties are as follows:

(1) Related party names and categories

Name of related party	Relationship with the consolidated company
Lyontek	Associate
ONECENT TECHNOLOGY (SINGAPORE) PTE.	Subsidiary of associates

(2) Net revenue

Items	Related party category	2024	2023
Sales revenue	Associate	$ 5,650	$ 7,377
Service revenue	Subsidiary of associates	$ -	$ 1

Transactions with related parties for sales are processed at prices agreed upon by both parties, with payment periods comparable to those of general customers.

(3) Key management personnel compensation

	2024	2023
Short-term employee benefits	$ 56,387	$ 51,924
Post-employment benefits	324	324
Share-based payment	26,781	8,626
	$ 83,492	$ 60,874

The compensation to directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

29. Pledged Assets

The following assets have been provided as customs guarantee for the import of raw materials:

	Dec. 31, 2024	Dec. 31, 2023
Pledged time deposits (financial assets measured at amortized cost)	$ 2,859	$ 2,819

30. Significant Contingent Liabilities and Unrecognized Commitments

In addition to the other notes described, the consolidated company's significant commitments and contingencies as of the balance sheet date are as follows:

Significant Commitments

The Consolidated Company has entered into long-term contracts for the purchase of raw materials with suppliers, from October 2021 to December 2024, and provided NT$443,440 thousand as a capacity purchase deposit in October 2021. The contract also specifies monthly purchase quantities and compensation for shortfalls if purchases do not meet contractual amounts. Considering the current trading pattern and actual dealings with the suppliers, the Consolidated Company assesses that there is no significant likelihood of compensation being required, therefore these contracts do not have a significant impact on the financial and operational aspects.

31. Information on Foreign Currency Financial Assets and Liabilities with Significant Effects

The information below is expressed in a foreign currency other than the functional currency of the entities in the Consolidated Company and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets and liabilities are as follows:

Unit: Except for the exchange rate, which is in dollars ($1), all foreign currency/book amounts are in thousands ($1,000).

Dec. 31, 2024

	Foreign Currency	Exchange Rate	Book Amount
Financial Assets			
Monetary Items			
USD	$ 263,338	32.785 (USD:TWD)	$ 8,633,498
USD	3,147	7.321 (USD:RMB)	103,172
			$ 8,736,670
Non-monetary Items			
Equity instruments measured at fair value through profit or loss			
RMB	110,303	4.478 (RMB:TWD)	$ 493,938
USD	1,500	32.785 (USD:RMB)	49,177
			$ 543,115
Financial Liabilities			
Monetary Items			
USD	8,337	32.785 (USD:TWD)	$ 273,298
USD	3,813	7.321 (USD:RMB)	125,013
			$ 398,311

Dec. 31, 2023

	Foreign Currency	Exchange Rate	Book Amount
Financial Assets			
Monetary Items			
USD	$ 260,367	30.705 (USD:TWD)	$ 7,994,579
USD	765	7.096 (USD:RMB)	23,490
			$ 8,018,069
Non-monetary Items			
Equity instruments measured at fair value through profit or loss			
RMB	86,265	4.327 (RMB:TWD)	$ 373,267
Financial Liabilities			
Monetary Items			
USD	9,510	30.705 (USD:TWD)	$ 291,987
USD	1,177	7.096 (USD:RMB)	36,127
			$ 328,114

Significant foreign exchange gains or losses (including realized and unrealized) are as follows:

	2024		2023	
Foreign Currency	Exchange Rate	Net Exchange (Loss)/Gain	Exchange Rate	Net Exchange (Loss)/Gain
USD	32.112 (USD:TWD)	$ 521,717	31.155 (USD:TWD)	$ 12,776
USD	7.210 (USD:RMB)	(9,010)	7.037 (USD:RMB)	(4,601)
Other		32		925
		$ 512,739		$ 9,100

32. SEPARATELY DISCLOSED ITEMS

(1) Information on major transactions (2) Transfer of investment business

1. Financings provided: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held (excluding the part of investment subsidiaries): Table 1.
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
9. Information about the derivative financial instrument transaction: None.
10. Other: Business relationships and significant transaction details and amounts between the parent company and its subsidiaries, and among the subsidiaries themselves: Table 4.
11. Information on investees: Table 5.

(3) Information on investment in mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4.
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
   (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
   (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Table 4.

(4) Information of major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 7.

33. Operating Segments Information

The information provided to the chief operating decision-maker for resource allocation and performance assessment focuses on the types of products or services delivered or provided. The reportable segments of the Consolidated Company are as follows:

IOT Business Unit - Design, sales, and licensing of customized memory solutions

AI Business Unit - Design, sales, and licensing of heterogeneous integrated chip solutions

(1) Segment revenue and operating results

The revenue and operating results of the Consolidated Company's continuing operations by reportable segment are as follows:

From Jan. 1, 2024 to Dec. 31, 2024

	IOT	AI	Total
Segment revenue	$ 3,337,549	$ 854,829	$ 4,192,378
Operating costs	(1,671,704)	(375,101)	(2,046,805)
Segment net profit	$ 1,665,845	$ 479,728	2,145,573
Operating expenses			(1,082,483)
Operating income			1,063,090
Non-operating income and expenses			969,785
Net income before tax			$ 2,032,785

From Jan. 1, 2023 to Dec. 31, 2023

	IOT	AI	Total
Segment revenue	$ 3,968,536	$ 258,371	$ 4,226,907
Operating costs	(2,364,004)	(107,897)	(2,471,901)
Segment net profit	$ 1,604,532	$ 150,474	1,755,006
Operating expenses			(902,225)
Operating income			852,781
Non-operating income and expenses			766,200
Net income before tax			$ 1,618,981

(2) Major products and services revenue

Please refer to Note 21.

(3) Geographical information

Revenue from external customers by the geographical location of the customers and non-current assets by the geographical area of the assets are presented as follows:

	Revenue from External Customers		Non-current Assets	
	2024	2023	Dec. 31, 2024	Dec. 31, 2023
China	$ 3,238,744	$ 2,861,528	$ 50,470	$ 26,299
Japan	14,792	5,750	-	-
Taiwan	592,529	456,773	647,852	772,005
Europe	11,810	71,347	-	-
America	178,165	72,968	21,223	14,251
Others	156,338	758,541	-	-
	$ 4,192,378	$ 4,226,907	$ 719,545	$ 812,555

Non-current assets exclude financial assets measured at FVTPL, financial assets measured at amortized cost, investments accounted for using the equity method and deferred income tax assets.

(4) Major customer information

Revenue from a single customer that accounts for 10% or more of the total revenue of the Consolidated Company is as follows:

	2024
Customer B	$ 644,723

	2023
Customer B	$ 1,235,554
Customer C	691,676
	$ 1,927,230

AP Memory Technology Corporation and Subsidiaries

Marketable Securities Held

Dec. 31, 2024

Table 1

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

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	At the End of Period				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
AP Memory Technology Corporation	Unlisted shares							
	Hai Ning Chang Meng Technology Partnership (limited partnership)	—	Financial assets measured at FVTPL - non-current	-	$ 493,938	24.64%	$ 493,938	
	GeneASIC Technologies Corporation	—	Financial assets measured at FVTPL - non-current	500,000	-	11.22%	-	
APware Technology Corp.	Simple agreement for future equity							
	PowerLattice Technologies Incorporated	—	Financial assets measured at FVTPL - non-current	-	49,177	not applicable	49,177	

Note : Refer to Tables 5 and 6 for information about subsidiaries and associates.

AP Memory Technology Corporation and Subsidiaries

Total Purchases from or Sales to Related Parties of at Least NT$100 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

Table 2

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

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsidiary	Sale	($ 808,789)	(19.25%)	Net 90 days after monthly closing	$ -	—	$ 214,067	39.07%	Note 2
AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Limited Co.	Subsidiary	Sale	(666,641)	(15.87%)	Net 60 days after monthly closing	-	—	125,013	22.82%	Note 2

Note 1: The transactions between the Company and AP Memory Technology (Hangzhou) Co. Limited and AP Memory Technology (Hong Kong) Co. Limited are based on the prices and conditions agreed by both parties.

Note 2: All amounts have been eliminated while preparing the consolidated financial statements.

Note 3: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AP Memory Technology Corporation and Subsidiaries

Total Purchases from or Sales to Related Parties of at Least NT$100 million or 20% of the Paid-in Capital

Dec. 31, 2024

Table 3

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

Company Name	Related Party	Relationship	Ending Balance of Receivables	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsidiary	$ 214,067	4.29	$ -	-	$ 75,623	$ -
AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	Subsidiary	125,013	8.27	-	-	43,860	-

Note 1: All amounts have been eliminated while preparing the consolidated financial statements.

Note 2: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AP Memory Technology Corporation and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions

For the Year Ended December 31, 2024

Table 4

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

Number (Note 1)	Company Name	Counterparty	Flow of Transaction (Note 2)	Transaction Details			
				Account	Amount (Note 4)	Transaction Terms	Percentage of Transaction Amount to Consolidated Operating Revenue or Total Assets (Note 3)
0	AP Memory Technology Corporation	AP Memory Corp, USA	(a)	Research and development expenses	$ 57,755	Note 5	1.38%
0	AP Memory Technology Corporation	AP Memory Corp, USA	(a)	Other payables	13,520	Note 5	0.10%
0	AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	(a)	Operating revenue	666,641	Note 5	15.90%
0	AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	(a)	Trade receivables	125,013	Note 5	0.96%
0	AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	(a)	Gain on disposal of property, plant, and equipment	2,916	Note 5	0.07%
0	AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	(a)	Operating revenue	808,789	Note 5	19.29%
0	AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	(a)	Trade receivables	214,067	Note 5	1.65%
0	AP Memory Technology Corporation	VIVR Corporation	(a)	Research and development expenses	13,643	Note 5	0.33%
0	AP Memory Technology Corporation	CascadeTeq Inc.	(a)	Operating revenue	4,538	Note 5	0.11%
0	AP Memory Technology Corporation	CascadeTeq Inc.	(a)	Trade receivables	1,746	Note 5	0.01%
1	AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited	(c)	Service revenue	97,146	Note 5	2.32%
1	AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited.	(c)	Trade receivables	31,410	Note 5	0.24%

Note 1: The transactions between the parent company and subsidiaries should be identified in the numbering column. The parent company and subsidiaries are numbered as follows:

a. Parent company: 0.

b. Subsidiaries are numbered in an order starting from 1.

Note 2: The directional flow of the transactions are represented by the following numerals:

a. From parent company to subsidiary.

b. From subsidiary to parent company.

c. Between subsidiaries.

Note 3: The accounts in the consolidated balance sheets and those in the consolidated statements of comprehensive income were based on the Company’s consolidated total assets and total gross sales, respectively.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

Note 5: For the intercompany transactions, prices and terms were based on mutual agreements.

AP Memory Technology Corporation and Subsidiaries

Information on Investees

For the Year Ended December 31, 2024

Table 5

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net (Loss) Income of the Investee (Note 2)	Share of (Loss) Profit (Note 2)	Note
				December 31, 2024	December 31, 2023	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Note 1)			
AP Memory Technology Corporation	AP Memory Corp, USA	Suite 251,BG Plaza,3800 S.W. Cedar Hills Blvd, Beaverton OR. 97005, USA	IC design and development services	$ 60,521 (USD 2,000,000)	$ 60,521 (USD 2,000,000)	2,000,000	100%	$ 24,690	($ 13,227) (USD -411,899)	($ 13,227)	Subsidiary
	Lyontek Inc.	No. 17, Industry East 2nd Road, East District, Hsinchu City	IC design and sales	75,060	75,060	3,600,000	30%	94,863	49,586	14,876	Associate
	APware Technology Corp.	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands	Investment activities	50,207 (USD 1,549,846)	-	10,000	100%	50,142	(657) (USD -20,446)	(657)	Subsidiary
	ONECENT TECHNOLOGY LTD.	4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	Design, development, and sales of wireless radio frequency identification systems	64,026 (USD 2,064,994)	33,771 (USD 1,128,000)	7,347,974	28%	70,422	(43,623) (USD -1,358,450)	(12,545)	Associate
	VIVR Corporation	Suite W 100 North Howard Street, Spokane Washington, 99201, US	IC design, development, and sales	32,140 (USD 1,000,000)	32,140 (USD 1,000,000)	1,000,000	100%	19,717	(11,432) (USD -356,007)	(11,432)	Subsidiary
	CascadeTeq Inc.	8F.-5, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County	IC sales	10,000	5,000	1,000,000	100%	3,205	(2,917)	(2,917)	Subsidiary
	M3 Technology Inc.	9F., No. 36, Aly. 38, Ln. 358, Ruiguang Rd., Neihu Dist., Taipei City	IC design, development, and sales	500,000	500,000	4,000,000	9.34%	709,180	107,223	(1,557)	Associate
AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited	Rm.19C,Lockhart Ctr.,301-307 Lockhart Rd.,Wan Chai, Hong Kong.	IC sales	275 (USD 10,000)	275 (USD 10,000)	10,000	100%	9,918	5,194 (USD 161,758)	5,194	Subsidiary

Note 1: Translation was based on the exchange rate on December 31, 2024.

Note 2: Translation was based on the average exchange rate for the nine months ended December 31, 2024.

Note 3: Apart from Lyontek Inc. and ONECENT TECHNOLOGY LTD., the amounts were recognized based on the audited financial statements prepared for the same fiscal year.

AP Memory Technology Corporation and Subsidiaries

Information on Investment in Mainland China

For the Year Ended December 31, 2024

Table 6

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (Note 1)	Net Income of the Investee Company (Note 3)	Percentage of Ownership	Share of Profits/Losses (Note 3 and 5)	Carrying Value as of December 31, 2024 (Note 4 and 5)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
AP Memory Technology (Hangzhou) Limited Co.	Design, Development, and Sale of Integrated Circuits	$ 58,009 (USD 2,000,000)	Note 2	$ 58,009 (USD 2,000,000)	$ -	$ -	$ 58,009 (USD 2,000,000)	$ 68,059 (RMB 15,280,433)	100%	$ 65,742	$ 169,669	$ -

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$58,009 (USD2,000,000)	$58,009 (USD2,000,000)	$ 7,144,234 (Note 6)

Note 1: The calculation is based on the original investment costs.

Note 2: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation.

Note 3: Translation was based on the average exchange rate of 2024.

Note 4: Translation was based on the exchange rate on December 31, 2024.

Note 5: The calculation is based on the parent company's (Taiwan) audited financial statements prepared for the same fiscal year.

Note 6: The calculation is made based on 60% of the Company's net value on December 31, 2024, in accordance with Letter No. 09704604680 issued by the Ministry of Economic Affairs.

Note 7: Related transactions were eliminated upon consolidation.

AP Memory Technology Corporation

Information on Major Shareholders

Dec. 31, 2024

Table 7

Shareholders	Shares	
	Total Shares Owned	Percentage of Ownership
Shanyi Investment Co., Ltd.	26,706,668	16.45%

Note 1: The major shareholder information in this table is calculated by the central securities depository based on the last business day of the quarter, taking into account the common shares and preferred shares held by the shareholders that have completed the dematerialized registration and delivery (including treasury shares), totaling 5% or more. The share capital recorded in the consolidated financial statements of the company and the actual number of shares that have completed the dematerialized registration and delivery may differ due to differences in calculation bases or other reasons.

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