

# **M31 Technology Corporation**

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

## **DELOITTE**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

M31 Technology Corporation

#### **Opinion**

We have audited the accompanying parent company only financial statements of M31 Technology Corporation (the "Company"), which comprise the parent company only balance sheet as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

Key audit matters for the parent company only financial statements for the year ended December 31, 2024 are stated as follows:

##### Risk of Improper Recognition of Technical Service Revenue

The Company's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 11, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Company's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2024, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors'

report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Chen Tsai and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 25, 2025

Notice to Readers

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

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

# M31 TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 461,473	22	\$ 806,045	34
Financial assets at fair value through profit or loss – current (Notes 4 and 7)	135,825	6	183,099	8
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	100,000	4
Accounts receivable (Notes 4, 5, 10 and 20)	212,199	10	338,063	14
Accounts receivable - related parties (Notes 4, 5, 20 and 28)	86,453	4	55,900	2
Other receivables	6,570	-	4,488	-
Other receivables – related parties (Notes 4 and 28)	6,592	-	4,495	-
Current tax assets (Notes 4 and 22)	90,306	4	80,410	4
Prepayments (Note 15)	144,408	7	43,282	2
Other current assets (Notes 15 and 29)	8,528	1	1,275	-
Total current assets	<u>1,152,354</u>	<u>54</u>	<u>1,617,057</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8)	1,008	-	-	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	303,797	14	147,520	6
Investments accounted for using the equity method (Notes 4 and 11)	71,403	3	41,665	2
Property, plant and equipment (Notes 4, 12 and 29)	586,162	27	559,569	23
Right-of-use assets (Notes 4 and 13)	294	-	1,177	-
Intangible assets (Notes 4 and 14)	17,009	1	12,136	1
Deferred tax assets (Notes 4 and 22)	10,577	1	6,975	-
Other non-current assets (Note 15)	229	-	1,406	-
Total non-current assets	<u>990,479</u>	<u>46</u>	<u>770,448</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 2,142,833</u>	<u>100</u>	<u>\$ 2,387,505</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities – current (Note 20)	\$ 31,255	2	\$ 28,151	1
Accounts payable (Note 16)	1,476	-	4,738	-
Other payables (Note 17)	134,927	6	227,441	10
Other payables – related parties (Note 28)	24,453	1	2,220	-
Current tax liabilities (Notes 4 and 22)	-	-	52,103	2
Lease liabilities – current (Notes 4 and 13)	300	-	890	-
Other current liabilities (Note 17)	19,724	1	7,505	1
Total current liabilities	<u>212,135</u>	<u>10</u>	<u>323,048</u>	<u>14</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 22)	11,394	-	1,138	-
Lease liabilities – non-current (Notes 4 and 13)	-	-	300	-
Total non-current liabilities	<u>11,394</u>	<u>-</u>	<u>1,438</u>	<u>-</u>
Total liabilities	<u>223,529</u>	<u>10</u>	<u>324,486</u>	<u>14</u>
<b>EQUITY (Note 19)</b>				
Share capital				
Ordinary shares	418,022	20	348,658	15
Share capital pending cancellation	( 25 )	-	( 180 )	-
Share capital subtotal	<u>417,997</u>	<u>20</u>	<u>348,478</u>	<u>15</u>
Capital surplus	<u>745,102</u>	<u>35</u>	<u>750,042</u>	<u>31</u>
Retained earnings				
Legal reserve	237,808	11	194,211	8
Unappropriated earnings	516,801	24	781,894	33
Total retained earnings	<u>754,609</u>	<u>35</u>	<u>976,105</u>	<u>41</u>
Other equity	1,596	-	( 11,606 )	( 1 )
Total equity	<u>1,919,304</u>	<u>90</u>	<u>2,063,019</u>	<u>86</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 2,142,833</u>	<u>100</u>	<u>\$ 2,387,505</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements

# M31 TECHNOLOGY CORPORATION

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 28)	\$ <u>1,472,044</u>	<u>100</u>	\$ <u>1,610,202</u>	<u>100</u>
GROSS PROFIT	<u>1,472,044</u>	<u>100</u>	<u>1,610,202</u>	<u>100</u>
OPERATING EXPENSES (Notes 14, 21 and 28)				
Selling and marketing expenses	( 139,389)	( 10)	( 101,973)	( 6)
General and administrative expenses	( 138,016)	( 9)	( 124,943)	( 8)
Research and development expenses	( 1,135,826)	( 77)	( 941,452)	( 59)
Expected credit loss (Note 10)	( 25,948)	( 2)	( 1,541)	-
Total operating expenses	( <u>1,439,179</u> )	( <u>98</u> )	( <u>1,169,909</u> )	( <u>73</u> )
OPERATING INCOME	<u>32,865</u>	<u>2</u>	<u>440,293</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 21)	28,219	2	29,273	2
Other income (Notes 4 and 21)	5,824	-	1,995	-
Other gains and losses (Notes 4 and 21)	66,652	5	35,703	2
Finance costs (Note 21)	( 10)	-	( 22)	-
Share of profit of subsidiaries (Note 4)	<u>13,463</u>	<u>1</u>	<u>4,268</u>	<u>1</u>
Total non-operating income and expenses	<u>114,148</u>	<u>8</u>	<u>71,217</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	147,013	10	511,510	32
INCOME TAX EXPENSE (Notes 4 and 22)	( <u>20,091</u> )	( <u>1</u> )	( <u>76,340</u> )	( <u>5</u> )
NET PROFIT FOR THE YEAR	<u>126,922</u>	<u>9</u>	<u>435,170</u>	<u>27</u>

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	\$ -	-	\$ 134	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 19)	2,731	-	( 145)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 19 and 22)	( 547)	-	30	-
	<u>2,184</u>	<u>-</u>	<u>( 115)</u>	<u>-</u>
Other comprehensive income(loss) for the year, net of income tax	<u>2,184</u>	<u>-</u>	<u>19</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 129,106</u>	<u>9</u>	<u>\$ 435,189</u>	<u>27</u>
EARNINGS PER SHARE ( Note 23 )				
Basic	<u>\$ 3.05</u>		<u>\$ 10.50</u>	
Diluted	<u>\$ 3.04</u>		<u>\$ 10.41</u>	

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

# M31 TECHNOLOGY CORPORATION

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

	Share Capital			Capital Surplus	Retained Earnings		Other Equity			Total Equity
	Shares (In Thousands)	Amount	Share Capital Pending Cancellation		Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	
BALANCE AT JANUARY 1, 2023	31,708	\$ 317,080	(\$ 100)	\$ 756,194	\$ 155,904	\$ 669,512	\$ 400	\$ 667	(\$ 42,200)	\$ 1,857,457
Appropriations of 2022 earnings										
Legal reserve	-	-	-	-	38,307	( 38,307 )	-	-	-	-
Cash dividends	-	-	-	-	-	( 253,584 )	-	-	-	( 253,584 )
Stock dividends	3,170	31,698	-	-	-	( 31,698 )	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	-	435,170	-	-	-	435,170
Other comprehensive income(loss) for the year ended December 31, 2023, net of income tax (Note 19)	-	-	-	-	-	-	( 115 )	134	-	19
Total comprehensive income(loss) for the year ended December 31, 2023	-	-	-	-	-	435,170	( 115 )	134	-	435,189
Compensation cost of employee restricted shares (Note 19)	-	-	-	-	-	-	-	-	25,957	25,957
Employee restricted shares cancellation (Note 19)	( 12 )	( 120 )	( 80 )	( 6,152 )	-	-	-	-	4,352	( 2,000 )
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 19)	-	-	-	-	-	801	-	( 801 )	-	-
BALANCE AT DECEMBER 31, 2023	34,866	348,658	( 180 )	750,042	194,211	781,894	285	-	( 11,891 )	2,063,019
Appropriations of 2023 earnings										
Legal reserve	-	-	-	-	43,597	( 43,597 )	-	-	-	-
Cash dividends	-	-	-	-	-	( 278,734 )	-	-	-	( 278,734 )
Stock dividends	6,968	69,684	-	-	-	( 69,684 )	-	-	-	-
Net profit for the year ended December 31, 2024	-	-	-	-	-	126,922	-	-	-	126,922
Other comprehensive income(loss) for the year ended December 31, 2024, net of income tax (Note 19)	-	-	-	-	-	-	2,184	-	-	2,184
Total comprehensive income(loss) for the year ended December 31, 2024	-	-	-	-	-	126,922	2,184	-	-	129,106
Compensation cost of employee restricted shares (Note 19)	-	-	-	-	-	-	-	-	7,563	7,563
Employee restricted shares cancellation (Note 19)	( 32 )	( 320 )	155	( 4,940 )	-	-	-	-	3,455	( 1,650 )
BALANCE AT DECEMBER 31, 2024	41,802	\$ 418,022	(\$ 25)	\$ 745,102	\$ 237,808	\$ 516,801	\$ 2,469	\$ -	(\$ 873)	\$ 1,919,304

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

# M31 TECHNOLOGY CORPORATION

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

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 147,013	\$ 511,510
Adjustments for:		
Depreciation expenses	45,683	39,803
Amortization expenses	7,543	6,533
Expected credit loss	25,948	1,541
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	( 3,973)	235
Finance costs	10	22
Interest income	( 28,219)	( 29,273)
Dividend income	( 1,747)	( 540)
Compensation cost of employee restricted shares	7,563	25,957
Share of profit of subsidiaries	( 13,463)	( 4,268)
Gain on disposal of property, plant and equipment	-	( 1,200)
Gain on disposal of non-current assets held for sale	-	( 42,916)
Unrealized (gain) loss on foreign currency exchange	( 44,813)	25,954
Changes in operating assets and liabilities		
Accounts receivable	112,327	( 55,597)
Accounts receivable - related parties	( 26,986)	( 22,586)
Other receivables	321	( 315)
Other receivables - related parties	( 2,086)	( 4,495)
Prepayments	( 101,126)	13,433
Other current assets	( 905)	( 1,143)
Contract liabilities	3,104	( 238,039)
Accounts payable	( 3,346)	2,697
Other payables	( 91,837)	46,983
Other payables - related parties	22,209	169
Other current liabilities	<u>12,119</u>	<u>( 86)</u>
Cash generated from operations	65,339	274,379
Interest received	25,774	29,198
Dividend received	1,747	540
Interest paid	( 10)	( 22)
Income tax paid	<u>( 75,983)</u>	<u>( 92,427)</u>
Net cash generated from operating activities	<u>16,867</u>	<u>211,668</u>

( Continued )

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 1,008)	\$ -
Disposal of financial assets at fair value through other comprehensive income	-	956
Acquisition of financial assets at amortized cost	( 203,243)	( 160,739)
Disposal of financial assets at amortized cost	162,740	301,590
Disposal of financial assets at fair value through profit or loss	51,247	101,561
Acquisition of long-term equity investments under the equity method	( 13,544)	( 17,079)
Disposal of non-current assets held for sale	-	141,767
Acquisition of property, plant and equipment	( 71,551)	( 33,176)
Disposal of property, plant and equipment	-	1,200
Increase in refundable deposits	( 149)	( 107)
Decrease in refundable deposits	-	56
Acquisition of intangible assets	( 12,416)	( 7,582)
Increase in other financial assets	( <u>6,220</u> )	<u>-</u>
Net cash (used in) generated from investing activities	( <u>94,144</u> )	<u>328,447</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	( 890)	( 878)
Dividends paid	( 278,734)	( 253,584)
Payment for buy-back of employee restricted shares	( <u>1,650</u> )	( <u>2,000</u> )
Net cash used in financing activities	( <u>281,274</u> )	( <u>256,462</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>13,979</u>	( <u>12,234</u> )
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 344,572)	271,419
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>806,045</u>	<u>534,626</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 461,473</u>	<u>\$ 806,045</u>

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

**M31 TECHNOLOGY CORPORATION**

**NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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**1. GENERAL INFORMATION**

M31 Technology Corporation (the “Company”) was incorporated on October 21, 2011. The Company mainly offers Silicon IP design services in the integrated circuit industry.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 2019.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

**2. APPROVAL OF FINANCIAL STATEMENTS**

The parent company only financial statements were approved by the Company’s board of directors on February 25, 2025.

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

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

The application of the amended IFRSs Accounting Standards endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies

3.2 IFRSs accounting standards recognized by the FSC applicable in 2025

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by International Accounting Standards Board (IASB)</u>
Amendments to IAS 21 ”Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods shall not be restated. The impact shall be recognized in retained earnings or equity on the date of initial application as exchange differences for foreign operations (as appropriate) and the related assets and liabilities affected.

- 3.3 The IFRSs accounting standards issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the classification and measurements of financial instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts that reference nature-dependent electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	TBD
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparison information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

As of the date of the parent company only financial statements were authorized for issue, the Company is still evaluating the impact of the amendments to each of the standards and interpretations on its financial position and financial performance. The related impact will be disclosed when the evaluation is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### 4.2 Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values.

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

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

- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company accounts for subsidiaries by using the equity method. In order to agree with the amount of net profit, other comprehensive income, and equity for the year attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for using equity method, share of profit (loss) of subsidiaries accounted for using equity method, and share of other comprehensive income of subsidiaries, as appropriate, in the parent company only financial statements.

#### 4.3 Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets expected to be realized within 12 months after the balance sheet dates; and
- (3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet dates.

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within 12 months after the balance sheet dates; and
- (3) Liabilities for which there is no substantive right to defer settlement for at least 12 months after the balance sheet date.

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

#### 4.4 Foreign currencies

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

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

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

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

For the purpose of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries locating in other countries or using currencies different from the currency of the Company) are translated into NT\$ using exchange rates prevailing at the balance sheet dates. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

#### 4.5 Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

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

When the Company's share of loss of a subsidiary equals to or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

When the Company transacts with its subsidiaries, profit and loss resulting from the transactions with the subsidiaries are recognized in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not owned by the Company.

#### 4.6 Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

#### 4.7 Intangible assets

##### (1) Intangible assets acquired separately

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

##### (2) Derecognition of intangible assets

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

#### 4.8 Impairment of property, plant and equipment, right-of-use assets and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

#### 4.9 Non-current assets held for sale

The carrying amount of a non-current asset is classified as held for sale when it is expected to be sold primarily through a sale transaction rather than through continued use. Non-current assets that meet this classification must be available for immediate sale in the current condition and the sale must be highly probable. When the appropriate level of management is committed to a plan to sell the asset and the sale transaction is expected to close within one year from the classification date, the sale will be considered highly probable.

#### 4.10 Financial instruments

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

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

##### (1) Financial assets

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

##### (1.1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

##### A. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

##### B. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable, accounts receivable-related parties, other receivables, other receivables-related parties, and refundable deposits (other listed current assets and non-current assets), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

#### C. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or

loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

#### (1.2) Impairment of financial assets

At each balance sheet date, the Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

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

- A. Internal or external information show that the debtor is unlikely to pay its creditors.
- B. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

#### (1.3) Derecognition of financial assets

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

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

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

## (2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. The carrying amounts are calculated based on weighted-average amount of the type of shares and the reasons for recovery. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## (3) Financial liabilities

### (3.1) Subsequent measurement

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

### (3.2) Derecognition of financial liabilities

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

## 4.11 Revenue recognition

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

### (1) Revenue from the rendering of services

The Company identifies performance obligations from contracts with customers and recognizes revenue when performance obligations are satisfied.

### (2) Licensing revenue

The functionality of the silicon intellectual property (Silicon IP) are not changed in silicon intellectual property (Silicon IP) licensing transactions. Furthermore, such silicon intellectual property (Silicon IP) remains functional without updates and technical support. While customers use the intellectual property in mass production at the foundries, the royalty prices are determined based on production, sales or other measures and the revenue is recognized with reference to the underlying arrangements.

#### 4.12 Lease

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

##### The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

#### 4.13 Employee benefits

##### (1) Short-term employee benefits

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

##### (2) Retirement benefits

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

#### 4.14 Share-based payment arrangements

##### Employee share options granted to employees

Employee restricted shares are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the grant date and the best estimate of the number of shares expected to be vested, with adjustments for other equity (unearned employee benefits). If they are vested immediately on the grant date, full expense is recognized on the grant date.

When the Company issues restricted employee shares, it recognizes other equity (unearned employee benefits) on the grant date and adjusts capital surplus - restricted employee shares at the same time. If the shares are issued for compensation and the employees are required to return the price upon termination of employment, the related payable should be recognized. If an employee leaves the Company during the vesting period and is not required to return the dividends received, an expense is recognized when dividends are declared and adjustments are also made to retained earnings and capital surplus - restricted employee shares.

The Company revises the estimated number of restricted employee shares expected to be vested at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss so that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - restricted employee shares.

#### 4.15 Taxation

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

##### (1) Current tax

The Company determines current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

##### (2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the

temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

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

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

(3) Current and deferred taxes

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

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

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

The Company management level will continue to review estimates and underlying assumptions.

### Key Sources of Estimation Uncertainty

#### Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 73	\$ 60
Checking accounts and demand deposits	363,045	338,230
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>98,355</u>	<u>467,755</u>
	<u>\$461,473</u>	<u>\$806,045</u>

The market rates of cash in bank at balance sheet dates were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits	0.030%~4.750%	0.050%~5.590%

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
– Fund beneficiary certificate	\$ 93,039	\$142,561
– Listed shares and emerging market shares	<u>42,786</u>	<u>40,538</u>
	<u>\$135,825</u>	<u>\$183,099</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Investment in equity instrument</u>		
<u>Non-current</u>		
Domestic investment		
Unlisted stock		
Ordinary shares –		
Astro Circuit Design Co., Ltd.	<u>\$ 1,008</u>	<u>\$ -</u>

The parent company only invested in the ordinary shares of Astro Circuit Design Co., Ltd. for a medium to long-term strategic purpose and expects to realize profits through long-term investment. The parent company only's management has chosen to designate these investments as fair value through other comprehensive income because the parent company only believes that the short-term fair value fluctuations of these investments in profit or loss would be inconsistent with the long-term investment plan.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months (Note 1)	\$ _____ -	<u>\$100,000</u>
<u>Non-current</u>		
Corporate Bonds (Note 2)	<u>\$303,797</u>	<u>\$147,520</u>

Note 1: The ranges of interest rates for time deposits with original maturities of more than 3 months were 1.400% as of December 31, 2023.

Note 2: In September and October 2021, the Company purchased APPLE INC. bonds for NT\$53,664 thousand and NT\$26,254 thousand, respectively, with a maturity date of August 20, 2050, and a coupon rate of 2.400%; in October 2021, the Company purchased Petróleos Mexicanos bonds for NT\$28,905 thousand, with a maturity date of January 23, 2026, and a coupon rate of 4.500%; in November 2023, the Company purchased Chilean Government International Bonds for NT\$4,120 thousand, with a maturity date of April 15, 2053, and a coupon rate of 3.500%; in November 2023, the Company purchased Corporate Bonds issued by Electricite de France for NT\$12,979 thousand and NT\$13,110 thousand, respectively, with maturity date of September 21, 2048, and a coupon rate of 5.000%; in January 2024, the Company purchased Corporate Bonds issued by Saudi Arabia for NT\$27,482 thousand and NT\$30,295 thousand, with maturity dates of October 26, 2046 and January 16, 2054, and coupon rates of 4.500% and 5.750%, respectively; In April and May 2024, the Company purchased Cathay Life Insurance Bonds for \$15,000 thousand and \$63,140 thousand, with maturity dates of April 24, 2034 and May 9, 2034, and coupon rates of 3.700% and 5.800%, respectively; in May 2024, the Company purchased Chilean Government International Bonds for NT\$4,585 thousand, with a maturity date of April 15, 2053, and a coupon rate of 3.500%.

Note 3: For information on credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 27.

## 10. ACCOUNTS RECEIVABLE

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$243,784	\$347,733
Less: Allowance for impairment loss	( 31,585 )	( 9,670 )
	<u>\$212,199</u>	<u>\$338,063</u>

### Accounts receivable

As provided by contracts, payments shall be received for services rendered by the Company within 30 to 120 days from the completion of each phase. In determining the recoverability of accounts receivable, the Company considers any change in the credit quality of the accounts receivable since the date the credit was initially granted to the balance sheet dates.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the key management personnel annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual accounts receivable at the balance sheet dates to ensure that adequate allowance for impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecasted direction of economic conditions at the balance sheet dates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

### December 31, 2024

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 120 Days</u>	<u>121 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected Credit Losses rate	0%~0.43%	0%~2.29%	0%~3.83%	-	0%~13.69%	0%~100%	
Gross carrying amount	\$ 127,895	\$ 111,043	\$ 48,141	\$ 5,589	\$ 12,655	\$ 24,914	\$330,237
Loss allowance (lifetime ECL)	( 549)	( 2,548)	( 1,842)	-	( 1,732)	( 24,914)	( 31,585)
Amortized cost	<u>\$ 127,346</u>	<u>\$ 108,495</u>	<u>\$ 46,299</u>	<u>\$ 5,589</u>	<u>\$ 10,923</u>	<u>\$ -</u>	<u>\$ 298,652</u>

## December 31, 2023

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 120 Days</u>	<u>121 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected Credit Losses rate	0%~0.18%	0%~%0.75%	0%~3.40%	0%~8.53%	0%~14.43%	0%~100%	
Gross carrying amount	\$ 239,291	\$ 88,043	\$ 52,690	\$ 6,141	\$ 13,080	\$ 4,388	\$ 403,633
Loss allowance (lifetime ECL)	( 421)	( 656)	( 1,794)	( 524)	( 1,887)	( 4,388)	( 9,670)
Amortized cost	<u>\$ 238,870</u>	<u>\$ 87,387</u>	<u>\$ 50,896</u>	<u>\$ 5,617</u>	<u>\$ 11,193</u>	<u>\$ -</u>	<u>\$ 393,963</u>

The movements of the loss allowance of accounts receivable were set out as follows:

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Balance at January 1	\$ 9,670	\$ 8,129
Add: Allowance for impairment loss for the year	25,948	1,541
Less: Actual write-off for the year	( 4,033)	-
Balance at December 31	<u>\$ 31,585</u>	<u>\$ 9,670</u>

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investments in subsidiaries		
— M31 Technology USA, INC.	\$ 47,471	\$ 38,109
— Sirius Venture Ltd.	11,405	1,967
— M31 Technologies India Private Ltd.	<u>12,527</u>	<u>1,589</u>
	<u>\$ 71,403</u>	<u>\$ 41,665</u>

At the balance sheet dates, the proportions of ownership and voting rights in subsidiaries held by the company are set out as follows:

<u>Name of Subsidiaries</u>	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
M31 Technology USA, INC. ( Note 1 )	100%	100%
Sirius Venture Ltd. ( Note 2 )	100%	100%
M31 Technologies India Private Ltd. ( Note 3 )	100%	100%

Note 1 : On May 3, 2023, the Company's board of directors resolved to approve a cash capital increase for M31 Technology USA, INC., and to increase the investment amount by USD 550 thousand.

Note 2 : On August 6, 2024, the Company resolved in the Board of Directors meeting to approve a cash capital increase for Sirius Venture Ltd. and increase the investment amount by USD 418 thousand.

Note 3 : M31 Technologies India Private Ltd. was incorporated on May 26, 2023 with the approval of the Ministry of Corporate Affairs, India. As on December 31, 2024, the Company's paid-up capital amounted to INR 500 thousand.

The investments in subsidiaries (M31 Technology USA, INC. and Sirius Venture Ltd.) accounted for using the equity method, the share of net profit or loss and other comprehensive income (loss) from investments were calculated based on the audited financial statements for the years ended December 31, 2024 and 2023.

The investments in subsidiaries (M31 Technologies India Private Ltd.) accounted for using the equity method, the share of net profit or loss and other comprehensive income (loss) from investments were calculated based on the audited financial statements for the years ended December 31, 2024.

The investments in the subsidiary (M31 Technologies India Private Ltd.) accounted for using the equity method, the share of net profit or loss and other comprehensive income (loss) from investments were calculated based on the unaudited financial statements for the years ended December 31, 2023. However, the regulatory authority believes that the financial statements of the investee mentioned above have not been audited by CPA and are not likely to have any significant impact.

## 12. PROPERTY, PLANT AND EQUIPMENT

### Assets used by the Company

	<u>Land</u>	<u>Buildings</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Other Facilities</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 126,440	\$ 396,141	\$ 88,980	\$ 3,809	\$ 144,611	\$ 759,981
Additions	-	1,381	36,072	-	33,940	71,393
Disposals	-	-	( 169)	-	( 3,800)	( 3,969)
Balance at December 31, 2024	<u>\$ 126,440</u>	<u>\$ 397,522</u>	<u>\$ 124,883</u>	<u>\$ 3,809</u>	<u>\$ 174,751</u>	<u>\$ 827,405</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 31,996	\$ 66,600	\$ 1,269	\$ 100,547	\$ 200,412
Depreciation expense	-	13,191	11,488	953	19,168	44,800
Disposals	-	-	( 169)	-	( 3,800)	( 3,969)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 45,187</u>	<u>\$ 77,919</u>	<u>\$ 2,222</u>	<u>\$ 115,915</u>	<u>\$ 241,243</u>
Carrying amounts at December 31, 2024	<u>\$ 126,440</u>	<u>\$ 352,335</u>	<u>\$ 46,964</u>	<u>\$ 1,587</u>	<u>\$ 58,836</u>	<u>\$ 586,162</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 126,440	\$ 391,631	\$ 94,926	\$ 3,809	\$ 122,658	\$ 739,464
Additions	-	4,510	1,116	-	21,953	27,579
Disposals	-	-	( 7,062)	-	-	( 7,062)
Balance at December 31, 2023	<u>\$ 126,440</u>	<u>\$ 396,141</u>	<u>\$ 88,980</u>	<u>\$ 3,809</u>	<u>\$ 144,611</u>	<u>\$ 759,981</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 19,047	\$ 65,644	\$ 317	\$ 83,545	\$ 168,553
Depreciation expense	-	12,949	8,018	952	17,002	38,921
Disposals	-	-	( 7,062)	-	-	( 7,062)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 31,996</u>	<u>\$ 66,600</u>	<u>\$ 1,269</u>	<u>\$ 100,547</u>	<u>\$ 200,412</u>
Carrying amounts at December 31, 2023	<u>\$ 126,440</u>	<u>\$ 364,145</u>	<u>\$ 22,380</u>	<u>\$ 2,540</u>	<u>\$ 44,064</u>	<u>\$ 559,569</u>

No impairment or reversal of losses were recognized for the years ended December 31, 2024 and 2023.

The Company's property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	5-50 years
Office Equipment	3-5 years
Leasehold Improvements	3 years
Other Facilities	3-5 years

### 13. LEASE AGREEMENTS

#### 13.1 Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Carrying amounts</u>		
Buildings	\$ <u>294</u>	\$ <u>1,177</u>
	<u>Year Ended</u> <u>December 31, 2024</u>	<u>Year Ended</u> <u>December 31, 2023</u>
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>-</u>
Depreciation of right-of-use assets		
Buildings	\$ <u>883</u>	\$ <u>882</u>

Except for the aforementioned recognized depreciation expenses, the Company has no significant subleasing and impairment losses in right-of-use assets for the years ended December 31, 2024 and 2023.

#### 13.2 Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Carrying amounts</u>		
Current	\$ <u>300</u>	\$ <u>890</u>
Non-current	\$ <u>-</u>	\$ <u>300</u>

Discount rate for lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	1.36%	1.36%

### 13.3 Other lease information

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Expenses relating to short-term leases	<u>\$ 48,893</u>	<u>\$ 32,246</u>
Total cash outflow for leases	<u>(\$ 49,793)</u>	<u>(\$ 33,146)</u>

The Company has elected to apply the recognition exemption to buildings qualified as short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Lease commitments	<u>\$ 257</u>	<u>\$ 138</u>

## 14. INTANGIBLE ASSETS

	<b>Software</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2024	\$ 36,336	\$ -	\$ 36,336
Separately acquired	<u>8,577</u>	<u>3,839</u>	<u>12,416</u>
Balance at December 31, 2024	<u>\$ 44,913</u>	<u>\$ 3,839</u>	<u>\$ 48,752</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 24,200	\$ -	\$ 24,200
Amortization expense	<u>7,159</u>	<u>384</u>	<u>7,543</u>
Balance at December 31, 2024	<u>\$ 31,359</u>	<u>\$ 384</u>	<u>\$ 31,743</u>
Carrying amounts at December 31, 2024	<u>\$ 13,554</u>	<u>\$ 3,455</u>	<u>\$ 17,009</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 28,754	\$ -	\$ 28,754
Separately acquired	<u>7,582</u>	<u>-</u>	<u>7,582</u>
Balance at December 31, 2023	<u>\$ 36,336</u>	<u>\$ -</u>	<u>\$ 36,336</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ 17,667	\$ -	\$ 17,667
Amortization expense	<u>6,533</u>	<u>-</u>	<u>6,533</u>
Balance at December 31, 2023	<u>\$ 24,200</u>	<u>\$ -</u>	<u>\$ 24,200</u>
Carrying amounts at December 31, 2023	<u>\$ 12,136</u>	<u>\$ -</u>	<u>\$ 12,136</u>

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

Software	3 years
Other intangible assets	5 years

An analysis of amortization expense by function:

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
General and administrative expenses	\$ 4,329	\$ 3,147
Research and development expenses	<u>3,214</u>	<u>3,386</u>
	<u>\$ 7,543</u>	<u>\$ 6,533</u>

## 15. OTHER ASSETS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Prepayments	\$144,408	\$ 43,282
Other financial assets	6,220	-
Temporary payments	1,418	1,188
Refundable deposits	150	80
Others	<u>740</u>	<u>7</u>
	<u>\$152,936</u>	<u>\$ 44,557</u>
<u>Non-current</u>		
Refundable deposits	\$ 229	\$ 150
Prepayments	<u>-</u>	<u>1,256</u>
	<u>\$ 229</u>	<u>\$ 1,406</u>

## 16. ACCOUNTS PAYABLE

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts payable</u>		
Operating	<u>\$ 1,476</u>	<u>\$ 4,738</u>

## 17. OTHER LIABILITIES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$100,108	\$188,977
Payables for annual leave	12,808	10,985
Payables for insurance	5,616	5,040
Payables for retirement benefits	5,563	5,042

( Continued )

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payables for professional service fees	\$ 5,033	\$ 2,634
Payables for taxes	95	-
Payables for business taxes	-	4,492
Payables for purchases of equipment	-	1,414
Others	<u>5,704</u>	<u>8,857</u>
	<u>\$134,927</u>	<u>\$227,441</u>
Other liabilities		
Temporary collection	\$ 14,252	\$ 1,228
Collection	<u>5,472</u>	<u>6,277</u>
	<u>\$ 19,724</u>	<u>\$ 7,505</u>

## 18. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

## 19. EQUITY

### 19.1 Share capital

#### Ordinary shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$500,000</u>	<u>\$500,000</u>
Number of shares issued and fully paid (in thousands)	<u>41,802</u>	<u>34,866</u>
Shares issued	<u>\$418,022</u>	<u>\$348,658</u>
Share capital pending cancellation	<u>\$ 25</u>	<u>\$ 180</u>

For the years ended December 31, 2024 and 2023, the Company has recovered 16 and 20 thousand employee restricted shares due to the termination of employment, respectively, please refer to Note 24.

## 19.2 Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Shares issuance premium	\$644,332	\$629,663
Treasury shares trading	17,313	17,313
Employee share options (2)	4,040	4,040
<u>Not to be used for any purpose</u>		
Employee restricted shares	<u>79,417</u>	<u>99,026</u>
	<u>\$745,102</u>	<u>\$750,042</u>

- (1) Such capital surplus may be used to offset losses, and may also be used to distribute cash or allocate share capital when the company has no losses, provided that the allocation of share capital is limited to a certain ratio of the paid-in share capital each year.
- (2) Such capital surplus refers to the amount transferred from Capital surplus — employee share options during the execution of employee share options.

## 19.3 Retained earnings and dividend policy

In accordance with the provisions of the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized in the following order:

- (1) Paying taxes.
- (2) Offsetting deficits of previous years.
- (3) Setting aside as legal reserve 10% of the remaining profit until the amount of the accumulated legal reserve equals the amount of the Company's capital.
- (4) Setting aside or reversing a special reserve in accordance with the laws or the regulations of competent authorities.
- (5) The remaining balance shall be added to the accumulated undistributed earnings of the previous period and the board of directors shall prepare a proposal for the distribution of earnings. If the distribution is made by issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution. In the case of cash distribution, the board of directors is authorized to distribute all or part of the dividends and bonuses in the form of cash payment and report to the shareholders' meeting by a two-thirds of the directors attending the meeting and a resolution of a majority of the directors present.

In accordance with the Articles of Incorporation, the Company's dividend policy takes into account the Company's sustainable operation, stable growth, protection of shareholders' rights and interests, and healthy financial structure, and the Company's

board of directors prepares a proposal for the appropriation of earnings based on future capital requirements and long-term financial planning. Total dividends to shareholders shall not be less than 2% of the appropriated earnings and may be paid in cash or in stock, with cash dividends not less than 10% of the total dividends.

The Company's Articles of Incorporation state the policies on the distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 21.7.

Legal reserve shall be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of 2023 and 2022 earnings were set out as follows:

	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2022</b>
Legal reserve	<u>\$ 43,597</u>	<u>\$ 38,307</u>
Cash dividends	<u>\$278,734</u>	<u>\$253,584</u>
Stock dividends	<u>\$ 69,684</u>	<u>\$ 31,698</u>
Cash dividends per share (NT\$)	\$ 8.0	\$ 8.0
Stock dividends per share (NT\$)	\$ 2.0	\$ 1.0

The above cash dividends were resolved for distribution by the Board of Directors on March 6, 2024, and February 23, 2023, respectively. The distribution of remaining appropriation earnings items were approved by the annual shareholders' meeting on May 27, 2024, and May 24, 2023, respectively.

On February 25, 2025, the Company's Board of Directors resolved to distribute the 2024 earnings as follows:

	<b>Year Ended December 31, 2024</b>
Legal reserve	<u>\$ 12,692</u>
Cash dividends	<u>\$ 83,599</u>
Cash dividends per share (NT\$)	\$ 2.0

The above-mentioned cash dividends have been approved by the Board of Directors, while the remaining distributions are subject to approval at the annual shareholders' meeting scheduled to be held on May 27, 2025.

## 19.4 Other equity items

### (1) Exchange differences on translating the financial statements of foreign operations

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Balance at January 1	<u>\$ 285</u>	<u>\$ 400</u>
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	2,731	( 145)
Income tax on translating the financial statements of foreign operations	( 547)	<u>30</u>
Other comprehensive income (loss) for the year	<u>2,184</u>	<u>( 115)</u>
Balance at December 31	<u><u>\$ 2,469</u></u>	<u><u>\$ 285</u></u>

### (2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Balance at January 1	<u>\$ -</u>	<u>\$ 667</u>
Recognized for the year		
Unrealized gain(loss)		
Equity instruments	<u>-</u>	<u>134</u>
Other comprehensive income (loss) for the year	<u>-</u>	<u>134</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>( 801)</u>
Balance at December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

### (3) Unearned employee benefits

In the meeting of shareholders on August 5, 2021, the Shareholders approved a restricted share plan for employees (see Note 24).

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Balance at January 1	(\$ 11,891)	(\$ 42,200)
Share-based payment expenses recognized	7,563	25,957
Employee restricted shares cancellation	<u>3,455</u>	<u>4,352</u>
Balance at December 31	<u><u>(\$ 873)</u></u>	<u><u>(\$ 11,891)</u></u>

## 20. REVENUE

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Technical service revenue	\$ 1,232,549	\$ 1,344,490
Royalty revenue	<u>239,495</u>	<u>265,712</u>
	<u>\$ 1,472,044</u>	<u>\$ 1,610,202</u>

### 20.1 Contract information

(1) Technical service revenue

The department of Silicon IP design service signs contracts based on which the Company offers Silicon IP design service, and the customers shall pay the transaction price when the Company satisfies the performance obligation.

(2) Royalty revenue

Royalty revenue refers to the contract-based royalties received by the Company through licensing standardized Silicon IP to customers for mass production.

### 20.2 Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable (Note 10)	<u>\$ 212,199</u>	<u>\$ 338,063</u>	<u>\$ 287,857</u>
Accounts receivables – related parties (Note 28)	<u>\$ 86,453</u>	<u>\$ 55,900</u>	<u>\$ 37,690</u>
Contract liabilities - current			
Technical service revenue	<u>\$ 31,255</u>	<u>\$ 28,151</u>	<u>\$ 266,190</u>

The changes in the contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. The changes for the years ended December 31, 2024 and 2023 are as follows:

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Balance at January 1	\$ 28,151	\$266,190
Contract liabilities from the beginning of year recognized as income	-	( 238,039)
New contract liabilities for the year	<u>3,104</u>	-
Balance at December 31	<u>\$ 31,255</u>	<u>\$ 28,151</u>

## 21. NET PROFIT FROM CONTINUING OPERATIONS

The net profit from continuing operations comprises the following items:

### 21.1 Interest income

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Bank deposits	\$ 16,303	\$ 25,496
Financial assets at amortized cost	11,915	3,777
Impute interest on deposits	<u>1</u>	<u>-</u>
	<u>\$ 28,219</u>	<u>\$ 29,273</u>

### 21.2 Other income

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Dividend income	\$ 1,747	\$ 540
Other income	<u>4,077</u>	<u>1,455</u>
	<u>\$ 5,824</u>	<u>\$ 1,995</u>

### 21.3 Other gains and losses

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Net foreign exchange gains (losses)	\$ 62,679	(\$ 8,178)
Net gains (losses) from financial assets at fair value through profit or loss	3,973	( 235)
Gain on disposal of non-current assets held for sale	-	42,916
Gains on disposal of property, plant and equipment	<u>-</u>	<u>1,200</u>
	<u>\$ 66,652</u>	<u>\$ 35,703</u>

### 21.4 Finance costs

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Interest on lease liabilities	<u>\$ 10</u>	<u>\$ 22</u>

### 21.5 Depreciation and amortization

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
An analysis of depreciation by function		
Operating expenses	<u>\$ 45,683</u>	<u>\$ 39,803</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 7,543</u>	<u>\$ 6,533</u>

## 21.6 Employee benefits expenses

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Short-term employee benefits	\$599,949	\$631,962
Post-employment benefits		
Defined contribution plans	21,221	19,120
Share-based payment		
Equity-settled	7,563	25,957
Other employee benefits		
Labor and health insurance	38,265	33,810
Other employee benefits	<u>12,607</u>	<u>10,873</u>
Total employee benefits expenses	<u>\$679,605</u>	<u>\$721,722</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$679,605</u>	<u>\$721,722</u>

## 21.7 Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The estimated compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023 were approved by the Company's Board of Directors on February 25, 2025 and February 27, 2024, respectively, are set out as follows:

### Accrual rate

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Employees' compensation	1.23%	1.20%
Remuneration of directors	1.23%	1.07%

### Amount

	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	<u>\$ 1,850</u>	<u>\$ 6,300</u>
Remuneration of directors	<u>\$ 1,850</u>	<u>\$ 5,600</u>

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

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

#### 21.8 Gains or losses on foreign currency exchange

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Foreign exchange gains	\$122,637	\$ 68,022
Foreign exchange losses	( 59,958)	( 76,200)
Net gains (losses)	<u>\$ 62,679</u>	<u>(\$ 8,178)</u>

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### 22.1 Income tax recognized in profit or loss

The major components of income tax expense are set out as follows:

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Current tax		
In respect of the current year	\$ 15,186	\$ 74,852
Additional tax on unappropriated earnings	-	1,216
Adjustments for prior years	( 2,587)	( 1,624)
Non-deductible foreign income tax	<u>1,385</u>	<u>6,478</u>
	13,984	80,922
Deferred tax		
In respect of the current year	<u>6,107</u>	( 4,582)
Income tax expense recognized in profit or loss	<u>\$ 20,091</u>	<u>\$ 76,340</u>

A reconciliation of accounting profit and income tax expense is set out as follows:

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Profit before tax from continuing operations	<u>\$147,013</u>	<u>\$511,510</u>
Income tax expense calculated at the statutory rate	\$ 29,403	\$102,302
Non-deductible foreign income tax	1,385	6,478
Additional tax on unappropriated earnings	-	1,216
Tax-exempt income	( 795)	47
Unrecognized deductible temporary differences	( 807)	-
Current research and development tax credit	( 6,508)	( 32,079)
Adjustments for prior years' tax	( <u>2,587</u> )	( <u>1,624</u> )
Income tax expense recognized in profit or loss	<u>\$ 20,091</u>	<u>\$ 76,340</u>

#### 22.2 Income tax recognized in other comprehensive income

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
<u>Deferred Tax</u>		
In respect of the current year		
– Translation of foreign operations	<u>\$ 547</u>	( <u>\$ 30</u> )
Income tax recognized in other comprehensive income	<u>\$ 547</u>	( <u>\$ 30</u> )

#### 22.3 Current tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax assets		
Prepaid Mainland China income tax	\$ 47,935	\$ 55,728
Prepaid foreign income tax	29,206	24,682
Prepaid domestic income tax	<u>13,165</u>	<u>-</u>
	<u>\$ 90,306</u>	<u>\$ 80,410</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 52,103</u>

## 22.4 Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are set out as follows:

### Year ended December 31, 2024

	<b>Balance at January 1, 2024</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance at December 31, 2024</b>
<u>Deferred Tax Assets</u>				
Temporary differences				
Amortization of Intangibles	\$ 1,005	(\$ 120)	\$ -	\$ 885
Payables for annual leave	2,197	365	-	2,562
Allowance for impairment loss	1,794	5,336	-	7,130
Unrealized exchange losses	<u>1,979</u>	<u>( 1,979)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,975</u>	<u>\$ 3,602</u>	<u>\$ -</u>	<u>\$ 10,577</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Investment income under equity method	\$ 1,065	\$ 2,692	\$ -	\$ 3,757
Exchange differences on translation of foreign operations	73	-	547	620
Unrealized exchange gains	<u>-</u>	<u>7,017</u>	<u>-</u>	<u>7,017</u>
	<u>\$ 1,138</u>	<u>\$ 9,709</u>	<u>\$ 547</u>	<u>\$ 11,394</u>

### Year ended December 31, 2023

	<b>Balance at January 1, 2023</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance at December 31, 2023</b>
<u>Deferred Tax Assets</u>				
Temporary differences				
Amortization of intangibles	\$ 1,124	(\$ 119)	\$ -	\$ 1,005
Payables for annual leave	2,054	143	-	2,197
Allowance for impairment loss	1,573	221	-	1,794
Unrealized exchange losses	<u>-</u>	<u>1,979</u>	<u>-</u>	<u>1,979</u>
	<u>\$ 4,751</u>	<u>\$ 2,224</u>	<u>\$ -</u>	<u>\$ 6,975</u>

<u>Deferred Tax Liabilities</u>			
Temporary differences			
Investment income under equity method	\$ 213	\$ 852	\$ -
Exchange differences on translation of foreign operations	103	-	( 30)
Unrealized exchange gains	<u>3,210</u>	<u>( 3,210)</u>	<u>-</u>
	<u>\$ 3,526</u>	<u>( \$ 2,358)</u>	<u>( \$ 30)</u>
			<u>\$ 1,138</u>

### 22.5 Income tax assessments

The tax authorities have examined income tax returns of the Company through 2022. The Company has no pending tax litigation as of December 31, 2024.

## 23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Basic earnings per share		
From continuing operations	<u>\$ 3.05</u>	<u>\$ 10.50</u>
Diluted earnings per share		
From continuing operations	<u>\$ 3.04</u>	<u>\$ 10.41</u>

When calculating earnings per share, the impact of stock dividends has been retroactively adjusted. The record date for the stock dividends was set on July 1, 2024. Due to this retroactive adjustment, the changes in basic and diluted earnings per share for the year ended December 31, 2023, are as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustments</u>	<u>After Retrospective Adjustment</u>
Basic earnings per share	<u>\$ 12.60</u>	<u>\$ 10.50</u>
Diluted earnings per share	<u>\$ 12.49</u>	<u>\$ 10.41</u>

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

### Net Profit for the Year

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Net profit used in the computation of basic and diluted earnings per share	<u>\$126,922</u>	<u>\$435,170</u>

Number of Shares (in thousands of shares)

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	41,648	41,429
Effect of potentially dilutive ordinary shares:		
Employee restricted shares	156	372
Employees' compensation	<u>4</u>	<u>8</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>41,808</u>	<u>41,809</u>

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per shares, as the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 24. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Restricted Shares

Information regarding the issuance of new employee restricted shares is as follows:

<u>Date of Approval of Shareholders' Meeting</u>	<u>Estimated Number of Shares to be Issued (In Thousands)</u>	<u>Number of Shares Resolved by the Board of Directors (In Thousands)</u>	<u>Shares Granted Date</u>	<u>Capital Increase Date</u>	<u>Actual Number of Shares Issued (In Thousands)</u>	<u>Fair Value at the Date of Shares Granted</u>
08/05/2021	400	300	08/27/2021	09/23/2021	288	\$ 333.5
08/05/2021	400	112	05/06/2022	06/28/2022	110	280.5

On August 5, 2021, the shareholders' meeting of the Company resolved to issue new employee restricted shares in the amount of NT\$4,000 thousand, with 400 thousand shares issued, and the issuance method is as follows:

After employees are allotted new employee restricted shares, they will receive the new shares in accordance with the following schedule and in proportion to the shares they have acquired upon the expiration of their term of office and if their performance in that year during the vesting period is up to the expectations.

<u>Vested Period</u>	<u>Proportion of Vested Shares</u>
Two years from the date of grant	50%
Three years from the date of grant	50%

In the event that employees do not meet the vesting conditions or inheritance occurs:

24.1 General termination of employment (voluntary/retirement/layoff/dismissal/retention without pay)

The Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

24.2 Disability, death due to an occupational disaster or general death

- (1) If the employee is unable to continue to work due to a physical disability caused by an occupational disaster, the employee may acquire all of the new employee restricted shares not yet vested upon termination of employment.
- (2) If the employee dies as a result of an occupational disaster or dies in general, the unvested new employee restricted shares are deemed to be fully vested. The successor may apply to receive his or her shares or disposed interests after completing the necessary legal procedures and providing relevant documents.

24.3 Transfer to affiliates

- (1) If the employee requests to transfer to an affiliated company, the Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.
- (2) If the Company approves the transfer to an affiliate for operational reasons, the rights and obligations of the unvested new employee restricted shares shall not be affected, but shall still be in accordance with these terms and conditions provided that the performance shall be re-measured after the transfer to the affiliate; and the period of vesting shall continue to work for the affiliate or the Company, otherwise the vesting conditions shall be deemed not to be met and the Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

24.4 Employees who have committed gross negligence such as violating labor contracts or work rules

After the employee has acquired the new employee restricted shares granted by the Company, in the event of a violation of Terms of Agreement, the Trust Deed, the Labor Contract, the Non-Disclosure Agreement, the Corporate Governance Practices Principles, the Ethical Corporate Management Practices Principles, the Code of Ethical Conduct, the Information Security Rules, the Non-competition Agreement and the Work Rules, the Company may buy-back the employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

The Company will proceed with the cancellation of the new employee restricted shares bought back by the Company at the issue price.

The restrictions on the entitlement to shares before the vesting condition is satisfied after the employee has been allotted or subscribed for new shares are as follows:

- (1) The employee may not sell, pledge, transfer, donate, set up, or otherwise dispose of the new employee restricted shares before the vesting condition is met.

- (2) Until the vesting conditions are met, the new employee restricted shares may still participate in the allotment and dividend distribution.
- (3) Upon the issuance of new employee restricted shares, employees shall immediately deliver them to the Trust and shall not request the Trustee to return the new employee restricted shares for any reason or in any manner until the vested conditions have been fulfilled.

Other contractual matters are as follows:

Restrictions on employee rights during delivery of new shares to the Trust, the Company shall act as the exclusive agent of the employees (including but not limited) in negotiating, signing, amending, extending, cancelling and terminating the Trust Deed and the delivery, use and disposal instructions of the Trust Property with the Stock Trust.

The circumstances of the grant of new employee restricted shares described above are summarized as follows:

	<b><u>2021-1 Employee Restricted Shares</u></b>	<b><u>2021-2 Employee Restricted Shares</u></b>
	<u>(In Thousands)</u>	<u>(In Thousands)</u>
<b><u>Year Ended December 31, 2024</u></b>		
Shares outstanding at the beginning of the year	126	98
Shares vested for the year	( 116)	( 47)
Shares cancelled for the year	( 9)	( 5)
Shares pending cancellation for the year	<u> -</u>	<u>( 2)</u>
Shares outstanding at the end of the year	<u> 1</u>	<u> 44</u>
Employees shares vested	<u> 252</u>	<u> 47</u>
Weighted-average fair value of shares granted (NTD)	<u>\$ 333.5</u>	<u>\$ 280.5</u>
<b><u>Year Ended December 31, 2023</u></b>		
Shares outstanding at the beginning of the year	276	104
Shares vested for the year	( 136)	-
Shares cancelled for the year	( 2)	-
Shares pending cancellation for the year	<u>( 12)</u>	<u>( 6)</u>
Shares outstanding at the end of the year	<u> 126</u>	<u> 98</u>
Employees shares vested	<u> 136</u>	<u> -</u>
Weighted-average fair value of shares granted (NTD)	<u>\$ 333.5</u>	<u>\$ 280.5</u>

For the years ended December 31, 2024 and 2023, 16 and 20 thousand employee restricted shares were recovered due to employee termination, respectively. However, 2 and 18 thousand shares had not yet been registered for change with the Ministry of Economic Affairs as the date of capital reduction was resolved by the board of directors on March 04, 2025, and March 05, 2024, respectively, so these shares were temporarily listed under shares pending cancellation.

For the years ended December 31, 2024 and 2023, the compensation costs recognized for the employee restricted shares were NT\$7,563 thousand and NT\$25,957 thousand, respectively.

## 25. CASH FLOW INFORMATION

### 25.1 Non-cash transactions

Except as disclosed in other notes, the Company conducted the following non-cash transaction investment and financing activities for the years ended December 31, 2024 and 2023:

On December 31, 2023, the Company respectively acquired property, plant and equipment of NT\$1,414 thousand, which are recognized as payables for purchase of equipment. Please refer to Note 17.

### 25.2 Changes in liabilities arising from financing activities

#### Year Ended December 31, 2024

	<u>January 1, 2024</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u> <u>New Leasing</u>	<u>December 31, 2024</u>
Lease liabilities	\$ 1,190	(\$ 890)	\$ -	\$ 300

#### Year Ended December 31, 2023

	<u>January 1, 2023</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u> <u>New Leasing</u>	<u>December 31, 2023</u>
Lease liabilities	\$ 2,068	(\$ 878)	\$ -	\$ 1,190

## 26. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of issued ordinary shares, capital surplus, retained earnings and other equity.

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

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued.

## 27. FINANCIAL INSTRUMENTS

### 27.1 Fair value of financial instruments not measured at fair value

December 31, 2024

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost—					
Corporate Bonds	\$ 303,797	\$ 264,624	\$ -	\$ -	\$ 264,624

December 31, 2023

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost—					
Corporate Bonds	\$ 147,520	\$ 121,795	\$ -	\$ -	\$ 121,795

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

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 93,039	\$ -	\$ -	\$ 93,039
Listed shares	42,786	-	-	42,786
	<u>\$ 135,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,825</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 142,561	\$ -	\$ -	\$ 142,561
Listed shares	40,538	-	-	40,538
	<u>\$ 183,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,099</u>

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

### 27.3 Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at		
FVTPL	\$ 135,825	\$ 183,099
Amortized cost (1)	1,077,463	1,456,741
FVTOCI		
Investment in equity instrument	1,008	-
<u>Financial liabilities</u>		
Amortized cost (2)	36,666	24,355

- (1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, accounts receivable, accounts receivable-related parties, other receivables, other receivables – related parties, and refundable deposits (recognized in other current assets and other non-current assets), and financial assets carried at amortized cost - non-current.
- (2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable, other payables (not including payables for salaries or bonuses, payables for annual leave, payables for retirement benefits, payables for insurance, and payables for taxes), and other accounts payable – related parties.

### 27.4 Financial risk management objectives and policies

The Company's major instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The Company's corporate financial management function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate financial management function reports quarterly to the board of directors, which functions to monitor risks and policies implemented to mitigate risk exposures.

#### (1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (1.1) below), interest rates (refer to (1.2) below), and other price risks (refer to (1.3) below).

##### (1.1) Foreign currency risks

The Company has foreign currency denominated service transactions, which expose the Company to foreign currency risk.

The carrying amounts of the Company's non-functional currency denominated monetary assets and monetary liabilities at the balance sheet dates are set out in Note 30.

Sensitivity analysis

The Company is mainly exposed to the exchange rate fluctuation of the United States Dollar (USD).

The following table details the Company's sensitivity to a 1% increase/decrease in the New Taiwan dollar (NTD, the functional currency) against the USD. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the USD. For a 1% strengthening of the functional currency against the USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Profit or loss	\$ 8,341	\$ 10,755

The aforementioned profit or loss mainly results from the exposure on outstanding USD denominated bank deposits and accounts receivable at the balance sheet dates.

The Company's sensitivity to foreign currency decreased during the current year, mainly due to the decrease in bank deposits denominated in US dollars.

(1.2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the balance sheet dates are set out as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Fair value interest rate risk		
– Financial assets	\$402,152	\$715,275
– Financial liabilities	300	1,190
Cash flow interest rate risk		
– Financial assets	356,825	338,230
– Financial liabilities	-	-

### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the balance sheet dates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 100 basis points increase/decrease and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would increase by NT\$3,568 thousand and NT\$3,382 thousand, respectively, mainly resulting from the Company's variable-rate bank deposits.

The Company's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable-rate bank deposits.

#### (1.3) Other price risk

The Company was exposed to equity price risk mainly through its investments in equity securities.

### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet dates.

If equity prices had been 1% higher/lower, the pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by NT\$1,358 thousand and NT\$1,831 thousand, respectively, resulting from the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for years ended December 31, 2024 would have increased/decreased by NT\$10 thousand, resulting from the changes in fair value of financial assets at FVTOCI.

#### (2) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the balance sheet dates, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation (not considering collaterals or other credit enhancement instruments, and the irrevocable maximum amount of risk exposure), mainly arises from the carrying amount of the recognized financial assets as stated in the parent company only balance sheets.

The Company has adopted a policy of only dealing with creditworthy counterparties.

To reduce credit risks, the Company's management personnel shall appoint a dedicated team to determine the credit limit, conduct credit examination and

approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue receivables. Moreover, the Company shall review the recovery of each receivable on each balance sheet date to ensure that adequate allowances are made for unrecoverable receivables. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The credit risk management of investments in debt instruments with financial assets measured at amortized cost is as follows.

The Company's policy is to invest only in debt instruments with a credit rating of investment grade or higher and with low credit risk in terms of impairment assessment. Credit rating information is provided by independent rating agencies. The Company continuously tracks external rating information to monitor changes in the credit risk of the debt instruments it invests in, and also reviews other information such as bond yield curves and material information about the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Company measures the expected 12-month credit loss or expected credit loss over the life of the debt instruments by taking into account the historical default rate and default loss rate of various grades provided by external rating agencies, the debtor's current financial condition and the outlook of the industry in which the debtor is engaged. The Company's current credit risk rating mechanism is as follows:

<b>Credit Rating</b>	<b>Definition</b>	<b>Expected Credit Loss Recognition Basis</b>	<b>Expected Credit Loss Rate</b>
Good	The credit risk of the debtor is low, and the debtor has sufficient ability to settle the contractual cash flows	12-month expected credit loss	-

The Company's concentration of credit risk was mainly attributable to the Company's three largest customers, which accounted for 13% and 57% of total accounts receivable as of December 31, 2024 and 2023, respectively.

### (3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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

The maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including both principal cash and interest) of financial liabilities based on the earliest date on which the Company can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

	<u>Less than 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 36,666	\$ -	\$ -	\$ -
Lease liabilities	<u>225</u>	<u>75</u>	<u>-</u>	<u>-</u>
	<u>\$ 36,891</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
Lease liabilities	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	<u>Less than 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 24,355	\$ -	\$ -	\$ -
Lease liabilities	<u>225</u>	<u>675</u>	<u>300</u>	<u>-</u>
	<u>\$ 24,580</u>	<u>\$ 675</u>	<u>\$ 300</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
Lease liabilities	<u>\$ 900</u>	<u>\$ 300</u>	<u>\$ -</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties are summarized as follows:

### 28.1 Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
M31 Technology USA, INC. ( M31 USA )	Subsidiaries
Sirius Venture Ltd. ( Sirius )	Subsidiaries
M31 Technologies India Private Ltd. (M31 India)	Subsidiaries
M31 Technology (Shanghai) Inc.	Sub-subsidiaries
MSquare (Shanghai) Ltd.	Related party
MSquare (Hefei) Ltd.	Related party

### 28.2 Operating revenue

<u>Financial Statement Accounts</u>	<u>Related Party Category/Name</u>	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Service revenue	Subsidiaries		
	M31 USA	\$ 181,499	\$ 128,740
	Sub-subsidiaries		
	M31 Technology (Shanghai) Inc.	18,067	-
	Related party		
	MSquare (Shanghai) Ltd.	<u>16,979</u>	<u>60,708</u>
		<u>\$ 216,545</u>	<u>\$ 189,448</u>

The price for services provided to the related party is mutually agreed upon after referencing general market rates, with a payment term of 30 days. As stipulated in the contracts, for the years ended December 31, 2024 and 2023, payments for services rendered by the Company to non-related parties shall be received within 30 to 90 days after the completion of each phase.

### 28.3 Receivables from Related Parties

<b>Financial Statement Accounts</b>	<b>Related Party Category/Name</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable	Subsidiaries		
	M31 USA	\$ 36,447	\$ 40,056
	Related party		
	MSquare (Shanghai) Ltd.	31,933	15,844
Other receivables	Sub-subsidiaries		
	M31 Technology (Shanghai) Inc.	<u>18,073</u>	<u>-</u>
		<u>\$ 86,453</u>	<u>\$ 55,900</u>
Other receivables	Subsidiaries		
	M31 USA	\$ 6,066	\$ -
	M31 India	<u>526</u>	<u>4,495</u>
		<u>\$ 6,592</u>	<u>\$ 4,495</u>

The outstanding receivables from related parties were not secured by guarantees. For the years ended December 31, 2024 and 2023, loss allowances were recognized for receivables from related parties.

### 28.4 Payables to related parties (excluding loans from related parties)

<b>Financial Statement Accounts</b>	<b>Related Party Category/Name</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable	Related party		
	MSquare (Hefei) Ltd.	\$ 13,114	\$ -
	Sub-subsidiaries		
	M31 Technology (Shanghai) Inc.	6,998	-
	Subsidiaries		
	M31 USA	<u>4,341</u>	<u>2,220</u>
		<u>\$ 24,453</u>	<u>\$ 2,220</u>

The outstanding accounts payables to related parties are unsecured.

### 28.5 Other transactions with related parties

<b>Financial Statement Accounts</b>	<b>Related Party Category/Name</b>	<b>Service Category</b>	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Operating expense	Subsidiaries	Service Rendering	\$ 172,134	\$ 59,217
	Related party	R&D expenses	<u>13,114</u>	<u>-</u>
			<u>\$ 185,248</u>	<u>\$ 59,217</u>

The Company commissions the subsidiary to render customers services on its behalf. The contract-based prices are determined respectively and payment terms is net 30 days from the end of the transaction month.

The research and development expenses between the Company and related parties were transacted under mutually agreed-upon terms.

#### 28.6 Compensation of key management personnel

	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>
Short-term employee benefits	\$ 38,348	\$ 40,069
Post-employment benefits	756	648
Share-based payment	<u>882</u>	<u>2,179</u>
	<u>\$ 39,986</u>	<u>\$ 42,896</u>

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

#### 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans and as performance guarantees for government grants:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	\$404,792	\$411,156
Pledged time deposits (listed under other current assets)	<u>6,220</u>	<u>-</u>
	<u>\$411,012</u>	<u>\$411,156</u>

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

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

December 31, 2024

<u>Financial assets</u>	<u>Foreign Currencies (In Thousands)</u>	<u>Exchange Rate</u>	<u>Carrying Amount (In Thousands)</u>
<u>Monetary items</u>			
USD	\$ 26,488	32.785 (USD : NTD)	\$ 868,409
CNY	4,764	4.478 (CNY : NTD)	21,333
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	1,796	32.785 (USD : NTD)	58,876

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 1,046	32.785 (USD : NTD)	\$ 34,293

December 31, 2023

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 35,497	30.705 (USD : NTD)	\$ 1,089,935
CNY	1,418	4.327 (CNY : NTD)	6,136
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	1,305	30.705 (USD : NTD)	58,876
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	470	30.705 (USD : NTD)	14,431

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

<u>Foreign Currency</u>	<u>Year Ended December 31, 2024</u>		<u>Year Ended December 31, 2023</u>	
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Losses</u>
USD	32.785 (USD : NTD)	\$ 44,813	31.155 (USD : NTD)	(\$ 25,954)

### 31. SEPARATELY DISCLOSED ITEMS

31.1 Significant transactions and 31.2 Information about investees:

- (1) Financing provided to others: None.
- (2) Endorsements/guarantees provided: None.
- (3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): 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 at costs of at least NT \$300 million or 20% of the paid-in capital: None.

- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.
- (10) Information on investees: Table 3.

### 31.3 Information on investments in mainland China

- (1) The name of the investee company in mainland China, the principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss, recognized investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4.
- (2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 4.
  - (2.1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
  - (2.2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - (2.3) The amount of property transactions and the amount of the resultant gains or losses.
  - (2.4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
  - (2.5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - (2.6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

31.4 Major shareholder information: The name, the number and percentage of shareholding of shareholders whose percentage of ownership is more than 5%.

Shareholder Name	Shares	
	Shares Held (Shares)	Percentage of Ownership (%)
Huey-Ling Chen	8,928,647	21.35%
Jui-Chun Investment Company Limited	2,179,384	5.21%

M31 TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Thousands of Shares/Units)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u>							
	Fubon Financial Holding Co., Ltd. (Type C)	—	Financial assets at fair value through profit or loss — current	300	\$ 15,960	-	\$ 15,960	—
	China Development Financial Holding Corporation (Type B)	—	Financial assets at fair value through profit or loss — current	3,400	26,826	-	26,826	—
	Astro Circuit Design Co., Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	63	1,008	4.99	1,008	—
	<u>Fund beneficiary certificate</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss — current	4,394	62,169	-	62,169	—
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss — current	1,933	30,870	-	30,870	—
	<u>Corporate Bond</u>							
	APPLE INC.	—	Financial assets at amortized cost — non-current	-	92,908	-	58,279	—
	Petróleos Mexicanos	—	Financial assets at amortized cost — non-current	-	33,002	-	31,369	—
	Saudi Arabia	—	Financial assets at amortized cost — non-current	-	29,021	-	26,465	—
	Saudi Arabian International	—	Financial assets at amortized cost — non-current	-	31,906	-	30,482	—
	Electricite de France	—	Financial assets at amortized cost — non-current	-	27,343	-	28,542	—
	Chilean Government International	—	Financial assets at amortized cost — non-current	-	9,047	-	8,917	—
	The First Issue of 2024 for unsecured Cumulative Subordinated Corporate Bonds of Cathay Life Insurance Co., Ltd.	—	Financial assets at amortized cost — non-current	-	15,000	-	15,000	—
The Second Issue of 2024 for US-dollar-denominated unsecured cumulative subordinated corporate Bonds of Cathay Life Insurance Co., Ltd.	—	Financial assets at amortized cost — non-current	-	65,570	-	65,570	—	

Note: For relevant information on investment in subsidiaries, please refer to Table 3 and Table 4.

**M31 TECHNOLOGY CORPORATION**

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLIONS OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Counterparty	Relationship	Transaction Details				The Transaction Terms Different From Normal Transactions		Notes & Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amount	Percentage of Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of Total Notes & Accounts Receivable and Notes & Accounts Payable	
The Company	M31 Technology USA, INC.	Subsidiaries	Sales	\$ 181,499	12.33%	30~90 days	\$ -	—	\$ 36,447	12.20%	—

Note: If the terms of the related party transaction are different from the normal terms of the transaction, the differences and the reasons for the differences should be described in the columns of unit price and credit period.

**TABLE 3****M31 TECHNOLOGY CORPORATION****INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	M31 Technology USA, INC.	USA	Product marketing and technical service	\$ 30,416	\$ 30,416	1,000,000	100	\$ 47,471	\$ 6,641	\$ 6,641	Subsidiaries accounted by USD
	Sirius Venture Ltd.	Republic of Seychelles	Investment Holdings	18,908	5,364	585,000	100	11,405	( 4,084)	( 4,084)	Subsidiaries accounted by USD
	M31 Technologies India Private Ltd.	India	Technical service	194	194	49,990	100	12,527	10,906	10,906	Subsidiaries accounted by INR

Note: For relevant information on investee companies in mainland China, please refer to Table 4.

**M31 TECHNOLOGY CORPORATION**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars or United States Dollars)**

1. The name of investee companies in mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment, repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and Note 3)	Carrying Amount as of December 31, 2024 (Note 2 and Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
M31 Technology (Shanghai) Inc.	Product marketing and technical service	USD 500	(2)	\$ 3,340	\$ 12,961	\$ -	\$ 16,301	(\$ 4,049)	100%	(\$ 4,049)	\$ 10,818	\$ -	—

2. Limit on the amount of investment in the mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 16,301	\$ 3,340	\$ 1,151,582

Note 1: Three investment methods are listed below. Just mark the method number.

- (1) Direct investment in mainland China companies.
- (2) Indirect investment in mainland China companies through a company in a third region (Sirius Venture Ltd.).
- (3) Other methods of investing in mainland China.

Note 2: Columns for the current Investment Gain (Loss) and the Carrying Value:

Sirius Venture Ltd had recognized the Investment Loss on the investment in the Investee Company M31 Technology (Shanghai) Inc. for the year ended December 31, 2024 and the Carrying Value as of December 31, 2024.

Note 3: Calculated based on the audited annual financial report of the parent company in Taiwan.

Note 4: The above transactions have been written off when the consolidated financial statement was prepared.

3. Significant transaction with investee companies in mainland China, either directly or indirectly through a third party:

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.
- (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 year 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: None.

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**STATEMENT 1**

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars or Foreign Currency)**

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<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash		
Cash on hand		\$ 73
Cash in banks		
Current accounts	NTD account	202,975
	Foreign currency account ( USD 4,783 thousand @32.785 ; CNY 728 thousand @4.478 )	160,070
Time deposits	Expires between 01/03/2025 –01/19/2024, interest rate 4.580%~4.750%	<u>98,355</u>
		<u>\$461,473</u>

## M31 TECHNOLOGY CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Thousands of Units)

<u>Financial Instrument</u>	<u>Description</u>	<u>Units/Shares</u>	<u>Carrying Amount</u>	<u>FAIR VALUE</u>	
				<u>Unit Price (dollars)</u>	<u>Total Price</u>
Fund beneficiary certificates	Taishin 1699 Money Market Fund	4,394	\$ 62,169	\$ 14.1475	\$ 62,169
Fund beneficiary certificates	FSITC Taiwan Money Market Fund	1,933	<u>30,870</u>	15.9668	<u>30,870</u>
			<u>\$ 93,039</u>		<u>\$ 93,039</u>
Stocks	Fubon Financial Holding Co., Ltd. (Type C)	300	\$ 15,960	53.2000	\$ 15,960
Stocks	China Development Financial Holding Corporation (Type B)	3,400	<u>26,826</u>	7.8900	<u>26,826</u>
			<u>\$ 42,786</u>		<u>\$ 42,786</u>

**M31 TECHNOLOGY CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties		
Client A	Technical Service Revenue	\$ 30,497
Client B	Technical Service Revenue	23,605
Client C	Technical Service Revenue	13,652
Client D	Technical Service Revenue	12,852
Client E	Technical Service Revenue	12,458
Client F	Technical Service Revenue	10,885
Others (Note)		<u>139,835</u>
		243,784
Allowance for impairment loss		( <u>31,585</u> )
		<u>\$ 212,199</u>
Related parties:		
M31 Technology USA, INC.	Technical Service Revenue	\$ 36,447
MSquare (Shanghai) Ltd.	Technical Service Revenue	31,933
M31 Technology (Shanghai) Inc.	Technical Service Revenue	<u>18,073</u>
		<u>\$ 86,453</u>

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

**STATEMENT 4**

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF OTHER ACCOUNTS RECEIVABLE  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Receivable income	Interest of Corporate Bonds and Time Deposits	<u>\$ 6,570</u>

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF PREPAYMENTS  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Prepayment		
Software service expense		\$ 70,733
Others (Note)		<u>73,675</u>
		<u>\$ 144,408</u>

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

## M31 TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars, Thousands of Shares)

Investees	Balance, January 1, 2024		Increase		Decrease		Unrealized Gain(loss) on Financial Assets at FVTOCI	Balance, December 31, 2024	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount
Astro Circuit Design Co., Ltd.	-	\$ -	63	\$ 1,008	-	\$ -	\$ -	63	\$ 1,008

**STATEMENT 7****M31 TECHNOLOGY CORPORATION****STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST – NON-CURRENT  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars or Foreign Currency)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
APPLE INC. Corporate Bond	Maturity date is August 20, 2050, interest rate of 2.400% (par value USD \$3,000 thousand @32.785)	\$ 92,908
Petróleos Mexicanos Corporate Bond	Maturity date is January 23, 2026, interest rate of 4.500% (par value USD \$1,000 thousand @32.785)	33,002
Saudi Arabia	Maturity date is October 26, 2046, interest rate of 5.750% (par value USD \$1,000 thousand @32.785)	29,021
Saudi Arabian International Bond	Maturity date is January 16, 2054, interest rate of 5.750% (par value USD \$1,000 thousand @32.785)	31,906
Electricite de France Bond	Maturity date is September 21, 2048, interest rate of 5.000% (par value USD \$1,000 thousand @32.785)	27,343
Chilean Government International Bond	Maturity date is April 15, 2053, interest rate of 3.500% (par value USD \$400 thousand @32.785)	9,047
Cathay Life Insurance Corporate Bond	Maturity date is April 24, 2034, interest rate of 3.700% (par value NTD \$15,000 thousand @1.00)	15,000
Cathay Life Insurance Corporate Bond	Maturity date is May 09, 2034, interest rate of 5.800% (par value USD \$2,000 thousand @32.785)	<u>65,570</u>
		<u>\$ 303,797</u>

## M31 TECHNOLOGY CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024**  
(In Thousands of New Taiwan Dollars, Thousands of Shares)

Investees	Balance, January 1, 2024		Increase		Decrease		Balance, December 31, 2024			Market Value or Net Assets Value (Note 1)		Collateral or Pledge Status
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (NTD/Share)	Total	
M31 Technology USA, INC. (Note 2)	1,000	\$ 38,109	-	\$ 9,362	-	\$ -	1,000	-	\$ 47,471	47.47	\$ 47,471	None
Sirius Venture Ltd. (Note 3)	167	1,967	418	13,544	-	4,106	585	-	11,405	19.50	11,405	None
M31 Technologies India Private Ltd. (Note 4)	50	1,589	-	10,938	-	-	50	-	12,527	250.54	12,527	None
		<u>\$ 41,665</u>		<u>\$ 33,844</u>		<u>\$ 4,106</u>			<u>\$ 71,403</u>		<u>\$ 71,403</u>	

Note 1: The net value per share is estimated based on the Investees' net value audited by accountants on December 31, 2024.

Note 2: The increase in the current year was due to the recognition of NT\$6,641 thousand as the share of profit or loss of subsidiaries accounted for using the equity method, and an exchange difference of NT\$2,721 thousand from the translation of financial statements of foreign operations.

Note 3: The increase in the current year was due to the additional investment of NT\$13,544 thousand; the decrease in the current year is due to the recognition of the subsidiary's share of profit or loss for using the equity method amounting to NT\$4,085 thousand and an exchange difference of NT\$22 thousand from the translation of foreign operations' financial statements.

Note 4: The increase in the current year was due to the recognition of NT\$10,906 thousand as the share of profit or loss of subsidiaries accounted for using the equity method, and an exchange difference of NT\$32 thousand from the translation of financial statements of foreign operations.

## M31 TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2024	Increase	Decrease	Balance, December 31, 2024	Note
Cost					
Buildings	\$ 2,647	\$ -	\$ -	\$ 2,647	—
Accumulated depreciation					
Buildings	( 1,470)	( 883)	-	( 2,353)	—
Carrying amounts at December 31, 2024	<u>\$ 1,177</u>	<u>(\$ 883)</u>	<u>\$ -</u>	<u>\$ 294</u>	

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF CONTRACT LIABILITIES - CURRENT  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties:		
Company A	Technical service revenue	\$ 27,885
Company B	Technical service revenue	3,104
Others (Note)		<u>266</u>
		<u>\$ 31,255</u>

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

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF ACCOUNTS PAYABLES  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

---

<b>Vendor Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties:		
Company A	Testing fee	\$ 1,022
Company B	Testing fee	296
Company C	Testing fee	88
Others (Note)		<u>70</u>
		<u>\$ 1,476</u>

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

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF LEASE LIABILITIES**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

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<u>Item</u>	<u>Lease Period</u>	<u>Discount Rate</u>	<u>Amount</u>
Buildings	May 2022–April 2025	1.36%	\$ 300
Less: Lease liabilities – current			<u>300</u>
Lease liabilities – non-current			<u>\$ -</u>

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF OTHER CURRENT LIABILITIES**

**DECEMBER 31, 2024**

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

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Collection		
Pension		\$ 1,994
Health insurance		1,464
Tax withholding		1,330
Labor insurance		654
Others		<u>30</u>
Subtotal		5,472
Temporary collection		<u>14,252</u>
		<u>\$ 19,724</u>

**M31 TECHNOLOGY CORPORATION**

**STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

---

<b><u>Item</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
Service revenue	Technical service revenue	\$ 1,232,549
	Royalty revenue	<u>239,495</u>
		<u>\$ 1,472,044</u>

## M31 TECHNOLOGY CORPORATION

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

Item	Selling and Marketing Expense	General and Administrative Expense	Research and Development Expense
Technical service expense	\$ 88,258	\$ -	\$ 86,328
Payroll and related expense (includes pension)	23,491	49,652	555,590
Commission expense	13,931	-	-
Depreciation expense	-	18,577	27,106
Professional service expense	-	15,656	21,975
Utilities expense	-	8,955	-
Software expense	-	4,238	301,093
Others (Note)	<u>13,709</u>	<u>40,938</u>	<u>143,734</u>
	<u>\$ 139,389</u>	<u>\$ 138,016</u>	<u>\$ 1,135,826</u>

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

## M31 TECHNOLOGY CORPORATION

**SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION  
EXPENSES BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expense						
Payroll and related expense	\$ -	\$ 597,897	\$ 597,897	\$ -	\$ 626,292	\$ 626,292
Labor and health insurance	-	38,265	38,265	-	33,810	33,810
Pension	-	21,221	21,221	-	19,120	19,120
Share-based payment	-	7,563	7,563	-	25,957	25,957
Remuneration of directors	-	2,052	2,052	-	5,670	5,670
Others	-	12,607	12,607	-	10,873	10,873
	<u>\$ -</u>	<u>\$ 679,605</u>	<u>\$ 679,605</u>	<u>\$ -</u>	<u>\$ 721,722</u>	<u>\$ 721,722</u>
Depreciation	<u>\$ -</u>	<u>\$ 45,683</u>	<u>\$ 45,683</u>	<u>\$ -</u>	<u>\$ 39,803</u>	<u>\$ 39,803</u>
Amortization	<u>\$ -</u>	<u>\$ 7,543</u>	<u>\$ 7,543</u>	<u>\$ -</u>	<u>\$ 6,533</u>	<u>\$ 6,533</u>

Note 1: For the years ended December 31, 2024 and 2023, the average number of employees per month-end was 302 and 271, respectively, of which the number of directors who were not also employees was 5 and 6, respectively.

Note 2: For companies whose shares are listed on the stock exchange or Taipei Exchange, the following additional information should be disclosed:

- (1) For the years ended December 31, 2024, the average employee benefits expenses were \$2,281 thousand (“The total employee benefits expense in 2024 – the total remuneration of directors”/“the number of employees in 2024 – the number of directors who does not serve currently as employees”).

For the years ended December 31, 2023, the average employee benefits expenses were \$2,702 thousand (“The total employee benefits expense in 2023 – the total remuneration of directors”/“the number of employees in 2023 – the number of directors who does not serve currently as employees”).

- (2) For the years ended December 31, 2024, the average payroll and related expense were \$2,013 thousand (The total payroll and related expense in 2024 / “the number of employees in 2024 – the number of directors who does not serve currently as employees”).

For the years ended December 31, 2023, the average payroll and related expense were \$2,363 thousand (The total payroll and related expense in 2023 / “the number of employees in 2023 – the number of directors who does not serve currently as employees”).

- (3) The average payroll expense has been adjusted by -14.81% (“the average payroll expense in 2024 – the average payroll expense in 2023” / the average payroll expense in 2023).
- (4) The Company has established an Audit Committee in 2017, therefore there is no supervisor in 2024 and 2023.
- (5) Describe the company's compensation policy (including directors, managers and employees):

The related salary and compensation policies of the Company are determined and handled with reference to the Company's year-end bonus, performance and employee compensation policies.