

**Raydium Semiconductor Corporation and Subsidiaries**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## **Representation Letter**

The entities that are required to be included in the consolidated financial statements of Raydium Semiconductor Corporation as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation affiliates Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 , “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements. Consequently, Raydium Semiconductor Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare

Company name: Raydium Semiconductor Corporation

Chairman: Huang, Yu-Kuo

Date: February 25, 2025



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of Raydium Semiconductor Corporation:

### Opinion

We have audited the consolidated financial statement of Raydium Semiconductor Corporation (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audits and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Account 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 of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

#### 1. Valuation of inventories

Please refer to note 4(8) for the accounting policy of inventory valuation; note 5 for the estimation and assumption uncertainty of the valuation of inventory; and note 6(4) for information on estimation of the valuation of inventory to the consolidated financial statements.



Description of key audit matter:

The Group may write down the cost of inventories to net realizable value due to normal wear and tear, obsolescence or no market value. The inventory valuation may result in material changes because of decline in demand and prices. Due to the introduction of new products in the market, the original outdated products no longer meet the market demand, resulting in the cost of inventory to exceed its net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

The principal procedures include testing the inventory aging reports and analyzing the aging of inventories for each period; inspecting the production and sales meeting minutes to assess the destocking; assessing whether the valuation of inventories has been carried out in accordance with the established accounting policies; and performing retrospective testing on inventories to verify the appropriateness of the inventory provision.

2. Revenue recognition from contracts with customers

Please refer to note 4(14) “Revenue recognition” for the accounting policy on revenue recognition; and note 6(18) “Revenues from contracts with customers” for revenue recognition.

Description of key audit matter:

The Group mainly engages in the development, design and sale of display driver, touch control, and power management integrated circuit products. The recognition of operating revenue is determined according to the trade term agreed with the customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control to its customer. It is necessary to determine the performance obligations and the time at which they are satisfied. Therefore, the appropriateness of recognising revenue in the correct accounting period is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group’s controls surrounding the revenue process and cash collection transaction process; analyzing the type of principal revenue and trading terms; selecting samples and inspecting contracts with customers or customers’ orders to assess the adequacy of the timing on revenue recognition; and randomly selecting sales transactions incurred within a certain period before or after the balance sheet date by reviewing documents to ensure that revenue was recognized in the appropriate period.

**Other Matter**

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion.

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

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



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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

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



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

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

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)  
February 25, 2025

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Raydium Semiconductor Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

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

(Expressed in Thousands of New Taiwan Dollars)

		<b>For the years ended December 31,</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	Operating revenues (notes 6(18), 7 and 14)	\$ 24,376,802	100	18,346,622	100
5000	Operating costs (notes 6(4), (5), (12), (13), (20) and 12)	<u>17,063,862</u>	<u>70</u>	<u>13,035,858</u>	<u>71</u>
	<b>Gross profit</b>	<u>7,312,940</u>	<u>30</u>	<u>5,310,764</u>	<u>29</u>
	<b>Operating expenses</b> (notes 6(3), (5), (13), (20), 7 and 12):				
6100	Selling expenses	599,798	3	438,886	2
6200	General and administrative expenses	556,897	2	414,904	2
6300	Research and development expenses	3,957,835	16	3,049,448	17
6450	Expected credit impairment losses	<u>69,827</u>	<u>-</u>	<u>28,980</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>5,184,357</u>	<u>21</u>	<u>3,932,218</u>	<u>21</u>
	<b>Operating income</b>	<u>2,128,583</u>	<u>9</u>	<u>1,378,546</u>	<u>8</u>
	<b>Non-operating income and expenses</b> (notes 6(19) and 7):				
7010	Other income	56,581	-	28,720	-
7020	Other gains and losses	117,369	-	10,212	-
7050	Finance costs	(17,023)	-	(8,202)	-
7100	Interest income	<u>139,468</u>	<u>1</u>	<u>137,465</u>	<u>1</u>
		<u>296,395</u>	<u>1</u>	<u>168,195</u>	<u>1</u>
	<b>Income before income tax</b>	2,424,978	10	1,546,741	9
7950	Less: Income tax expenses (note 6(15))	<u>325,989</u>	<u>1</u>	<u>103,950</u>	<u>1</u>
	<b>Net income</b>	<u>2,098,989</u>	<u>9</u>	<u>1,442,791</u>	<u>8</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans (note 6(13))	708	-	(26)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (note 6(16))	(86,091)	(1)	(70,094)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss (note 6(15))	<u>(11,744)</u>	<u>-</u>	<u>(19,086)</u>	<u>-</u>
	<b>Total item that will not be reclassified subsequently to profit or loss</b>	<u>(73,639)</u>	<u>(1)</u>	<u>(51,034)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	2,508	-	(1,227)	-
8399	Less: Income tax related to items that may be reclassified to profit or loss (note 6(15))	<u>502</u>	<u>-</u>	<u>(245)</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>2,006</u>	<u>-</u>	<u>(982)</u>	<u>-</u>
8300	<b>Other comprehensive loss, net of tax</b>	<u>(71,633)</u>	<u>(1)</u>	<u>(52,016)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,027,356</u>	<u>8</u>	<u>1,390,775</u>	<u>8</u>
	<b>Earnings per share (New Taiwan Dollars)</b> (note 6(17))				
9750	Basic earnings per share	<u>\$ 27.67</u>		<u>19.02</u>	
9850	Diluted earnings per share	<u>\$ 27.25</u>		<u>18.78</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Raydium Semiconductor Corporation and Subsidiaries**

**Consolidated Statements of Changes in Equity**

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

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Exchange differences on translation of foreign operations	Other equity		Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Subtotal	
						Subtotal				
<b>Balance as of January 1, 2023</b>	\$ 758,552	4,712,933	1,460,337	-	5,976,161	7,436,498	508	28,946	29,454	12,937,437
Net income	-	-	-	-	1,442,791	1,442,791	-	-	-	1,442,791
Other comprehensive loss	-	-	-	-	(26)	(26)	(982)	(51,008)	(51,990)	(52,016)
Total comprehensive income (loss)	-	-	-	-	1,442,765	1,442,765	(982)	(51,008)	(51,990)	1,390,775
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	386,272	-	(386,272)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(3,110,064)	(3,110,064)	-	-	-	(3,110,064)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	11,205	11,205	-	(11,205)	(11,205)	-
<b>Balance as of December 31, 2023</b>	<u>758,552</u>	<u>4,712,933</u>	<u>1,846,609</u>	<u>-</u>	<u>3,933,795</u>	<u>5,780,404</u>	<u>(474)</u>	<u>(33,267)</u>	<u>(33,741)</u>	<u>11,218,148</u>
Net income	-	-	-	-	2,098,989	2,098,989	-	-	-	2,098,989
Other comprehensive income (loss)	-	-	-	-	708	708	2,006	(74,347)	(72,341)	(71,633)
Total comprehensive income (loss)	-	-	-	-	2,099,697	2,099,697	2,006	(74,347)	(72,341)	2,027,356
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	145,397	-	(145,397)	-	-	-	-	-
Special reserve	-	-	-	33,741	(33,741)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,152,999)	(1,152,999)	-	-	-	(1,152,999)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	10,604	10,604	-	(10,604)	(10,604)	-
<b>Balance as of December 31, 2024</b>	<u>\$ 758,552</u>	<u>4,712,933</u>	<u>1,992,006</u>	<u>33,741</u>	<u>4,711,959</u>	<u>6,737,706</u>	<u>1,532</u>	<u>(118,218)</u>	<u>(116,686)</u>	<u>12,092,505</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Raydium Semiconductor Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 2,424,978	1,546,741
<b>Adjustments for:</b>		
Depreciation expense	190,945	209,369
Amortization expense	199,010	163,796
Expected credit impairment loss	69,827	28,980
Net profit on financial assets and liabilities at fair value through profit or loss	(7,447)	(833)
Interest expense	17,023	8,202
Interest income	(139,468)	(137,465)
Dividend income	(813)	(12,176)
Gain on disposal of property, plant and equipment	(11,092)	(680)
Provision for inventory obsolescence and devaluation loss (reversal gain)	(107,314)	50,869
Other non-cash-related loss	402,766	129,915
<b>Income and expense adjustments</b>	<u>613,437</u>	<u>439,977</u>
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	109,000	(275,450)
Accounts receivable and other receivables (including related parties)	(746,913)	(114,787)
Inventories	(182,426)	1,626,236
Other financial assets	35,095	(992,031)
Other operating assets	(11,139)	(20,038)
Contract liabilities	(231,081)	(152,794)
Accounts payable (including related parties)	540,986	1,316,460
Other operating liabilities	606,554	(1,541,089)
<b>Total changes in operating assets and liabilities</b>	<u>120,076</u>	<u>(153,493)</u>
<b>Total adjustments</b>	<u>733,513</u>	<u>286,484</u>
Cash flow generated from operations	3,158,491	1,833,225
Interest received	135,842	135,886
Dividends received	813	12,176
Interest paid	(17,400)	(7,677)
Income taxes paid	(325,116)	(295,657)
<b>Net cash from operating activities</b>	<u>2,952,630</u>	<u>1,677,953</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(256,160)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	32,204	31,205
Refund of investment cost of financial assets at fair value through other comprehensive income	13,012	-
Acquisition of financial assets at fair value through profit or loss	(35,000)	-
Acquisition of property, plant and equipment	(120,109)	(355,616)
Proceeds from disposal of property, plant and equipment	11,545	762
Increase in intangible assets	(347,760)	(187,117)
(Increase) decrease in other non-current assets	(36,083)	75,060
Increase in other financial assets	(206,302)	(1,421,566)
<b>Net cash used in investing activities</b>	<u>(944,653)</u>	<u>(1,857,272)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short term borrowings	(466,230)	564,095
Decrease in guarantee deposits received	(277,450)	(304,872)
Repayments of the principal portion of lease liabilities	(7,879)	(7,388)
Cash dividends paid	(1,152,999)	(3,110,064)
<b>Net cash used in financing activities</b>	<u>(1,904,558)</u>	<u>(2,858,229)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>1,829</u>	<u>(920)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>105,248</u>	<u>(3,038,468)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>5,380,259</u>	<u>8,418,727</u>
<b>Cash and cash equivalents at end of the period</b>	<u>\$ 5,485,507</u>	<u>5,380,259</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Raydium Semiconductor Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**For the years ended For the year ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars, unless otherwise indicated)**

**1. Company History:**

Raydium Semiconductor Corporation (the “Company”) was organized and approved under the ROC Company Act on October 23, 2003. The Company was formally relocated to Hsinchu Science and Industry Park on January 29, 2007 after being approved by Hsinchu Science Park Bureau on December 12, 2006. Its current registered address is 2F, No.23, Li Hsin Rd., Hsinchu Science Park, Hsinchu City 300, Taiwan, R.O.C. The Company merged with Dazzo Technology Corporation (hereinafter referred to as Dazzo) on April 1, 2019 (the merger date). Thereafter, the Company became the sole surviving entity. The principal activities of the Company and its subsidiaries (hereinafter referred to as the Group) are the development, design and sale of display driver, sequential control and power management integrated circuit products.

The Company's shares were listed on Taiwan Stock Exchange on January 7, 2022.

**2. Date and Procedures of Authorization of Financial Statements for Issue:**

The consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2025

**3. Application of Newly Issued or Revised Standards and Interpretations:**

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (2) The impact of IFRSs endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

**Raydium Semiconductor Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial

## **Raydium Semiconductor Corporation and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

#### **4. Summary of material accounting policies:**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

##### **(1) Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

##### **(2) Basis of preparation**

###### **A. Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the balance sheets:

- (a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,
- (c) The net defined benefit liabilities are measured as the fair value of the plan assets, less the present value of the defined benefit obligation.

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B. Functional and presentation currency

The functional currency of the Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries).

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Total comprehensive income (loss) of subsidiaries is attributed to the shareholders of the Company.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries are included in the consolidated financial statements:

Name of investor	Name of Subsidiary	Principal activity	Percentage of ownership	
			December 31, 2024	December 31, 2023
the Company	Raydium Semiconductor (SAMOA) Corp.(RSA)	Investment holding company	100.00 %	100.00 %
RSA	Raydium Semiconductor (Kunshan) Co., Ltd	Development, design and sale of the IC	100.00 %	100.00 %

C. List of subsidiaries which are not included in consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transaction in foreign currency are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

## **Raydium Semiconductor Corporation and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

Exchange differences are generally recognized in profit or loss, except for the foreign currency items of financial instruments that applied the accounting policy of IFRS No. 9 “Financial Instruments”.

When the profit or loss of non-monetary item is recognized in other comprehensive income, then any change in the exchange foreign currency of the above items is recognized in other comprehensive income. When the profit or loss of non monetary item is recognized in profit or loss, then any change in the exchange foreign currency of the above items is recognized in profit or loss.

#### **B. Foreign operations**

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date. The income and expenses are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

#### **(5) Classification of current and non-current assets and liabilities**

The Group classified the asset as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities that are classified the non-current:

- A. It is expected to be settled in the normal operating cycle;
- B. It is held the liability primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

#### **(6) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

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(7) Financial instruments

A. Financial assets

The Group classifies financial assets into the following categories: amortized cost, FVOCI and FVTPL.

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(b) Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivable are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent fair value changes in the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

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A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, impairment losses deriving from debt investments, and dividends income of equity investment (unless the dividend clearly represent a recovery part of the cost of investment) are recognized in profit or loss. Other net gains and losses of financial assets are recognized in other comprehensive income and accumulated in unrealized gains or losses of financial assets measured at FVOCI under equity. On derecognition, gains and losses accumulated in other comprehensive income of debt investments are reclassified to profit or loss. However, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Financial assets at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designates a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, and other financial assets), and debt investments measured at FVOCI.

The Group measures the loss allowance at an amount equal to lifetime ECL, except for the financial instrument that is determined to have low credit risk (the risk of default in financial instrument duration) at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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### **Notes to the Consolidated Financial Statements**

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on that financial asset has significantly increased, or further, to be in default.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial assets when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets to another entity.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences residual interest in the assets after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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(b) Financial liabilities

Financial liabilities that are not classified as held-for-trading or designed as at FVTPL, which comprise loans borrowings and accounts payable, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(d) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only the Group currently has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method, and includes expenditures and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

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C. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- (a) Research equipment: 2~4 years
- (b) Transportation equipment: 5~6 years
- (c) Office equipment: 3~5 years
- (d) Leasehold improvements: 2 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract is a lease, the Group assesses whether:

- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Group has the right to direct the use of an asset if either:
  - The Group has the right to direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.
  - The relevant decisions about how and for what purpose the asset is used are predetermined and:
    - the Group has the right to operate the asset without the supplier having the right to change those operating instructions; or
    - the Group designs the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group

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allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**B. As a lessee**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the assessment regarding the purchase option; or
- (d) there is a change in the assessment on whether the Group will exercise an extension or termination option; or
- (e) there is modifications of the subject, scope, or other terms of the lease.

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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and the remaining remeasured amount is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the profit or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its offices, employee dormitory, telecommunication equipment and parking lot, which qualify as short-term leases, as well as its other equipment, which qualify as short term leases and low-value assets leases. The relevant lease payments are recognized in expense on a straight line basis during the lease period.

(11) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete the development, and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

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C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- (a) Patents and technology: 2~5 years
- (b) Computer software: 0.5~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated using impairment test. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating units (CGU) are the greater of its value in use and its fair value, less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(13) Provisions

A provision is recognized when the Group has a present obligation arising from a past event, it is probable that the Group will be required to make an outflow of resources embodying economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. When the time value of currency is significant, the provision for liabilities is discounted at current pre-tax rates that adequately reflect the specific risks of the liabilities. The amount of the liabilities increased by time, is recognized as the borrowing cost when the liabilities are discounted.

A provision for warranties is measured with weighting factors based on historical experience of warranty claims rate and other possible outcomes against their associated probabilities.

(14) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

A. Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. Being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Group has objective evidence that all criteria for acceptance have been satisfied.

When the Group receives an advance payment from a customer, the advance amount of such future performance obligation shall be recognized as a contractual obligation, which shall be derecognized when the performance obligation is satisfied and then recognized as revenue.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

Due to the application of IFRS 15, the sale return and allowance based on historical experience and other known causes were reclassified to provision of liabilities.

B. Financing components

The Group expects that the length of time when the Group transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

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(15) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each of the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits obligations are expensed as the related service is provided. A liability is recognized for the amounts expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(16) Share-based payment transaction

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of awards that meet the related services and non-market performance conditions at the vesting date.

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For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date at which the Group and employees reach a consensus in the subscription price and number of shares.

#### (17) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis.

Deferred taxes are not recognized for the following exceptions:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect the uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (a) the same taxable entity; or

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- (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for unused, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(18) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted-average number of current ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee compensation not yet approved by the Board of Directors and can be issued by stock and unvested restricted employee stock awards.

(19) Operating segments information

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and earn expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**5. Significant Accounting Judgments, and Major Sources of Estimation and Assumptions Uncertainty:**

In preparation these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

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Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Group uses judgements and estimates the net realizable value of inventories for obsolescence and unmarketable items at the reporting period. It also writes down the cost of inventories to net realizable value. This inventory valuation may result from material changes in product demand due to the introduction of new products in the market, obsolescence or non-conformity of the original products, which may result in lower demand and prices, resulting in the risk that the cost of inventories may exceed its net realizable value. Please refer note 6(4) for valuation of Inventory.

The Group's accounting policies and disclosures include the fair value measurement for financial and non-financial assets and liabilities. The financial management center of the Group is responsible for performing fair value verification and bringing the evaluation results comparable to market price based on independent, reliable, and representative executable price information. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categories as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(21).

**6. Explanation of significant accounts**

(1) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Demand deposits	\$ 1,386,457	1,386,209
Time deposits	4,099,050	3,994,050
	<b>\$ 5,485,507</b>	<b>5,380,259</b>

Please refer to note 6(21) for the credit risk, interest rate risk and sensitivity analysis of the financial assets of the Group.

As of December 31, 2024 and 2023, the time deposits with original maturities of more than three months amounted to \$3,750,000 thousand and \$3,500,000 thousand, respectively, which were classified as other financial assets-current; please refer to note 6(8).

**Raydium Semiconductor Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

(2) Financial assets at fair value

A. Financial assets at fair value through profit or loss — current

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Beneficiary certificate	<b>\$ 531,520</b>	<b>633,073</b>

B. Financial assets at fair value through profit or loss — non-current

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Venture capital funds	<b>\$ 35,000</b>	-

C. Financial assets at fair value through other comprehensive income — current

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Listed stocks	<b>\$ 8,849</b>	<b>11,013</b>

D. Financial assets at fair value through other comprehensive income — non-current

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Listed stocks	\$ 265,819	308,860
Unlisted stocks	284,575	114,517
	<b>\$ 550,394</b>	<b>423,377</b>

These investments in equity instruments are not held for trading, and therefore, are accounted for as FVOCI.

The Group sold part of its holdings measured at fair value through other comprehensive income in 2024, with the disposal price of \$32,204 thousand, resulting in the realized gain of \$10,604 thousand to be reclassified from other equity to retained earnings.

For the disclosure of market risk, please refer to note 6(21).

The financial assets mentioned above were not pledged as collateral.

**Raydium Semiconductor Corporation and Subsidiaries**  
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(3) Accounts receivable, net (including related parties)

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable—measured at amortized cost	\$ 3,698,369	2,928,514
Accounts receivable measured at fair value through other comprehensive income	96,563	119,505
Less: loss allowance	(130,522)	(60,695)
	<b>\$ 3,664,410</b>	<b>2,987,324</b>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group uses a simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

The accounts receivable from related parties having significant impact over the Group and other individuals amounted to \$1,687,547 thousand and \$1,676,659 thousand as of December 31, 2024 and 2023, respectively. The days past due is less than 100 days, so there is no expected credit loss for the duration of the related party's accounts receivable.

The loss allowance provision of customers with relatively low credit risk was determined as follows:

<b>December 31, 2024</b>			
	<b>Carrying amounts of accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance for life time expected credit losses</b>
Not past due	\$ 689,999	0%	-
Past due less than 30 days	29,621	0%	-
	<b>\$ 719,620</b>		-
<b>December 31, 2023</b>			
	<b>Carrying amounts of accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance for life time expected credit losses</b>
Not past due	\$ 711,253	0%	-
Past due less than 30 days	1,629	0%	-
Past due 31~60 days	3,562	0%	-
	<b>\$ 716,444</b>		-

**Raydium Semiconductor Corporation and Subsidiaries**  
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The loss allowance provision of customers with relatively high credit risk was determined as follows:

	<b>December 31, 2024</b>		
	<b>Carrying amounts of accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance for life time expected credit losses</b>
Not past due	\$ 1,264,832	7.67%	96,966
Past due less than 30 days	105,522	23.00%	24,270
Past due 31~60 days	11,234	43.20%	4,853
Past due 61~90 days	3,784	53.91%	2,040
Past due over 91~180 days	2,393	100.00%	2,393
	<b>\$ 1,387,765</b>		<b>130,522</b>
	<b>December 31, 2023</b>		
	<b>Carrying amounts of accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance for life time expected credit losses</b>
Not past due	\$ 588,845	7.41%	43,649
Past due less than 30 days	66,071	25.80%	17,046
	<b>\$ 654,916</b>		<b>60,695</b>

The movement in the allowance for accounts receivables was as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 60,695	31,715
Impairment loss recognized	69,827	28,980
Ending balance	<b>\$ 130,522</b>	<b>60,695</b>

The Group entered into an agreement with banks to factor certain of its accounts receivable. According to the agreement, within the factoring line, the Group does not have to ensure the ability of debtors to pay when transferring the rights and obligations. As of December 31, 2024 and 2023, the Group reclassified trade receivables that met the derecognition terms to other receivables (recorded in other financial asset – current) as follows:

(In Thousands of New Taiwan Dollars)

<b>December 31, 2024</b>						
<b>Buyer</b>	<b>Factoring quota</b>	<b>Derecognition amount</b>	<b>Advanced Amount</b>	<b>Service fees</b>	<b>Transfer terms</b>	<b>Guaranteed promissory notes</b>
Taipei Fubon Bank	USD 151,500	USD 63,844	-	0.22%	Notes 1 to 3	None

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**December 31, 2023**

<b>Buyer</b>	<b>Factoring quota</b>	<b>Derecognition amount</b>	<b>Advanced Amount</b>	<b>Service fees</b>	<b>Transfer terms</b>	<b>Guaranteed promissory notes</b>
Taipei Fubon Bank	USD 145,000	USD 69,142	-	0.23%	Notes 1 to 3	None

Note 1: The above-mentioned amounts have been reclassified to other receivables. The terms of the transaction relating to factoring are based on the factoring consent for buyer. Such transaction should be factoring without recourse.

Note 2: Within the factoring quota, if the original debtor is unable to pay or may be unable to pay due to financial difficulties, the risk of non-payment will be borne by the purchasing agency, not the Group. The original debtor's credit risk will be borne by the purchasing agency and the credit risk described above is the uncollectable debt risk due to default by the original debtor without reasonable cause.

Note 3: The Group informed the original debtor pursuant to account receivables to make payment directly to the Group's restricted account with the purchasing bank.

As of December 31, 2024 and 2023, total outstanding receivables after the above transactions, net of fees charged by purchasing bank, of \$2,088,796 thousand and \$2,123,891 thousand, respectively, were recognized as other current financial assets; please refer to note 6(8).

As of December 31, 2024 and 2023, the Group's unused factoring quota amounted to \$2,867,829 thousand and \$2,330,219 thousand, respectively.

(4) Inventories

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Work in progress	\$ 1,839,161	1,603,029
Finished goods	479,385	425,777
	<b>\$ 2,318,546</b>	<b>2,028,806</b>
	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cost of goods sold	\$ 17,171,176	12,984,989
Provision for inventory obsolescence (reversal gain)	(107,314)	50,869
	<b>\$ 17,063,862</b>	<b>13,035,858</b>

As of December 31, 2024 and 2023, the Group's inventories were not pledged as collateral.

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(5) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment for the years ended December 31, 2024 and 2023 were as follows:

	<u>Research equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Equipment under inspection</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2024	\$ 990,985	9,938	175,731	54,202	228,429	8,357	1,467,642
Additions	29,641	-	19,634	9,227	-	48,582	107,084
Disposals	(30,016)	(4,437)	-	-	-	-	(34,453)
Reclassification	24,104	9,290	20,939	190	-	(54,523)	-
Effect of changes in exchange rates	591	-	54	247	-	9	901
Balance as of December 31, 2024	<u>\$ 1,015,305</u>	<u>14,791</u>	<u>216,358</u>	<u>63,866</u>	<u>228,429</u>	<u>2,425</u>	<u>1,541,174</u>
Balance as of January 1, 2023	\$ 938,271	11,410	129,010	35,645	-	9,100	1,123,436
Additions	29,608	-	14,038	7,666	228,429	68,625	348,366
Disposals	(1,850)	(1,472)	(210)	(209)	-	-	(3,741)
Reclassification	25,205	-	32,925	11,233	-	(69,363)	-
Effect of changes in exchange rates	(249)	-	(32)	(133)	-	(5)	(419)
Balance as of December 31, 2023	<u>\$ 990,985</u>	<u>9,938</u>	<u>175,731</u>	<u>54,202</u>	<u>228,429</u>	<u>8,357</u>	<u>1,467,642</u>
Accumulated depreciation:							
Balance as of January 1, 2024	\$ 823,730	5,598	116,240	38,392	-	-	983,960
Depreciation	130,918	2,656	32,789	15,193	-	-	181,556
Disposals	(30,016)	(3,984)	-	-	-	-	(34,000)
Effect of changes in exchange rates	117	-	49	218	-	-	384
Balance as of December 31, 2024	<u>\$ 924,749</u>	<u>4,270</u>	<u>149,078</u>	<u>53,803</u>	<u>-</u>	<u>-</u>	<u>1,131,900</u>
Balance as of January 1, 2023	\$ 659,710	5,209	91,279	29,326	-	-	785,524
Depreciation	165,927	1,779	25,201	9,400	-	-	202,307
Disposals	(1,850)	(1,390)	(210)	(209)	-	-	(3,659)
Effect of changes in exchange rates	(57)	-	(30)	(125)	-	-	(212)
Balance as of December 31, 2023	<u>\$ 823,730</u>	<u>5,598</u>	<u>116,240</u>	<u>38,392</u>	<u>-</u>	<u>-</u>	<u>983,960</u>
Carrying amounts:							
Balance as of December 31, 2024	<u>\$ 90,556</u>	<u>10,521</u>	<u>67,280</u>	<u>10,063</u>	<u>228,429</u>	<u>2,425</u>	<u>409,274</u>
Balance as of December 31, 2023	<u>\$ 167,255</u>	<u>4,340</u>	<u>59,491</u>	<u>15,810</u>	<u>228,429</u>	<u>8,357</u>	<u>483,682</u>
Balance as of January 1, 2023	<u>\$ 278,561</u>	<u>6,201</u>	<u>37,731</u>	<u>6,319</u>	<u>-</u>	<u>9,100</u>	<u>337,912</u>

As of December 31, 2024 and 2023, the Group's property, plant and equipment were not pledged as collateral.

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(6) Right-of-use assets

The Group leases buildings. Information about leases for which the Group as a lessee were presented below:

	<b>Buildings</b>
Cost:	
Balance as of January 1, 2024	\$ 30,525
Additions	4,695
Decreases	(9,103)
Effect of changes in exchange rates	403
Balance as of December 31, 2024	<b><u>\$ 26,520</u></b>
Balance as of January 1, 2023	\$ 28,168
Additions	2,586
Effect of changes in exchange rates	(229)
Balance as of December 31, 2023	<b><u>\$ 30,525</u></b>
Accumulated depreciation:	
Balance as of January 1, 2024	\$ 12,872
Depreciation	9,389
Decreases	(9,103)
Effect of changes in exchange rates	242
Balance as of December 31, 2024	<b><u>\$ 13,400</u></b>
Balance as of January 1, 2023	\$ 5,940
Depreciation	7,062
Effect of changes in exchange rates	(130)
Balance as of December 31, 2023	<b><u>\$ 12,872</u></b>
Carrying amounts:	
Balance as of December 31, 2024	<b><u>\$ 13,120</u></b>
Balance as of December 31, 2023	<b><u>\$ 17,653</u></b>
Balance as of January 1, 2023	<b><u>\$ 22,228</u></b>

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(7) Intangible assets

The cost and accumulated amortization of the intangible assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	<u>Goodwill</u>	<u>Patents and technology</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2024	\$ 237,800	106,973	432,095	776,868
Additions	-	-	334,316	334,316
Write-off	-	-	(222,244)	(222,244)
Effect of changes in exchange rates	-	-	4	4
Balance as of December 31, 2024	<u>\$ 237,800</u>	<u>106,973</u>	<u>544,171</u>	<u>888,944</u>
Balance as of January 1, 2023	\$ 237,800	106,973	310,017	654,790
Additions	-	-	197,019	197,019
Write-off	-	-	(74,939)	(74,939)
Effect of changes in exchange rates	-	-	(2)	(2)
Balance as of December 31, 2023	<u>\$ 237,800</u>	<u>106,973</u>	<u>432,095</u>	<u>776,868</u>
Accumulated amortization:				
Balance as of January 1, 2024	\$ -	106,973	293,395	400,368
Amortization	-	-	199,010	199,010
Write-off	-	-	(222,244)	(222,244)
Effect of changes in exchange rates	-	-	3	3
Balance as of December 31, 2024	<u>\$ -</u>	<u>106,973</u>	<u>270,164</u>	<u>377,137</u>
Balance as of January 1, 2023	\$ -	102,352	209,160	311,512
Amortization	-	4,621	159,175	163,796
Write-off	-	-	(74,939)	(74,939)
Effect of changes in exchange rates	-	-	(1)	(1)
Balance as of December 31, 2023	<u>\$ -</u>	<u>106,973</u>	<u>293,395</u>	<u>400,368</u>
Carrying amounts:				
Balance as of December 31, 2024	<u>\$ 237,800</u>	<u>-</u>	<u>274,007</u>	<u>511,807</u>
Balance as of December 31, 2023	<u>\$ 237,800</u>	<u>-</u>	<u>138,700</u>	<u>376,500</u>
Balance as of January 1, 2023	<u>\$ 237,800</u>	<u>4,621</u>	<u>100,857</u>	<u>343,278</u>

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A. Amortization

The amortization of intangible assets for the years ended December 31, 2024 and 2023 were included in the statements of comprehensive income:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 256	265
Operating expenses	198,754	163,531
	<b>\$ 199,010</b>	<b>163,796</b>

As of December 31, 2024 and 2023, the Group's intangible assets were not pledged as collateral.

B. Impairment test on goodwill

The Group conducts impairment tests on goodwill. As of December 31, 2024 and 2023, it was determined that the recoverable amount of the cash-generating unit to be greater than its carrying amount based on their value in use; hence, no impairment loss were recognized.

The key assumptions used in the estimation of value in use were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Discount Rate	8%	12%
Revenue growth rate	3%~5%	5%~14%
Sustainable growth rate	2%	3%

The discount rate was based on the industry-weighted average cost of capital and adjusted for a risk premium to reflect both the increased risk of generally investing in equities and the systemic risk of the specific cash-generating unit.

Revenue growth rate was projected by taking into account the average growth levels experienced over the past few years and by projecting sales growth over the next five years.

The cash flow projection was based on the five-year financial budget as assessed by management, and for cash flows projections over five years, it was extrapolated in reference to the economic growth rate where the unit operates.

When the recoverable amount of a cash generating unit is greater than the carrying amount, the management identifies the discount rate and the sustainable growth rate as key assumptions. The reasonable likelihood of a change in the above two key assumptions would expose the carrying amount to the risk of exceeding its recoverable amount. However, the management analyzed that the above key assumptions would not have resulted in a loss of impairment if they are at a negative status of 0.5%.

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(8) Other financial assets— current and non-current

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable factoring	\$ 2,088,796	2,123,891
Restricted time deposits	254,588	254,516
Guarantee deposits for product capacity and others	67,523	221,889
Time deposits with original maturities of more than three months	3,750,000	3,500,000
Corporate bonds	9,894	-
Others	8,306	4,700
	<b><u>\$ 6,179,107</u></b>	<b><u>6,104,996</u></b>
Other financial assets— current	\$ 6,175,530	5,941,649
Other financial assets— non-current	3,577	163,347
	<b><u>\$ 6,179,107</u></b>	<b><u>6,104,996</u></b>

The Group entered into production capacity guarantee contracts with several suppliers and paid the agreed deposits. Considering future market demand and the corresponding utilization of production capacity, the Group recognized the associated losses, which are recorded under operating costs.

(9) Other current and non-current assets

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Prepayments to suppliers	\$ -	419,550
Sales tax receivable and overpaid VAT	115,814	114,883
Prepayments for mask and mold	303,793	256,630
Net defined benefit assets	564	-
Others	33,291	34,163
	<b><u>\$ 453,462</u></b>	<b><u>825,226</u></b>
Other current assets	\$ 149,104	172,927
Other non-current assets	304,358	652,299
	<b><u>\$ 453,462</u></b>	<b><u>825,226</u></b>

The Group entered into production capacity guarantee contracts with several suppliers and made the agreed prepayment. Considering future market demand and the corresponding utilization of production capacity, the Group terminated the long-term supply agreements with suppliers and recognized the associated losses, which are recorded under operating costs.

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(10) Short-term borrowings

The short-term borrowings and unused credit lines were summarized as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unsecured bank loans	<u>\$ 130,868</u>	<u>589,278</u>
Unused credit lines	<u>\$ 1,992,798</u>	<u>1,312,784</u>
Range of interest rates	<u>5.11%</u>	<u>3.40%~6.45%</u>

As of December 31, 2024 and 2023, the Group's short-term borrowings were not pledged as collateral.

(11) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current (recorded under other current liabilities)	<u>\$ 6,067</u>	<u>6,404</u>
Non-current	<u>\$ 7,433</u>	<u>10,280</u>

For the maturity analysis, please refer to note 6(21) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<u>\$ 420</u>	<u>498</u>
Expenses relating to short-term leases	<u>\$ 39,454</u>	<u>35,577</u>

The amounts recognized in the statement of cash flows were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 47,753</u>	<u>43,463</u>

Buildings leases

The Group leases buildings and improvements for its office, with lease terms that typically run for 2~5 years, and some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases and low-value asset leases.

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**Notes to the Consolidated Financial Statements**

(12) Provisions

	<b>Warranties</b>
Balance as of January 1, 2024	\$ 116,113
Provisions made during the year	<u>224,558</u>
Balance as of December 31, 2024	<b><u>\$ 340,671</u></b>
Provisions – current	\$ 113,557
Provisions – non-current	<u>227,114</u>
	<b><u>\$ 340,671</u></b>
Balance as of January 1, 2023	\$ 166,588
Provisions reversed during the year	<u>(50,475)</u>
Balance as of December 31, 2023	<b><u>\$ 116,113</u></b>
Provisions – current	\$ 38,704
Provisions – non-current	<u>77,409</u>
	<b><u>\$ 116,113</u></b>

The provision for warranties is estimated based on historical warranty data associated with similar products and services. The Group expects to settle majority of its provision within three years from the date of the sale of the product.

(13) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Group were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of the defined benefit obligations	\$ 1,604	2,113
Fair value of plan assets	<u>(2,168)</u>	<u>(1,969)</u>
Net defined benefit (assets) liabilities	<b><u>\$ (564)</u></b>	<b><u>144</u></b>

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). With regard to the utilization of the fund, minimum earnings shall be no less than the earnings attainable from two year time deposits, with interest rates offered by local banks.

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The Group's Bank of Taiwan labor pension reserve account balance amounted to \$2,168 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in present value of defined benefit obligations

The movement in present value of the defined benefit obligations of the Group for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Defined benefit obligations as of January 1	\$ 2,113	2,052
Interest cost	28	34
Remeasurement of the net defined benefit liabilities:		
– Actuarial loss (gain) arising from changes in financial assumptions	(537)	27
Defined benefit obligations as of December 31	<u>\$ 1,604</u>	<u>2,113</u>

(c) Movements in fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Fair value of plan assets as of January 1	\$ 1,969	1,934
Interest income	26	32
Contributions made	2	2
Remeasurement on the net defined benefit liabilities	171	1
Fair value of plan assets as of December 31	<u>\$ 2,168</u>	<u>1,969</u>

(d) Expenses recognized in profit or loss

The Group's expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating expenses - Net interest on the net defined benefit	<u>\$ 2</u>	<u>2</u>

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- (e) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The Group's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Accumulated amount as of January 1	\$ 913	939
Recognized for the period	708	(26)
Accumulated amount as of December 31	<b>\$ 1,621</b>	<b>913</b>

- (f) Actuarial assumptions

The following are the Group's significant principal actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Discount rate	1.55 %	1.32 %
Future salary increases rate	5.00 %	5.00 %

The Group expects to make a contribution of \$2 thousand to its defined benefit plans in the following year, beginning December 31, 2024.

The weighted-average duration of the defined benefits obligation is 10 years.

- (g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2024 and 2023, the impact on the defined benefit obligation would be as follows:

<b>Actuarial assumptions</b>	<b>Impact on the defined benefit obligations</b>	
	<b>Increased 0.5%</b>	<b>Decreased 0.5%</b>
December 31, 2024		
Discount rate	\$ (78)	83
Future salary increase rate	\$ 80	(76)
December 31, 2023		
Discount rate	\$ (128)	137
Future salary increase rate	\$ 131	(125)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

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The approach used in recognizing the net defined liability in the balance sheets is the same as that used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Group should contribute 6% of its employees' monthly wages to their labor pension personal accounts with the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were \$75,958 thousand and \$67,064 thousand for the years ended December 31, 2024 and 2023, respectively.

(14) Guarantee deposits reserved

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Deposits received for capacity guarantee	<u>\$ 817,925</u>	<u>1,075,130</u>
Current (recorded in other current liabilities)	\$ 327,170	307,180
Non-current	<u>490,755</u>	<u>767,950</u>
	<u><b>\$ 817,925</b></u>	<u><b>1,075,130</b></u>

The Group entered into production capacity guarantee agreement with its customers and reserved specific production capacity for them by collecting deposits, which would be refunded upon the fulfillment of the contract.

(15) Income tax

A. Income tax expenses

The amounts of income tax expense(benefit) were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Current income tax expense(benefit)		
Current period	\$ 347,229	239,559
Adjustment for prior period	<u>(8,584)</u>	<u>(115,923)</u>
	<u><b>\$ 338,645</b></u>	<u><b>123,636</b></u>
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	\$ (12,656)	(19,686)
Income tax expense	<u><b>\$ 325,989</b></u>	<u><b>103,950</b></u>

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- B. The amounts of income tax expense (benefit) recognized in other comprehensive income were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains or losses from investments in equity instruments measured at FVOCI	\$ <b>(11,744)</b>	<b>(19,086)</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	\$ <b>(502)</b>	<b>(245)</b>

- C. The reconciliation of income tax expense and income before income tax were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Income before income tax	\$ <b>2,424,978</b>	<b>1,546,741</b>
Income tax at the Group's domestic tax rate	\$ 484,996	309,348
Effect of tax rates differences in foreign jurisdiction	4,947	(14,864)
Adjustment for prior period and others	(8,584)	(115,923)
Income tax effect of investment tax credit	(100,280)	(106,145)
Additional surtax on undistributed retained earning	-	2,675
Change in unrecognized temporary differences and others	(55,090)	28,859
	\$ <b>325,989</b>	<b>103,950</b>

For investment credit applicable in accordance with the Statute for Industrial Innovation, a maximum of 15% of the expenses may be credited against the profit seeking enterprise income tax payable in the then current year; and a maximum of 10% of the expenses may be credited against the profit seeking enterprise income tax payable in each of the three years following the then current year; also, the creditable amount shall not exceed 30% of the profit seeking enterprise income tax payable in the then current year. The Group's investment credit for the year 2024 is in the process of application and the investment credit for the year 2023 is yet to be approved.

- D. Deferred income tax assets and liabilities

- (a) The amounts which the Group has not recognized deductible temporary differences in deferred tax assets were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
Loss associated with investments in subsidiaries	\$ <b>21,630</b>	<b>41,401</b>

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- (b) The Group's enfoys loss deduction in accordance with the tax laws of each jurisdiction and no deferred income tax assets and effective periods are recognized:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unrecognized deferred income tax assets	<b>\$ 27,144</b>	<b>48,605</b>
Year of expiry	2025 to 2029	2024 to 2028

- E. Changes in the amount of deferred tax assets and liabilities were as follows:

	<b>January 1, 2024</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other comprehensive income</b>	<b>December 31, 2024</b>
<b>Temporary differences:</b>				
Unrealized provision for inventory obsolescence losses	\$ 146,321	(48,037)	-	98,284
Unrealized foreign exchange gain or loss	34,969	(21,463)	-	13,506
Unrealized loss	35,476	32,658	-	68,134
Sales transaction fiscal and tax differences	10,097	38,056	-	48,153
Exchange difference on translation of foreign operations	119	-	(502)	(383)
Goodwill and valuation of financial assets	(6,246)	(1,145)	-	(7,391)
Others	8,527	12,587	11,744	32,858
Deferred tax income (expense)		<b>\$ 12,656</b>	<b>11,242</b>	
Net deferred tax assets	<b>\$ 229,263</b>			<b>253,161</b>
<b>Reflected in balance sheet as follows:</b>				
Deferred tax assets	<b>\$ 235,509</b>			<b>260,935</b>
Deferred tax liabilities	<b>\$ (6,246)</b>			<b>(7,774)</b>

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	<u>January 1, 2023</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2023</u>
<b>Temporary differences:</b>				
Unrealized provision for inventory obsolescence losses	\$ 150,758	(4,437)	-	146,321
Unrealized foreign exchange gain or loss	19,846	15,123	-	34,969
Unrealized loss	38,831	(3,355)	-	35,476
Sales transaction fiscal and tax differences	2,817	7,280	-	10,097
Exchange difference on translation of foreign operations	(126)	-	245	119
Goodwill and valuation of financial assets	(4,856)	(1,390)	-	(6,246)
Others	(17,024)	6,465	19,086	8,527
Deferred tax income (expense)		<u>\$ 19,686</u>	<u>19,331</u>	
Net deferred tax assets	<u>\$ 190,246</u>			<u>229,263</u>
<b>Reflected in balance sheet as follows:</b>				
Deferred tax assets	<u>\$ 212,252</u>			<u>235,509</u>
Deferred tax liabilities	<u>\$ (22,006)</u>			<u>(6,246)</u>

F. The Company's tax returns have been examined and approved by the tax authorities through 2022.

(16) Equity

A. Issuance of common stock

As of December 31, 2024 and 2023, the authorized capital of the Company amounted to \$1,000,000 thousand (including the amount of \$50,000 thousand authorized for the issuance of the employee stock options), and the Company's issued capital amounted to \$758,552 thousand with a par value of \$10 (dollars) per share.

Reconciliation of shares outstanding for 2024 and 2023 was as follows (in thousands of shares):

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Balance as of December 31 (Balance as of January 1)	<u>75,855</u>	<u>75,855</u>

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B. Capital surplus

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Capital surplus	\$ 4,647,881	4,647,881
Employee remuneration paid in the form of stocks	64,592	64,592
Others	460	460
	<b>\$ 4,712,933</b>	<b>4,712,933</b>

In accordance with the R.O.C Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

C. Retained earnings

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, the amount shall be set aside or reversed as special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. The distribution of dividends and bonuses, in whole or in part, by issuing new shares, shall be resolved during the shareholders' general meeting. As for the cash payment, it shall be approved by the Board of Directors and be reported in the shareholders' general meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and the Company's long-term financial plan. An annual dividend of not less than 10% of the distributable surplus is provided for the shareholders, wherein the cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year.

(a) Legal reserve

In accordance with the ROC Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

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(b) Special reserve

In accordance with Rule No. 1090150022 issued by the FSC on March 31, 2021, a portion of current earnings and previous unappropriated earnings shall be set aside as a special reserve during earnings distribution. The amount to be set aside should equal the total amount of contra accounts that are accounted for as deductions to other equity interests. A portion of the previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

The appropriations of earnings for 2023 and 2022 by way of cash dividends have been approved in the Board of Directors' meeting held on February 26, 2024 and February 23, 2023. In addition, the appropriations of earnings for 2023 and 2022 by others ways have been approved in the annual shareholders' meeting held on May 29, 2024 and May 29, 2023, respectively. Details of distribution were as follows:

	2023		2022	
	Amounts	Dividends per share (NT\$)	Amounts	Dividends per share (NT\$)
Legal reserve	\$ 145,397		\$ 386,272	
Special reserve	33,741	-	-	-
Cash dividends on ordinary shares	1,152,999	15.2	3,110,064	41
	<b>\$ 1,332,137</b>		<b>\$ 3,496,336</b>	

The aforementioned appropriation of earnings were consistent with the resolutions of the Board of Directors' meeting.

On February 25, 2025, the amount of cash dividends distributed to ordinary shareholders, at NT\$22.2 per share, totaled \$1,683,986 thousand ; and the appropriation of earnings for 2024 was approved by Board of Meeting. The related information is available on the Market Observation Post System website.

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D. Other equity

Change in the amount of other equity were as follows:

	<b>Exchange differences on translation of foreign operations</b>	<b>Unrealized gain (losses) on financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2024	\$ (474)	(33,267)	(33,741)
Differences on translation of foreign operations	2,508	-	2,508
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(86,091)	(86,091)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(10,604)	(10,604)
Income tax effect	(502)	11,744	11,242
Balance as of December 31, 2024	<u>\$ 1,532</u>	<u>(118,218)</u>	<u>(116,686)</u>
Balance as of January 1, 2023	\$ 508	28,946	29,454
Differences on translation of foreign operations	(1,227)	-	(1,227)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(70,094)	(70,094)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(11,205)	(11,205)
Income tax effect	245	19,086	19,331
Balance as of December 31, 2023	<u>\$ (474)</u>	<u>(33,267)</u>	<u>(33,741)</u>

(17) Earnings per share

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share:		
Net income attributable to ordinary shareholders of Company	<u>\$ 2,098,989</u>	<u>1,442,791</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	<u>75,855</u>	<u>75,855</u>
Basic earnings per share (NT dollars)	<u>\$ 27.67</u>	<u>19.02</u>

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	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Diluted earnings per share:		
Net income attributable to ordinary shareholders of Company	<b>\$ 2,098,989</b>	<b>1,442,791</b>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	75,855	75,855
Effect of employee stock remuneration	1,166	971
Weighted average number of ordinary shares outstanding (in thousands of shares)(diluted)	<b>77,021</b>	<b>76,826</b>
Diluted earnings per share (NT dollars)	<b>\$ 27.25</b>	<b>18.78</b>

(18) Revenue from contracts with customers

A. Detail of revenue

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenues from major regional markets:		
China (including Hong Kong)	\$ 19,419,223	12,823,794
Taiwan	4,234,364	5,013,379
Others	723,215	509,449
	<b>\$ 24,376,802</b>	<b>18,346,622</b>
Revenue from major products:		
Display Driver IC	\$ 23,691,864	17,698,235
Others	684,938	648,387
	<b>\$ 24,376,802</b>	<b>18,346,622</b>

B. Contract balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Contract liabilities	<b>\$ 296,881</b>	<b>527,962</b>	<b>680,756</b>

For details on notes and accounts receivable and loss allowance, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$277,669 thousand and \$292,589 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

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(19) Non-operating income and expenses

A. Other income

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Dividend income	\$ 813	12,176
Others	55,768	16,544
	<b><u>\$ 56,581</u></b>	<b><u>28,720</u></b>

B. Other gains and losses

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains, net	\$ 98,830	2,990
Gains on financial instruments measured at fair value through profit or loss	7,447	6,542
Others	11,092	680
	<b><u>\$ 117,369</u></b>	<b><u>10,212</u></b>

C. Finance costs

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expense – bank borrowings	\$ (16,603)	(7,704)
Lease liabilities	(420)	(498)
	<b><u>\$ (17,023)</u></b>	<b><u>(8,202)</u></b>

D. Interest income

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ 139,468	137,465

(20) Remuneration to employees and directors

In accordance with the articles of incorporation, when the Company incurred profit for the year, the profit should first be used to offset against any deficit (including unappropriated retained earnings); then, no less than 1% of the profit (income before tax, excluding remuneration to employees and directors) shall be distributed as employee remuneration, and no more than 1% as directors' and supervisors' remuneration.

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The aforementioned shall be resolved by the board of directors and reported to the shareholders' meeting:

Employees, including those belonging to affiliate companies that meet certain conditions, are entitled to the abovementioned remuneration, which to be distributed in stock or cash, employee stock option certificates, restricted employee shares, treasury stock purchased and transferred to employees, as well as employee stocks when issuing new shares. The said conditions and distribution method are decided by Board of Directors or the personnel authorized by Board of Directors.

For the years ended December 31, 2024 and 2023, the amounts of remuneration to employees were estimated at \$424,658 thousand and \$270,959 thousand, respectively; and those to the directors were estimated at \$18,943 thousand and \$12,747 thousand, respectively. The estimation basis shall be calculated as the amounts of net income before tax, excluding the remuneration to employees and directors, multiplied by the percentage remuneration to employees and directors, as specified in the Company's articles of incorporation. These remuneration were expensed under operating costs or expenses for the years ended December 31, 2024 and 2023. If there are changes in the proposed amounts after the annual consolidated financial statements have been authorized for issuance, the differences are accounted for as changes in accounting estimates and adjusted prospectively in profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration is to be paid in the form of stocks, the closing price of the ordinary share on the day before the Board of Director' Meeting will be used to calculate the number of stock shares.

There were no difference between the aforesaid amounts of employee and directors' remuneration approved by the Board of Directors and the amount in the 2023 consolidated financial statements. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

#### (21) Financial instruments

##### A. Credit risk

###### (a) Credit risk exposure

The carrying amount of financial assets represent the maximum amounts exposed to credit risk.

###### (b) Credit risk concentration

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As of the financial reporting date, the maximum credit risk exposure of the Group due to non-performance of the counterparty mainly derived from the carrying amount of the financial assets recognized in the balance sheet of the Group.

The Group's potential credit risk is derived primarily from cash and cash equivalents and trade receivables. The cash is deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash and cash equivalents do not have a significant credit risk concentration.

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In addition to granting credit facilities to customers in accordance with the credit procedures, the Group will require insurance for accounts receivable from certain customer groups in order to reducing the credit risk of accounts receivable, and use historical trading experience to continuously assess the financial condition, credit condition and current economic environment of the customers.

As of December 31, 2024 and 2023, the Group's five largest customers accounted for approximately 52% and 56% of the balance of accounts receivable (including related parties), respectively. After an assessment has been made on the lifetime expected credit losses of the accounts receivable, the management expects no significant losses in the future.

(c) Credit risk of receivables

For credit risk exposure on accounts receivable, please refer to note 6(3).

Other financial assets at amortized cost include other receivables, guarantee deposit and restricted bank deposits.

All of financial assets excluding the abovementioned accounts receivable are considered to be low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(7) of the financial statements for the year ended December 31, 2024 for further details of how the Group determines whether credit risk is to be low risk).

B. Liquidity risk

The contractual maturities of financial liabilities were as follows:

	<u>Carrying amounts</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 years</u>
<b>December 31, 2024</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 130,868	(131,103)	(131,103)	-
Accounts payable	3,139,021	(3,139,021)	(3,139,021)	-
Salaries and bonuses payable	2,625,802	(2,625,802)	(2,625,802)	-
Other payables – related parties	2,807	(2,807)	(2,807)	-
Lease liabilities (current and non-current)	13,500	(13,837)	(6,293)	(7,544)
Guarantee deposits received (current and non-current)	817,925	(817,925)	(327,170)	(490,755)
	<u>\$ 6,729,923</u>	<u>(6,730,495)</u>	<u>(6,232,196)</u>	<u>(498,299)</u>

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	<u>Carrying amounts</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 years</u>
<b>December 31, 2023</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 589,278	(592,476)	(592,476)	-
Accounts payable	2,738,868	(2,738,868)	(2,738,868)	-
Salaries and bonuses payable	2,399,228	(2,399,228)	(2,399,228)	-
Other payables – related parties	7,545	(7,545)	(7,545)	-
Lease liabilities (current and non-current)	16,684	(17,236)	(6,719)	(10,517)
Guarantee deposits received (current and non-current)	<u>1,075,130</u>	<u>(1,075,130)</u>	<u>(307,180)</u>	<u>(767,950)</u>
	<u><b>\$ 6,826,733</b></u>	<u><b>(6,830,483)</b></u>	<u><b>(6,052,016)</b></u>	<u><b>(778,467)</b></u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure of foreign currency risk

The Group's financial assets and liabilities exposed to foreign currency risk were as follows:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 198,118	32.717	6,481,827	181,959	30.718	5,589,417
JPY	174,828	0.2086	36,469	24,856	0.2173	5,401
RMB	775	4.4733	3,467	846	4.3152	3,651
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 131,111	32.717	4,289,559	134,344	30.718	4,126,779
RMB	289	4.4733	1,293	85	4.3152	367

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(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable, other financial assets, short-term borrowings, accounts payable and guarantee deposits received, that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, RMB, and JPY as of December 31, 2024 and 2023, assuming that all other variables remain constant, would have increased or decreased the profit after tax by \$17,848 thousand and \$11,770 thousand, respectively.

(c) Foreign exchange gains (losses) on monetary items

As the Group deals with diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2024 and 2023 were \$98,830 thousand and \$2,990 thousand, respectively.

D. Interest rate analysis

An increase or decrease of 0.25% in interest rates, mainly from cash and cash equivalents, restricted time deposits and short term borrowings, with floating interest rates at the reporting date, assuming all other variables remain constant, would have increased or decreased net income by \$3,382 thousand and \$3,070 thousand for the years ended December 31, 2024 and 2023, respectively.

E. Other market price risk

The impact of the changes in equity price on other comprehensive income was as follows, assuming the analysis use the same basis for both years, with other factors remaining constant:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>Other</b>	<b>Other</b>
	<b>comprehensive</b>	<b>comprehensive</b>
	<b>income before</b>	<b>income before</b>
	<b>tax</b>	<b>tax</b>
<b>Prices of securities at the reporting date</b>		
Increasing 10%	<b>\$ 55,924</b>	<b>43,439</b>
Decreasing 10%	<b>\$(55,924)</b>	<b>(43,439)</b>

F. Fair value of financial instruments

(a) Fair value and carrying amount

The fair value of financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The Group's carrying amounts and the fair value of financial assets and liabilities (including the information for fair value hierarchy; but excluding financial instruments, whose fair values approximate the carrying amount, and lease liabilities, since the disclosure of fair value are not required) were as follows:

**Raydium Semiconductor Corporation and Subsidiaries**  
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	Carrying amounts	December 31, 2024			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL – current</b>	\$ 531,520	531,520	-	-	531,520
<b>Financial assets at FVTPL – non-current</b>	35,000	-	-	35,000	35,000
<b>Financial assets at FVOCI</b>					
Listed stocks	274,668	274,668	-	-	274,668
Unlisted stocks	284,575	-	-	284,575	284,575
Accounts receivable	96,563	-	96,563	-	96,563
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	5,485,507	-	-	-	-
Accounts receivable (including related parties)	3,567,847	-	-	-	-
Other financial assets (current and non-current)	6,179,107	-	-	-	-
	<u>\$ 16,454,787</u>	<u>806,188</u>	<u>96,563</u>	<u>319,575</u>	<u>1,222,326</u>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 130,868	-	-	-	-
Accounts payable	3,139,021	-	-	-	-
Salaries and bonuses payable	2,625,802	-	-	-	-
Other payables – related parties	2,807	-	-	-	-
Lease liabilities (current and non-current)	13,500	-	-	-	-
Guarantee deposits received (current and non-current)	817,925	-	-	-	-
	<u>\$ 6,729,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Raydium Semiconductor Corporation and Subsidiaries**  
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	Carrying amounts	December 31, 2023			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL – current</b>	\$ 633,073	633,073	-	-	633,073
<b>Financial assets at FVOCI</b>					
Listed stocks	319,873	319,873	-	-	319,873
Unlisted stocks	114,517	-	-	114,517	114,517
Accounts receivable	119,505	-	119,505	-	119,505
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	5,380,259	-	-	-	-
Accounts receivable (including related parties)	2,867,819	-	-	-	-
Other financial assets (current and non-current)	6,104,996	-	-	-	-
	<u>\$ 15,540,042</u>	<u>952,946</u>	<u>119,505</u>	<u>114,517</u>	<u>1,186,968</u>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 589,278	-	-	-	-
Accounts payable	2,738,868	-	-	-	-
Salaries and bonuses payable	2,399,228	-	-	-	-
Other payables – related parties	7,545	-	-	-	-
Lease liabilities (current and non-current)	16,684	-	-	-	-
Guarantee deposits received (current and non-current)	1,075,130	-	-	-	-
	<u>\$ 6,826,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Fair value valuation technique of financial instruments measured at fair value

Non-derivative financial instruments

The listed shares and beneficiary certificates held by the Group are measured at fair value according to standard provision and conditions, and are traded in active markets, the fair value is measured using the quoted price in an active market. In addition to the above mentioned financial assets with active market transactions, the fair value of unlisted shares held by the Group is estimated using the market comparable company method, which is measured by price-book ratio of the peers.

(c) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2024 and 2023.

**Raydium Semiconductor Corporation and Subsidiaries**  
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- (d) Quantified information for significant unobservable inputs used in fair value measurement (Level 3).

The Group's financial instruments measured at fair value which are categorized within Level 3 include financial assets at FVTPL-venture capital funds and financial assets at FVOCI – equity investments.

The Group's financial instruments classified as Level 3 fair value are measured using only a single significant unobservable input. Only equity investments without an active market involve multiple significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information regarding significant unobservable inputs are as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at FVTPL – venture capital funds	Asset approach	<ul style="list-style-type: none"> <li>Lack of market liquidity</li> </ul>	<ul style="list-style-type: none"> <li>The higher the level of lacking liquidity, the lower the estimate of fair value</li> </ul>
Financial assets at FVOCI – equity investments without an active market	Market approach (comparable with price-book ratio of the peers)	<ul style="list-style-type: none"> <li>P/B ratio multiplier (1.37~7.94 and 2.63~3.94 as of December 31, 2024 and 2023, respectively)</li> <li>Discount for lack of market liquidity ( 30%~60% as of December 31, 2024 and 2023)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the P/B ratio, the higher the fair value</li> <li>The higher the market liquidity discount rate, the lower the fair value</li> </ul>

- (e) Reconciliation for fair value measurements categorized within level 3:

	<b>Financial assets at FVTPL – venture capital funds</b>	
	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance as of January 1	\$ -	-
Addition in investments	35,000	-
Total gain/loss		
Recognized in profit and loss	-	-
Balance as of December 31	<b>\$ 35,000</b>	<b>-</b>

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	<b>Financial assets at FVOCI – equity investments without an active market</b>	
	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance as of January 1	\$ 114,517	264,316
Addition in investments	256,160	-
Disposal of investments	-	(31,205)
Total gain/loss		
Recognized in other comprehensive income	(86,102)	(118,594)
Balance as of December 31	<b>\$ 284,575</b>	<b>114,517</b>

The total gains and losses above were recognized in “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”, respectively.

(22) Financial risk management

A. Overview

The Group have exposure to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The significant financial activities of the Group have been reviewed by the Board of Directors and the Audit Committee in accordance with the relevant standards and internal control system. During the financial plan implementation, the Group must comply with the relevant financial operating procedures relating to the overall financial risk management and segregation of duties. The Group, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

C. Credit risk

The credit risk of the Group is mainly due to receivables and cash and cash equivalents arising from operating activities; please refer to note 6(21).

**Raydium Semiconductor Corporation and Subsidiaries**  
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D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill its contract obligations; please refer to note 6(21).

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its financial instruments; please refer to note 6(21). The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

- (a) Currency risk: The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the NTD, USD, JPY and RMB.
- (b) Market price risk of interest rate change: All of the Group's assets and liabilities bear floating interest rates, and thus, cash flow is exposed to the risk of interest rate change.

(23) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward its shareholders and take into consideration the interests of other stakeholders.

The Group's debt-to-equity ratio at the reporting date was as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 8,329,426	8,289,270
Less: Cash and cash equivalents	<u>(5,485,507)</u>	<u>(5,380,259)</u>
Net debt	<b><u>\$ 2,843,919</u></b>	<b><u>2,909,011</u></b>
Total equity	<b><u>\$ 12,092,505</u></b>	<b><u>11,218,148</u></b>
Debt-to-equity ratio	<u>24%</u>	<u>26%</u>

**Raydium Semiconductor Corporation and Subsidiaries**  
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(24) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Changes in foreign Exchange and other</b>	<b>December 31, 2024</b>
Short-term borrowings	\$ 589,278	(466,230)	7,820	130,868
Lease liabilities	16,684	(7,879)	4,695	13,500
Guarantee deposits received	1,075,130	(277,450)	20,245	817,925
Total liabilities from financing activities	<u>\$ 1,681,092</u>	<u>(751,559)</u>	<u>32,760</u>	<u>962,293</u>
			<b>Changes in foreign Exchange and other</b>	<b>December 31, 2023</b>
Short-term borrowings	\$ 32,115	564,095	(6,932)	589,278
Lease liabilities	21,486	(7,388)	2,586	16,684
Guarantee deposits received	1,412,443	(304,872)	(32,441)	1,075,130
Total liabilities from financing activities	<u>\$ 1,466,044</u>	<u>251,835</u>	<u>(36,787)</u>	<u>1,681,092</u>

**7. Related-party transactions**

(1) Names and relationship with related parties

The followings is a summary of related parties that have had transactions with the Group during the periods presented in the consolidated financial statements.

<u>Name of related parties</u>	<u>Relationship with the Group</u>
AUO Corporation (AUO)	AUO accounted for its investments in the Company using the equity method
AUO (Suzhou) Co., Ltd. (AUOSZ)	Subsidiary of AUO
AUO (Xiamen) Co., Ltd. (AUOXM)	Subsidiary of AUO
AUO (Kunshan) Co., Ltd. (AUOKS)	Subsidiary of AUO
AUO Education Service Corp. (AUES)	Subsidiary of AUO
AUO Display Plus Corporation (ADP)	Subsidiary of AUO
AUO Envirotech Inc. (AETTW)	Subsidiary of AUO
Space Money Inc. (SAM)	Subsidiary of AUO
Maxeda Technology Inc. (Maxeda)	The Company represented as a director of Maxeda (note)
HeilongJiang Talenda Smart Display Technology Co., Ltd (Talenda)	Subsidiary of ADP
Sungen Power Corp.	Subsidiary of AUO

Note: On October 13, 2023, the Company sold the entire equity of Maxeda Technology Inc., who became a non-related party thereafter.

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(2) The Group's significant related party transactions and balances were as follows:

A. Sales

The amounts of significant sales transactions between the Group and related parties were as follows:

<u>Relationship</u>	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
AUOSZ	\$ 2,155,856	1,964,882
AUOXM	1,458,353	1,815,706
AUO	426,289	937,560
Other related parties	224,610	180,609
	<b><u>\$ 4,265,108</u></b>	<b><u>4,898,757</u></b>

For the years ended December 31, 2024 and 2023, the collection terms for sales to related parties were 60 to 120 days from the end of the month during which the invoice is issued. The collection terms for sales to non-related parties were 30 to 120 days from the end of the month during which the invoice is issued or the products have been delivered after the advance receipt. The pricing for sales to related parties were not materially different from those with third parties.

B. Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Receivables from related parties	AUOSZ	\$ 937,697	712,608
Receivables from related parties	AUOXM	519,307	584,172
Receivables from related parties	AUO	149,305	301,599
Receivables from related parties	Other related parties	81,238	78,280
		<b><u>\$ 1,687,547</u></b>	<b><u>1,676,659</u></b>

C. Other payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other accounts payable from related parties	AUO	\$ 2,291	7,470
Other accounts payable from related parties	Other related parties	516	75
		<b><u>\$ 2,807</u></b>	<b><u>7,545</u></b>
Refund liabilities	Other related parties	<b><u>\$ 4,952</u></b>	<b><u>2,025</u></b>

**Raydium Semiconductor Corporation and Subsidiaries**  
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D. Other

(a) The other income of the Group from its related parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
AUO	<u>\$ 31,750</u>	<u>11,567</u>

(b) The rental expenses and other expenses paid by the related parties under lessee contracts were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
AUO	\$ 33,866	28,133
Other related parties	<u>689</u>	<u>373</u>
	<u>\$ 34,555</u>	<u>28,506</u>

(c) The costs of acquiring computer software from related-parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	<u>\$ -</u>	<u>5,390</u>

(d) The costs of acquiring leasehold improvements from related-parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	<u>\$ -</u>	<u>1,000</u>

(e) The prepayments of the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
AUO	<u>\$ 7,854</u>	<u>-</u>

(f) Cash dividend distribution from capital surplus:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
AUO	<u>\$ 13,012</u>	<u>-</u>

(3) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 221,301	156,523
Post-employment benefits	<u>756</u>	<u>756</u>
	<u>\$ 222,057</u>	<u>157,279</u>

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**8. Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Asset Name</u>	<u>Pledged to secure</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Restricted cash in bank (recognized in other financial assets – current)	Import guarantee for customs	\$ 34,458	34,386
Restricted cash in bank (recognized in other financial assets – current)	Import Guarantee	<u>220,130</u>	<u>220,130</u>
		<u>\$ 254,588</u>	<u>254,516</u>

**9. Significant Contingencies and Unrecognized Commitments:**

- (1) The Company signed a contract to purchase a real estate located in Tai Yuen Hi-Tech Industrial Park on November 2, 2023, with a total contract price of \$1,845,000 thousand (tax included), of which, the amount of \$239,850 thousand (tax included) had been paid as of December 31, 2024.
- (2) The Company has signed capacity guarantee contracts with several suppliers, paid the deposit and prepaid the goods in accordance with the agreement, and agreed on the relevant years and minimum quantity that the Company needs to purchase.
- (3) The Company has entered into capacity guarantee contracts with several customers, and collects deposits and advance receipts as agreed to reserve specific production capacity to such customers.

**10. Significant disaster losses: None.**

**11. Subsequent events: None.**

**12. Others:**

The following is the summary statement of the current period employee benefits, depreciation, and amortization expenses, by function:

By item	By function	For the years ended December 31,					
		2024			2023		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		185,308	3,104,681	3,289,989	145,204	2,099,486	2,244,690
Labor and health insurance		12,286	149,319	161,605	10,697	117,190	127,887
Pension		5,458	70,502	75,960	5,025	62,041	67,066
Other employee benefits		6,260	99,627	105,887	6,195	86,059	92,254
Depreciation		781	190,164	190,945	365	209,004	209,369
Amortization		256	198,754	199,010	265	163,531	163,796

## Raydium Semiconductor Corporation and Subsidiaries

### Notes to the Consolidated Financial Statements

#### 13. Other disclosures:

(1) Information on significant transactions:

The followings is a summary of the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the Group:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Endorsement / Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantees Amount Provided to Each Guarantee Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantees to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	Raydium Semiconductor (Kunshan) Co., Ltd.	Subsidiaries	2,418,501	654,340	654,340	392,723	-	5.41 %	6,046,253	Y	N	Y

Note 1: The maximum amount of the Group's endorsement/guarantee for a single enterprise shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants.

Note 2: The total amount of the Group's endorsement/guarantee for others shall not exceed 50% of the net value of the latest financial statements audited or reviewed by accountants.

C. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares and Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance				Highest Holding during the year	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value		
The Company	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL — current	18,354	289,508	-	289,508	-	
The Company	Yuanta De Bao Money Market Fund	-	"	19,329	242,012	-	242,012	-	
The Company	CDIB-TEN Capital Limited Partnership	-	Financial assets at FVTPL — non-current	-	35,000	-	35,000	-	
The Company	Shares of Darfon Electronics Corp.	-	Financial assets at FVOCI — current	203	8,849	0.07 %	8,849	0.07 %	
The Company	Shares of AUO Corporation	AUO accounted for its investments in the Company using the equity method	Financial assets at FVOCI — noncurrent	14,459	211,819	0.19 %	211,819	0.19 %	
The Company	Shares of SiCEV Electronic Co., Ltd.	The Company represented as a director of SiCEV	"	8,943	22,839	18.73 %	22,839	18.73 %	
The Company	Shares of PlayNitride Inc.	-	"	270	54,000	0.25 %	54,000	0.25 %	
The Company	Shares of Neuchips Inc.	-	"	2,000	-	1.90 %	-	1.90 %	
The Company	Shares of ARK Semiconductor Inc.	The company represented asn director of ARK	"	1,983	261,736	15.81 %	261,736	15.81 %	
The Company	TSMC 109-6 Series A bonds	-	Other financial assets — current	-	9,894	-	9,894	-	

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- D. Individual securities acquired or disposed at costs or prices with accumulated amount exceeding the lower of NT\$300 million or 20% of the stock capital:

(In Thousands of shares and Thousands of New Taiwan Dollars)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship in the company	Beginning Balance		Addition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount
The Company	Yuanta Wan Tai Money Market Fund	Financial assets at FVTPL—current	-	-	13,164	204,238	30,622	480,000	25,432	399,000	395,224	3,776	18,354	289,014 (Note)
The Company	Yuanta De Bao Money Market Fund	"	-	-	34,691	426,669	18,458	230,000	33,820	420,000	415,934	4,066	19,329	240,735 (Note)

Note: The opening and closing balances are measured acquisition costs. For the carrying amount valued against the market price, please refer to C item.

- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the stock capital: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the stock capital: None.
- G. Related-party transactions for purchases and sales with amount exceeding the lower of NT\$100 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)	
			Purchase/Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)
The Company	AUOSZ	Subsidiary of AUO	Sales	1,982,624	9 %	EOM 120 days	Please refer to note 7	Please refer to note 7	871,846	23%
The Company	AUOXM	Subsidiary of AUO	Sales	1,345,334	6 %	EOM 120 days	Please refer to note 7	Please refer to note 7	486,999	13%
The Company	AUO	AUO accounted for its investment in the Company using the equity method	Sales	426,289	2 %	EOM 120 days	Please refer to note 7	Please refer to note 7	149,305	4%
The Company	AUOKS	Subsidiary of AUO	Sales	224,164	1 %	EOM 120 days	Please refer to note 7	Please refer to note 7	81,233	2%

- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the stock capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note)	Allowance for Bad Debts
					Amount	Action Taken		
The Company	AUOSZ	Subsidiary of AUO	871,846	2.54	8,769	On the spot collection	192,200	-
The Company	AUOXM	Subsidiary of AUO	486,999	2.60	-	On the spot collection	108,067	-
The Company	AUO	AUO accounted for its investment in the Company using the equity method	149,305	1.89	5	On the spot collection	41,838	-

Note: Amounts collected in subsequent period as of February 12, 2025.

- I. Trading the derivative instruments: None.
- J. The business relationship between the parent and the subsidiaries and significant transactions between them: None.

## Raydium Semiconductor Corporation and Subsidiaries

### Notes to the Consolidated Financial Statements

(2) Information on investees (excluding information on investees in Mainland China):

(In Thousands of shares and Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Shares of Ownership during the Year	Net income (losses) of investee	Share of Profits/Losses of Investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value				
The Company	RSA	SAMOA	Investment Holding	248,280	248,280	8,100	100.00 %	142,044	100.00 %	98,853	98,853	Subsidiary of the Company

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Investee Company	Main businesses and products	Total amount paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee (Note 3)	Percentage of ownership	Highest percentage of ownership during the year	Investment income (Note 3 and 5)	Carrying amounts (Note 2)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Raydium Semiconductor (Kunshan) Co., Ltd.	Development, design and sale of the IC	245,200 (USD8,000 thousand)	(Note 1)	245,200	-	-	245,200	98,869	100.00%	100.00%	98,869	138,780	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
245,200 (USD8,000 thousand)	245,200 (USD8,000 thousand)	7,255,503

Note 1: Investment in companies in Mainland China through the existing companies in SAMOA.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate on the balance sheet date.

Note 3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rate.

Note 4: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Group's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note 5: The financial statements were reviewed by the parent's external accountants.

Note 6: On November 5, 2024, the Board of Directors approved the establishment of a new subsidiary in Hefei, Mainland China, jointly invested through RSA and its subsidiary, RKS. The total investment amount is capped at USD5,000 thousand, which can be invested in one or multiple installments. The project was approved by the Investment Commission of the Ministry of Economic Affairs on February 6, 2025. As of the date of publication of the financial statement, the funds have not yet been remitted.

C. Significant transactions with the investees in Mainland China:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2024, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Konly Venture Corp.		11,454,429	15.10 %

Note: The information on major shareholders summarized the shareholders who held over 5% of the Company's ordinary shares.

**Raydium Semiconductor Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

**14. Segment information:**

(1) Industry financial information

The Group mainly engages in the development, design and sales of integrate circuits. It only has a single operating segment to be reported. The Group's operating segment above is consistent with the related accounts shown in its consolidated balance sheets and consolidated statements of income. Please refer to the consolidated balance sheet and the consolidated income statement for details of departmental profit and loss, departmental information, and departmental liability information.

(2) Overall company information

A. Product information

Please refer to note 6(18) for the Revenue information by product from external customers.

B. Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(a) Please refer to note 6(18) for the Revenue information based on geography.

(b) Non-current assets:

<u>Geographical information (note)</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Taiwan	\$ 1,804,543	2,097,234
Mainland China	22,987	19,624
	<u>\$ 1,827,530</u>	<u>2,116,858</u>

Note: Non-current assets excluding deferred income tax assets.

C. Major customer information

	<u>For the years ended December 31,</u>			
	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>% Accounted for net sales for the current period</u>	<u>Amount</u>	<u>% Accounted for net sales for the current period</u>
AUO Group	\$ 4,265,108	17	4,898,757	27
Customer Z	3,393,822	14	3,666,734	20
Customer O	3,349,810	14	2,153,301	12
Customer Y	3,101,037	13	2,213,075	12
	<u>\$ 14,109,777</u>	<u>58</u>	<u>12,931,867</u>	<u>71</u>