

Raydium Semiconductor Corporation and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024**

Address: 2F, No. 23, Li-Hsin Rd., Hsinchu Science Park,
Hsinchu City, Taiwan
Telephone: (03)666-1818

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

Table of Contents

| Contents | Page |
|---|-------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 |
| 3. Independent Auditors' Review Report | 3 |
| 4. Consolidated Balance Sheets | 4 |
| 5. Consolidated Statements of Comprehensive Income | 5 |
| 6. Consolidated Statements of Changes in Equity | 6 |
| 7. Consolidated Statements of Cash Flows | 7 |
| 8. Notes to the Consolidated Financial Statements | |
| (1) Company History | 8 |
| (2) Date and Procedures of Authorization of Financial Statements for Issue | 8 |
| (3) Application of Newly Issued or Revised Standards and Interpretations | 8~10 |
| (4) Summary of material accounting policies | 10~11 |
| (5) Significant Accounting Judgments, and Major Sources of Estimation and Assumptions Uncertainty | 12 |
| (6) Explanation of significant accounts | 12~34 |
| (7) Related-party transactions | 35~37 |
| (8) Pledged assets | 37 |
| (9) Significant Contingencies and Unrecognized Commitments | 38 |
| (10) Significant disaster losses | 38 |
| (11) Subsequent events | 38 |
| (12) Others | 38 |
| (13) Other disclosures | |
| (a) Information on significant transactions | 39~40 |
| (b) Information on investees | 40 |
| (c) Information on investment in Mainland China | 40~41 |
| (14) Segment information | 41 |

Independent Auditors' Review Report

To the Board of Directors
Raydium Semiconductor Corporation:

Introduction

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

Scope of Review

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

Conclusion

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

The engagement partners on the reviews resulting in this independent auditors' reviewreport are An-Chih Cheng and Jyun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

May 6, 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 review 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 Balance Sheets

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

| Assets | | March 31, 2025 | | December 31, 2024 | | March 31, 2024 | | Liabilities and Equity | | March 31, 2025 | | December 31, 2024 | | March 31, 2024 | |
|----------------------------|--|----------------------|------------|-------------------|------------|-------------------|------------|---------------------------------|---|----------------------|------------|-------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current assets: | | | | | | | | Current liabilities: | | | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | \$ 5,378,197 | 26 | 5,485,507 | 27 | 5,299,128 | 26 | 2100 | Short-term borrowings (note 6(10)) | \$ 204,669 | 1 | 130,868 | 1 | 616,770 | 3 |
| 1110 | Financial assets at fair value through profit or loss— current (note 6(2)) | 753,884 | 4 | 531,520 | 3 | 665,209 | 3 | 2130 | Contract liabilities—current (note 6(18)) | 229,353 | 1 | 296,881 | 1 | 409,761 | 2 |
| 1120 | Financial assets at fair value through other comprehensive income—current (note 6(2)) | 8,056 | - | 8,849 | - | 12,659 | - | 2170 | Accounts payable | 3,540,844 | 17 | 3,139,021 | 15 | 3,166,801 | 15 |
| 1170 | Accounts receivable, net (note 6(3)) | 2,089,128 | 10 | 1,976,863 | 10 | 1,866,507 | 9 | 2201 | Salaries and bonuses payable | 2,458,684 | 12 | 2,625,802 | 13 | 2,279,421 | 11 |
| 1180 | Accounts receivable—related parties, net (notes 6(3) and 7) | 1,638,115 | 8 | 1,687,547 | 8 | 1,527,327 | 7 | 2216 | Dividends payable(note 6(16)) | 1,683,986 | 8 | - | - | 1,152,999 | 6 |
| 130X | Inventories (note 6(4)) | 2,553,320 | 12 | 2,318,546 | 11 | 1,738,667 | 9 | 2220 | Other payables—related parties (note 7) | 4,349 | - | 2,807 | - | 40 | - |
| 1476 | Other financial assets—current (notes 6(1), (3), (8), 8 and 9) | 6,290,162 | 30 | 6,175,530 | 30 | 6,691,393 | 33 | 2230 | Current income tax liabilities | 325,621 | 2 | 247,404 | 1 | 324,623 | 2 |
| 1479 | Other current assets (notes 6(9) and 7) | 203,399 | 1 | 149,104 | 1 | 396,109 | 2 | 2250 | Provision—current (note 6(12)) | 110,282 | - | 113,557 | 1 | 34,277 | - |
| | | <u>18,914,261</u> | <u>91</u> | <u>18,333,466</u> | <u>90</u> | <u>18,196,999</u> | <u>89</u> | 2300 | Other current liabilities (notes 6(11), (14), 7 and 9) | <u>970,394</u> | <u>5</u> | <u>1,040,010</u> | <u>5</u> | <u>1,013,168</u> | <u>5</u> |
| | | | | | | | | | | <u>9,528,182</u> | <u>46</u> | <u>7,596,350</u> | <u>37</u> | <u>8,997,860</u> | <u>44</u> |
| Non-current assets: | | | | | | | | Non-Current liabilities: | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss— non-current (note 6(2)) | 34,771 | - | 35,000 | - | - | - | 2527 | Contract liabilities—non-current (note 6(18)) | - | - | - | - | 41,794 | - |
| 1517 | Financial assets at fair value through other comprehensive income—non-current (note 6(2)) | 363,299 | 2 | 550,394 | 3 | 386,537 | 2 | 2550 | Provisions—non-current (note 6(12)) | 220,564 | 1 | 227,114 | 1 | 68,554 | - |
| 1600 | Property, plant and equipment (notes 6(5) and 9) | 434,193 | 2 | 409,274 | 2 | 462,275 | 2 | 2570 | Deferred tax liabilities | 8,164 | - | 7,774 | - | 6,452 | - |
| 1755 | Right-of-use assets (note 6(6)) | 20,559 | - | 13,120 | - | 20,117 | - | 2580 | Lease liabilities—non-current (note 6(11)) | 12,286 | - | 7,433 | - | 12,156 | - |
| 1780 | Intangible assets (note 6(7)) | 487,402 | 2 | 511,807 | 3 | 373,063 | 2 | 2640 | Net defined benefit liability—non-current (note 6(13)) | - | - | - | - | 144 | - |
| 1840 | Deferred tax assets | 284,057 | 1 | 260,935 | 1 | 238,079 | 1 | 2645 | Guarantee deposits received (notes 6(14) and 9) | 331,820 | 1 | 490,755 | 3 | 639,800 | 4 |
| 1980 | Other financial assets—non-current (notes 6(8) and 9) | 3,610 | - | 3,577 | - | 3,130 | - | | | <u>572,834</u> | <u>2</u> | <u>733,076</u> | <u>4</u> | <u>768,900</u> | <u>4</u> |
| 1990 | Other non-current assets (notes 6(9) and (13)) | 313,014 | 2 | 304,358 | 1 | 672,962 | 4 | | | <u>10,101,016</u> | <u>48</u> | <u>8,329,426</u> | <u>41</u> | <u>9,766,760</u> | <u>48</u> |
| | | <u>1,940,905</u> | <u>9</u> | <u>2,088,465</u> | <u>10</u> | <u>2,156,163</u> | <u>11</u> | | | | | | | | |
| | Total assets | <u>\$ 20,855,166</u> | <u>100</u> | <u>20,421,931</u> | <u>100</u> | <u>20,353,162</u> | <u>100</u> | | Total liabilities | | | | | | |
| | | | | | | | | | Equity (note 6(16)): | | | | | | |
| | | | | | | | | 3110 | Common stock | 758,552 | 4 | 758,552 | 4 | 758,552 | 4 |
| | | | | | | | | 3200 | Capital surplus | 4,712,933 | 22 | 4,712,933 | 23 | 4,712,933 | 23 |
| | | | | | | | | 3300 | Retained earnings | 5,537,712 | 27 | 6,737,706 | 33 | 5,179,865 | 25 |
| | | | | | | | | 3400 | Other equity | (255,047) | (1) | (116,686) | (1) | (64,948) | - |
| | | | | | | | | | Total equity | <u>10,754,150</u> | <u>52</u> | <u>12,092,505</u> | <u>59</u> | <u>10,586,402</u> | <u>52</u> |
| | | | | | | | | | Total liabilities and equity | <u>\$ 20,855,166</u> | <u>100</u> | <u>20,421,931</u> | <u>100</u> | <u>20,353,162</u> | <u>100</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 Comprehensive Income
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

| | | For the three months ended March 31, | | | |
|------|---|---|------------|------------------|-----------|
| | | 2025 | | 2024 | |
| | | Amount | % | Amount | % |
| 4000 | Operating revenues (notes 6(18) and 7) | \$ 5,826,314 | 100 | 6,036,449 | 100 |
| 5000 | Operating costs (notes 6(4), (5), (12), (13), (20) and 12) | <u>4,105,305</u> | <u>70</u> | <u>4,247,203</u> | <u>70</u> |
| | Gross profit from operations | <u>1,721,009</u> | <u>30</u> | <u>1,789,246</u> | <u>30</u> |
| | Operating expenses (notes 6(3), (5), (13), (20), 7 and 12): | | | | |
| 6100 | Selling expenses | 130,073 | 2 | 153,475 | 3 |
| 6200 | General and administrative expenses | 123,185 | 2 | 131,375 | 2 |
| 6300 | Research and development expenses | 1,013,694 | 18 | 901,806 | 15 |
| 6450 | Expected credit impairment (gain) losses | <u>(10,249)</u> | <u>-</u> | <u>36,223</u> | <u>1</u> |
| | Total operating expenses | <u>1,256,703</u> | <u>22</u> | <u>1,222,879</u> | <u>21</u> |
| | Operating income | <u>464,306</u> | <u>8</u> | <u>566,367</u> | <u>9</u> |
| | Non-operating income and expenses (notes 6(19) and 7): | | | | |
| 7010 | Other income | 5,630 | - | 2,371 | - |
| 7020 | Other gains and losses | 33,754 | - | 52,953 | 1 |
| 7050 | Finance costs | (1,022) | - | (4,350) | - |
| 7100 | Interest income | <u>35,155</u> | <u>1</u> | <u>28,811</u> | <u>1</u> |
| | | <u>73,517</u> | <u>1</u> | <u>79,785</u> | <u>2</u> |
| | Income before income tax | 537,823 | 9 | 646,152 | 11 |
| 7950 | Less: Income tax expenses (note 6(15)) | <u>78,706</u> | <u>1</u> | <u>93,692</u> | <u>2</u> |
| | Net income | <u>459,117</u> | <u>8</u> | <u>552,460</u> | <u>9</u> |
| 8300 | Other comprehensive income (loss): | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (note 6(16)) | (138,172) | (2) | (35,194) | - |
| 8349 | Less: Income tax related to items that will not be reclassified to profit or loss (note 6(15)) | <u>(23,123)</u> | <u>-</u> | <u>(2,689)</u> | <u>-</u> |
| | Total item that will not be reclassified subsequently to profit or loss | <u>(115,049)</u> | <u>(2)</u> | <u>(32,505)</u> | <u>-</u> |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign operations | 1,954 | - | 1,623 | - |
| 8399 | Less: Income tax related to items that may be reclassified to profit or loss (note 6(15)) | <u>391</u> | <u>-</u> | <u>325</u> | <u>-</u> |
| | Total items that may be reclassified subsequently to profit or loss | <u>1,563</u> | <u>-</u> | <u>1,298</u> | <u>-</u> |
| 8300 | Other comprehensive loss, net of tax | <u>(113,486)</u> | <u>(2)</u> | <u>(31,207)</u> | <u>-</u> |
| 8500 | Total comprehensive income | <u>\$ 345,631</u> | <u>6</u> | <u>521,253</u> | <u>9</u> |
| | Earnings per share (New Taiwan Dollars) (note 6(17)) | | | | |
| 9750 | Basic earnings per share | <u>\$ 6.05</u> | | <u>7.28</u> | |
| 9850 | Diluted earnings per share | <u>\$ 5.98</u> | | <u>7.23</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 three months ended March 31, 2025 and 2024

(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 | Subtotal | | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | Subtotal | |
| | | | | | | | | | | |
| Balance as of January 1, 2024 | \$ 758,552 | 4,712,933 | 1,846,609 | - | 3,933,795 | 5,780,404 | (474) | (33,267) | (33,741) | 11,218,148 |
| Net income | - | - | - | - | 552,460 | 552,460 | - | - | - | 552,460 |
| Other comprehensive income (loss) | - | - | - | - | - | - | 1,298 | (32,505) | (31,207) | (31,207) |
| Total comprehensive income (loss) | - | - | - | - | 552,460 | 552,460 | 1,298 | (32,505) | (31,207) | 521,253 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Cash dividends on ordinary shares | - | - | - | - | (1,152,999) | (1,152,999) | - | - | - | (1,152,999) |
| Balance as of March 31, 2024 | \$ 758,552 | 4,712,933 | 1,846,609 | - | 3,333,256 | 5,179,865 | 824 | (65,772) | (64,948) | 10,586,402 |
| Balance as of January 1, 2025 | \$ 758,552 | 4,712,933 | 1,992,006 | 33,741 | 4,711,959 | 6,737,706 | 1,532 | (118,218) | (116,686) | 12,092,505 |
| Net income | - | - | - | - | 459,117 | 459,117 | - | - | - | 459,117 |
| Other comprehensive income (loss) | - | - | - | - | - | - | 1,563 | (115,049) | (113,486) | (113,486) |
| Total comprehensive income (loss) | - | - | - | - | 459,117 | 459,117 | 1,563 | (115,049) | (113,486) | 345,631 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Cash dividends on ordinary shares | - | - | - | - | (1,683,986) | (1,683,986) | - | - | - | (1,683,986) |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | - | - | - | - | 24,875 | 24,875 | - | (24,875) | (24,875) | - |
| Balance as of March 31, 2025 | \$ 758,552 | 4,712,933 | 1,992,006 | 33,741 | 3,511,965 | 5,537,712 | 3,095 | (258,142) | (255,047) | 10,754,150 |

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 three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

| | For the three months ended | |
|---|----------------------------|------------------|
| | March 31, | |
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Income before income tax | \$ 537,823 | 646,152 |
| Adjustments for: | | |
| Depreciation expense | 28,329 | 54,376 |
| Amortization expense | 83,206 | 42,966 |
| Expected credit impairment (gain) loss | (10,249) | 36,223 |
| Net profit on financial assets and liabilities at fair value through profit or loss | (2,164) | (857) |
| Interest expense | 1,022 | 4,350 |
| Interest income | (35,155) | (28,811) |
| Gains on disposal of property, plant and equipment | - | (839) |
| Provision for inventory obsolescence and devaluation loss | 54,086 | 33,532 |
| Other non-cash-related (gain) loss | (7,135) | 55,214 |
| Income and expense adjustments | <u>111,940</u> | <u>196,154</u> |
| Changes in operating assets and liabilities: | | |
| Financial assets at fair value through profit or loss | (219,971) | (31,279) |
| Accounts receivable and other receivables (including related parties) | (52,584) | (442,733) |
| Inventories | (288,860) | 256,607 |
| Other financial assets | (178,991) | (807,201) |
| Other operating assets | (41,679) | (66,720) |
| Contract liabilities | (67,528) | (76,407) |
| Accounts payable and other payables (including related parties) | 403,365 | 444,500 |
| Other operating liabilities | (279,600) | (29,111) |
| Total changes in operating assets and liabilities | <u>(725,848)</u> | <u>(752,344)</u> |
| Total adjustments | <u>(613,908)</u> | <u>(556,190)</u> |
| Cash flow generated from operations | (76,085) | 89,962 |
| Interest received | 35,596 | 28,883 |
| Interest paid | (1,060) | (4,197) |
| Income taxes paid | (13,105) | (2,944) |
| Net cash provided by (used in) operating activities | <u>(54,654)</u> | <u>111,704</u> |
| Cash flows from investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 49,716 | - |
| Acquisition of property, plant and equipment | (38,250) | (23,388) |
| Proceeds from disposal of property, plant and equipment | - | 902 |
| Increase in intangible assets | (45,504) | (42,938) |
| Increase in other non-current assets | (8,656) | (55,626) |
| Decrease in other financial assets | 54,548 | 54,066 |
| Net cash provided by (used in) investing activities | <u>11,854</u> | <u>(66,984)</u> |
| Cash flows from financing activities: | | |
| Increase in short term borrowings | 74,713 | 13,680 |
| Decrease in guarantee deposits received | (138,725) | (138,725) |
| Repayments of the principal portion of lease liabilities | (1,863) | (2,044) |
| Net cash used in financing activities | <u>(65,875)</u> | <u>(127,089)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>1,365</u> | <u>1,238</u> |
| Net decrease in cash and cash equivalents | (107,310) | (81,131) |
| Cash and cash equivalents at beginning of the period | <u>5,485,507</u> | <u>5,380,259</u> |
| Cash and cash equivalents at end of the period | <u>\$ 5,378,197</u> | <u>5,299,128</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 three months ended March 31, 2025 and 2024

(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 May 6, 2025

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

- (1) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) 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, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”

- (2) The impact of IFRS Accounting Standards 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, 2026, would have the following impacts:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

For financial assets with contingent features that are not related directly to a change in basic lending risks or costs (e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract), the amendments introduce an additional test to assess the “solely payments of principal and interest on the principal amount outstanding” criterion. In accordance with the Q&A published by the FSC on February 26, 2025, the Group did not elect to early adopt the application guidance in Section 4.1 of the amendments on January 1, 2025.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

The Group invested in ESG-linked bonds and may need to change the classification due to the above amendments. The Group is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements.

- (3) The impact of IFRS issued by International Accounting Standard Board (the “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 IASB, but have yet to be endorsed by the FSC:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|--------------------------------|
| 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"> ● 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. ● 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. | January 1, 2027 |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

| <u>Standards or Interpretations</u> | <u>Content of amendment</u> | <u>Effective date per IASB</u> |
|-------------------------------------|--|--------------------------------|
| | <ul style="list-style-type: none"> 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. | |

The Group is evaluating the impact on its consolidated financial position and consolidated financial 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” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- 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. 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 guidelines of IAS 34, Interim Financial Reporting (hereinafter referred to as “IAS 34”) which are endorsed by the FSC, and do not include all of the information required by the IFRSs endorsed by the FSC for a complete set of the annual consolidated financial statements.

Except as described in the following paragraph, the Group's significant accounting policies are applied consistently for the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(2) Basis of consolidation

The principle of preparation of the consolidated financial statements is consistent with those of the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2024.

A. 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 | | |
|------------------|--|--|-------------------------|-------------------|----------------|
| | | | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| the Company | Raydium Semiconductor (SAMOA) Corp.(RSA) | Investment holding company | 100.00 % | 100.00 % | 100.00 % |
| RSA | Raydium Semiconductor (Kunshan) Co., Ltd | Development, design and sale of the IC | 100.00 % | 100.00 % | 100.00 % |
| RSA&RKS | Raydium Semiconductor (Hefei) Co., Ltd | Development, design and sale of the IC | 100.00 % | - % | - % |

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

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the reporting date of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(4) Income taxes

Income tax expense in the financial statements is measured and disclosed in according to paragraph B12 of IAS 34 endorsed by the FSC.

Income tax expense for the period is best estimated by multiplying pretax income for the reporting period by the effective annual tax rate as forecasted by the management. This is recognized fully as income tax expense for the current period.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make 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.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2024.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|-----------------|---------------------------|------------------------------|---------------------------|
| Demand deposits | \$ 1,469,147 | 1,386,457 | 1,105,078 |
| Time deposits | <u>3,909,050</u> | <u>4,099,050</u> | <u>4,194,050</u> |
| | <u>\$ 5,378,197</u> | <u>5,485,507</u> | <u>5,299,128</u> |

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 March 31, 2025, December 31, 2024 and March 31, 2024, the time deposits with original maturities of more than three months amounted to \$3,750,000 thousand, \$3,750,000 thousand and \$3,500,000 thousand, respectively, which were classified as other financial assets-current; please refer to note 6(8).

(2) Financial assets at fair value

A. Financial assets at fair value through profit or loss (“FVTPL”)—current

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---|---------------------------|------------------------------|---------------------------|
| Financial assets at fair value through profit or loss, mandatorily measured at fair value | | | |
| Beneficiary certificate | <u>\$ 753,884</u> | <u>531,520</u> | <u>665,209</u> |

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

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---|---------------------------|------------------------------|---------------------------|
| Financial assets at fair value through profit or loss, mandatorily measured at fair value | | | |
| Venture capital funds | <u>\$ 34,771</u> | <u>35,000</u> | <u>-</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

C. Financial assets at fair value through other comprehensive income (“FVOCI”) — current

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---------------|---------------------------|------------------------------|---------------------------|
| Listed stocks | \$ <u>8,056</u> | <u>8,849</u> | <u>12,659</u> |

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

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|-----------------|---------------------------|------------------------------|---------------------------|
| Listed stocks | \$ 200,749 | 265,819 | 295,611 |
| Unlisted stocks | <u>162,550</u> | <u>284,575</u> | <u>90,926</u> |
| | <u>\$ 363,299</u> | <u>550,394</u> | <u>386,537</u> |

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 for the three months ended March 31, 2025, with the disposal price of \$49,716 thousand, resulting in the realized gain of \$24,875 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.

(3) Accounts receivable, net (including related parties)

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---|---------------------------|------------------------------|---------------------------|
| Accounts receivable—measured at amortized cost | \$ 3,715,326 | 3,698,369 | 3,318,187 |
| Accounts receivable measured at fair value through other comprehensive income | 132,190 | 96,563 | 172,565 |
| Less: loss allowance | <u>(120,273)</u> | <u>(130,522)</u> | <u>(96,918)</u> |
| | <u>\$ 3,727,243</u> | <u>3,664,410</u> | <u>3,393,834</u> |

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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

The accounts receivable from related parties having significant impact over the Group and other individuals amounted to \$1,638,115 thousand, \$1,687,547 thousand and \$1,527,327 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, 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:

| March 31, 2025 | | | |
|----------------------------|--|--|--|
| | Carrying amounts of accounts receivable | Weighted- average loss rate | Loss allowance for life time expected credit losses |
| Not past due | \$ 866,304 | 0% | - |
| Past due less than 30 days | 12,771 | 0% | - |
| | \$ 879,075 | | - |
| December 31, 2024 | | | |
| | Carrying amounts of accounts receivable | Weighted- average loss rate | Loss allowance for life time expected credit losses |
| Not past due | \$ 689,999 | 0% | - |
| Past due less than 30 days | 29,621 | 0% | - |
| | \$ 719,620 | | - |
| March 31, 2024 | | | |
| | Carrying amounts of accounts receivable | Weighted- average loss rate | Loss allowance for life time expected credit losses |
| Not past due | \$ 923,472 | 0% | - |
| Past due less than 30 days | 2,279 | 0% | - |
| Past due 31~60 days | 2,678 | 0% | - |
| | \$ 928,429 | | - |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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

| | March 31, 2025 | | |
|----------------------------|--|--|--|
| | Carrying amounts of accounts receivable | Weighted- average loss rate | Loss allowance for life time expected credit losses |
| Not past due | \$ 1,221,555 | 7.40% | 90,417 |
| Past due less than 30 days | 81,905 | 22.15% | 18,145 |
| Past due 31~60 days | 25,635 | 43.20% | 11,074 |
| Past due 61~90 days | 1,216 | 51.15% | 622 |
| Past due over 91 days | 15 | 100.00% | 15 |
| | \$ 1,330,326 | | 120,273 |
| | December 31, 2024 | | |
| | Carrying amounts of accounts receivable | Weighted- average loss rate | Loss allowance for life time expected credit losses |
| 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 days | 2,393 | 100.00% | 2,393 |
| | \$ 1,387,765 | | 130,522 |
| | March 31, 2024 | | |
| | Carrying amounts of accounts receivable | Weighted- average loss rate | Loss allowance for life time expected credit losses |
| Not past due | \$ 941,304 | 7.60% | 71,493 |
| Past due less than 30 days | 90,392 | 25.80% | 23,321 |
| Past due 31~60 days | 1,600 | 48.50% | 776 |
| Past due 61~90 days | 939 | 60.38% | 567 |
| Past due over 91 days | 761 | 100.00% | 761 |
| | \$ 1,034,996 | | 96,918 |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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

| | For the three months ended | |
|---------------------------------------|-----------------------------------|---------------|
| | March 31, | |
| | 2025 | 2024 |
| Beginning balance | \$ 130,522 | 60,695 |
| Impairment loss (reversed) recognized | (10,249) | 36,223 |
| Ending balance | \$ 120,273 | 96,918 |

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 March 31, 2025, December 31, 2024 and March 31, 2024, 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)

| March 31, 2025 | | | | | | |
|--------------------------|------------------------|-----------------------------|------------------------|---------------------|-----------------------|------------------------------------|
| Buyer | Factoring quota | Derecognition amount | Advanced Amount | Service fees | Transfer terms | Guaranteed promissory notes |
| Taipei Fubon Bank | USD 127,500 | USD 68,344 | - | 0.22% | Notes 1 to 3 | None |
| December 31, 2024 | | | | | | |
| Buyer | Factoring quota | Derecognition amount | Advanced Amount | Service fees | Transfer terms | Guaranteed promissory notes |
| Taipei Fubon Bank | USD 151,500 | USD 63,844 | - | 0.22% | Notes 1 to 3 | None |
| March 31, 2024 | | | | | | |
| Buyer | Factoring quota | Derecognition amount | Advanced Amount | Service fees | Transfer terms | Guaranteed promissory notes |
| Taipei Fubon Bank | USD 151,500 | USD 91,625 | - | 0.22% | 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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

As of March 31, 2025, December 31, 2024 and March 31, 2024, total outstanding receivables after the above transactions, net of fees charged by purchasing bank, of \$2,267,787 thousand, \$2,088,796 thousand and \$2,931,086 thousand were recognized as other current financial assets; please refer to note 6(8).

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's unused factoring quota amounted to \$1,962,918 thousand, \$2,867,829 thousand and \$1,915,399 thousand, respectively.

(4) Inventories

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|------------------------------|---------------------------|
| Work in progress | \$ 2,008,184 | 1,839,161 | 1,326,005 |
| Finished goods | 545,136 | 479,385 | 412,662 |
| | \$ 2,553,320 | 2,318,546 | 1,738,667 |
| | For the three months ended March 31, | | |
| | | 2025 | 2024 |
| Cost of goods sold | | \$ 4,051,219 | 4,213,671 |
| Provision for inventory obsolescence loss | | 54,086 | 33,532 |
| | | \$ 4,105,305 | 4,247,203 |

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's inventories were not pledged as collateral.

(5) Property, plant and equipment

| | Research equipment | Transportation equipment | Office equipment | Leasehold improvements | Construction in progress | Equipment under inspection | Total |
|-------------------------------|-------------------------------|-------------------------------------|-----------------------------|-----------------------------------|-------------------------------------|---|--------------|
| Carrying amounts: | | | | | | | |
| Balance as of January 1, 2025 | \$ 90,556 | 10,521 | 67,280 | 10,063 | 228,429 | 2,425 | 409,274 |
| Balance as of March 31, 2025 | 87,605 | 9,827 | 58,613 | 8,203 | 263,572 | 6,373 | 434,193 |
| Balance as of January 1, 2024 | \$ 167,255 | 4,340 | 59,491 | 15,810 | 228,429 | 8,357 | 483,682 |
| Balance as of March 31, 2024 | 129,839 | 12,850 | 63,258 | 13,655 | 228,429 | 14,244 | 462,275 |

There was no significant addition or disposal on real estate, plant and equipment of the Group for the three months ended March 31, 2025 and 2024. For the depreciation amount in the current period, please refer to note 12. For other related information, please refer to note 6(5) of the consolidated financial statements for the year ended December 31, 2024.

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's property, plant and equipment were not pledged as collateral.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(6) Right-of-use assets

| | Buildings |
|-------------------------------|------------------|
| Carrying amounts: | |
| Balance as of January 1, 2025 | \$ <u>13,120</u> |
| Balance as of March 31, 2025 | \$ <u>20,559</u> |
| Balance as of January 1, 2024 | \$ <u>17,653</u> |
| Balance as of March 31, 2024 | \$ <u>20,117</u> |

There was no significant addition, recognition and reversal of impairment losses of the right-of-use assets recognized by the Group's leased houses and buildings for the three months ended March 31, 2025 and 2024. For other related information, please refer to note 6(6) of the consolidated financial statements for the year ended December 31, 2024.

(7) Intangible assets

| | Goodwill | Patents and technology | Software costs | Total |
|-------------------------------|-------------------|-----------------------------------|---------------------------|----------------|
| Carrying amounts: | | | | |
| Balance as of January 1, 2025 | \$ <u>237,800</u> | - | <u>274,007</u> | <u>511,807</u> |
| Balance as of March 31, 2025 | \$ <u>237,800</u> | - | <u>249,602</u> | <u>487,402</u> |
| Balance as of January 1, 2024 | \$ <u>237,800</u> | - | <u>138,700</u> | <u>376,500</u> |
| Balance as of March 31, 2024 | \$ <u>237,800</u> | - | <u>135,263</u> | <u>373,063</u> |

There was no significant addition or disposal on intangible assets of the Group for the three months ended March 31, 2025 and 2024. For the amortization amount in the current period, please refer to note 12. For other related information, please refer to note 6(7) of the consolidated financial statements for the year ended December 31, 2024.

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

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---------------------------|------------------------------|---------------------------|
| Accounts receivable factoring | \$ 2,267,787 | 2,088,796 | 2,931,086 |
| Restricted time deposits | 254,616 | 254,588 | 254,541 |
| Guarantee deposits for product capacity and others | 3,610 | 67,523 | 4,119 |
| Time deposits with original maturities of more than three months | 3,750,000 | 3,750,000 | 3,500,000 |
| Corporate bonds | 9,894 | 9,894 | - |
| Others | 7,865 | 8,306 | 4,777 |
| | <u>\$ 6,293,772</u> | <u>6,179,107</u> | <u>6,694,523</u> |
| Other financial assets – current | \$ 6,290,162 | 6,175,530 | 6,691,393 |
| Other financial assets – non-current | 3,610 | 3,577 | 3,130 |
| | <u>\$ 6,293,772</u> | <u>6,179,107</u> | <u>6,694,523</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(9) Other current and non-current assets

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> | <u>March 31,</u> <u>2024</u> |
|---------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Prepayments to suppliers | \$ - | - | 541,049 |
| Sales tax receivable and overpaid VAT | 139,848 | 115,814 | 119,850 |
| Prepayments for mask and mold | 310,449 | 303,793 | 321,176 |
| Net defined benefit assets | 564 | 564 | - |
| Others | <u>65,552</u> | <u>33,291</u> | <u>86,996</u> |
| | <u>\$ 516,413</u> | <u>453,462</u> | <u>1,069,071</u> |
| Other current assets | \$ 203,399 | 149,104 | 396,109 |
| Other non-current assets | <u>313,014</u> | <u>304,358</u> | <u>672,962</u> |
| | <u>\$ 516,413</u> | <u>453,462</u> | <u>1,069,071</u> |

(10) Short-term borrowings

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> | <u>March 31,</u> <u>2024</u> |
|-------------------------|---------------------------------|------------------------------------|---------------------------------|
| Unsecured bank loans | <u>\$ 204,669</u> | <u>130,868</u> | <u>616,770</u> |
| Unused credit lines | <u>\$ 1,615,056</u> | <u>1,992,798</u> | <u>1,247,759</u> |
| Range of interest rates | <u>2.85%~4.87%</u> | <u>5.11%</u> | <u>3.45%~5.95%</u> |

(11) Lease liabilities

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

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> | <u>March 31,</u> <u>2024</u> |
|--|---------------------------------|------------------------------------|---------------------------------|
| Current (recorded under other current liabilities) | <u>\$ 9,006</u> | <u>6,067</u> | <u>7,179</u> |
| Non-current | <u>\$ 12,286</u> | <u>7,433</u> | <u>12,156</u> |

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

The amounts recognized in profit or loss were as follows:

| | <u>For the three months ended</u> <u>March 31,</u> | |
|--|---|--------------|
| | <u>2025</u> | <u>2024</u> |
| Interest on lease liabilities | <u>\$ 136</u> | <u>130</u> |
| Expenses relating to short-term leases | <u>\$ 8,665</u> | <u>9,858</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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

| | For the three months ended | |
|-------------------------------|-----------------------------------|---------------|
| | March 31, | |
| | 2025 | 2024 |
| Total cash outflow for leases | \$ 10,664 | 12,032 |

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.

(12) Provisions

| | Warranties |
|---------------------------------------|-------------------|
| Balance as of January 1, 2025 | \$ 340,671 |
| Provisions reversed during the period | (9,825) |
| Balance as of March 31, 2025 | \$ 330,846 |
| Provisions – current | \$ 110,282 |
| Provisions – non-current | 220,564 |
| | \$ 330,846 |
| | |
| Balance as of January 1, 2024 | \$ 116,113 |
| Provisions reversed during the period | (13,282) |
| Balance as of March 31, 2024 | \$ 102,831 |
| Provisions – current | \$ 34,277 |
| Provisions – non-current | 68,554 |
| | \$ 102,831 |

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

Given there was no significant market fluctuations, significant curtailments, settlements, or other significant one-off event since the prior fiscal year, pension cost in the financial statements are measured and disclosed according to the actuarial results determined on December 31, 2024 and 2023.

For information related to the Group's pension costs for the three months ended March 31, 2025 and 2024, please refer to note 12.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(14) Guarantee deposits reserved

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|---------------------------|------------------------------|---------------------------|
| Deposits received for capacity guarantee | <u>\$ 663,640</u> | <u>817,925</u> | <u>959,700</u> |
| Current (recorded in other liabilities) | \$ 331,820 | 327,170 | 319,900 |
| Non-current | <u>331,820</u> | <u>490,755</u> | <u>639,800</u> |
| | <u>\$ 663,640</u> | <u>817,925</u> | <u>959,700</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:

| | For the three months ended March 31, | |
|--------------------------------------|---|---------------|
| | <u>2025</u> | <u>2024</u> |
| Current income tax expense (benefit) | | |
| Current period | \$ 80,673 | 93,692 |
| Adjustment for prior period | <u>(1,967)</u> | <u>-</u> |
| | <u>\$ 78,706</u> | <u>93,692</u> |

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

| | For the three months ended March 31, | |
|---|---|----------------|
| | <u>2025</u> | <u>2024</u> |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Unrealized gains or losses from investments in equity instruments measured at FVOCI | <u>\$ (23,123)</u> | <u>(2,689)</u> |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign operations | <u>\$ (391)</u> | <u>325</u> |

C. The Company's tax returns have been examined and approved by the tax authorities through 2023.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(16) Equity

Except as for the following, there were no significant changes in the capital and other equity of the Group for the three months ended March 31, 2025 and 2024. For relevant information, please refer to note 6(16) of the Company's consolidated financial statements for the year ended December 31, 2024.

A. Issuance of common stock

As of March 31, 2025, December 31, 2024 and March 31, 2024, 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.

B. Capital surplus

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|---------------------------|------------------------------|---------------------------|
| Capital surplus | \$ 4,647,881 | 4,647,881 | 4,647,881 |
| Employee remuneration paid in the form of stocks | 64,592 | 64,592 | 64,592 |
| Others | 460 | 460 | 460 |
| | \$ 4,712,933 | 4,712,933 | 4,712,933 |

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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

The appropriations of 2024 earnings have been approved in the Board of Directors' meeting held on February 25, 2025. Details of distribution were as follows:

| | <u>Appropriation of earnings</u> | <u>Dividends per share (NT\$)</u> |
|-----------------|--------------------------------------|---------------------------------------|
| Legal reserve | \$ 211,030 | |
| Special reserve | 82,944 | |
| Cash dividends | <u>1,683,986</u> | 22.2 |
| | <u><u>\$ 1,977,960</u></u> | |

The aforementioned legal reserve and special reserve are yet to be resolved at the general meeting of Shareholders held on May 28, 2025.

The appropriation of earnings for 2023 by way of cash dividends has been approved in the Board of Directors' meeting held on February 26, 2024. The appropriation of earnings for 2023 by other ways has been approved in the annual shareholders' meeting held on May 29, 2024. Details of distribution were as follows:

| | <u>Appropriation of earnings</u> | <u>Dividends per share (NT\$)</u> |
|-----------------|--------------------------------------|---------------------------------------|
| Legal reserve | \$ 145,397 | |
| Special reserve | 33,741 | |
| Cash dividends | <u>1,152,999</u> | 15.2 |
| | <u><u>\$ 1,332,137</u></u> | |

The aforementioned appropriation of earnings for 2023 was consistent with the resolutions of the Board of Directors' meeting held on February 26, 2024.

The abovementioned relevant information about the company's appropriations of earnings are available at the Market Observation Post System website.

(17) Earnings per share

| | <u>For the three months ended March 31,</u> | |
|---|---|----------------|
| | <u>2025</u> | <u>2024</u> |
| Basic earnings per share: | | |
| Net income attributable to ordinary shareholders of Company | \$ <u>459,117</u> | <u>552,460</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>6.05</u> | <u>7.28</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

| | For the three months ended | |
|---|-----------------------------------|----------------|
| | March 31, | |
| | 2025 | 2024 |
| Diluted earnings per share: | | |
| Net income attributable to ordinary shareholders of Company | \$ 459,117 | 552,460 |
| Weighted-average number of ordinary shares outstanding during the year (in thousands of shares) | 75,855 | 75,855 |
| Effect of employee stock remuneration | 945 | 584 |
| Weighted average number of ordinary shares outstanding (in thousands of shares)(diluted) | 76,800 | 76,439 |
| Diluted earnings per share (NT dollars) | \$ 5.98 | 7.23 |

(18) Revenue from contracts with customers

A. Detail of revenue

| | For the three months ended | |
|---------------------------------------|-----------------------------------|------------------|
| | March 31, | |
| | 2025 | 2024 |
| Revenues from major regional markets: | | |
| China (including Hong Kong) | \$ 4,551,632 | 4,731,276 |
| Taiwan | 1,077,420 | 1,155,735 |
| Others | 197,262 | 149,438 |
| | \$ 5,826,314 | 6,036,449 |
| Revenue from major products: | | |
| Display Driver IC | \$ 5,615,602 | 5,867,583 |
| Others | 210,712 | 168,866 |
| | \$ 5,826,314 | 6,036,449 |

B. Contract balances

| | March 31, | December 31, | March 31, |
|----------------------|-------------------|---------------------|------------------|
| | 2025 | 2024 | 2024 |
| Contract liabilities | \$ 229,353 | 296,881 | 451,555 |

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

The amount of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$74,426 thousand and \$84,451 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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(19) Non-operating income and expenses

A. Other income

| | For the three months ended March 31, | |
|--------|---|--------------|
| | 2025 | 2024 |
| Others | \$ 5,630 | 2,371 |

B. Other gains and losses

| | For the three months ended March 31, | |
|-----------------------------|---|---------------|
| | 2025 | 2024 |
| Foreign exchange gains, net | \$ 31,590 | 49,979 |
| Others | 2,164 | 2,974 |
| | \$ 33,754 | 52,953 |

C. Finance costs

| | For the three months ended March 31, | |
|------------------------------------|---|----------------|
| | 2025 | 2024 |
| Interest expense — bank borrowings | \$ (886) | (4,220) |
| Lease liabilities | (136) | (130) |
| | \$ (1,022) | (4,350) |

D. Interest income

| | For the three months ended March 31, | |
|------------------------------------|---|---------------|
| | 2025 | 2024 |
| Interest income from bank deposits | \$ 35,155 | 28,811 |

(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.

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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024, the amounts of remuneration to employees were estimated at \$94,183 thousand and \$113,153 thousand, respectively; and those to the directors were estimated at \$4,364 thousand and \$5,243 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 three months ended March 31, 2025 and 2024. 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.

The Board of Directors of the Company has resolved to distribute employee remuneration and director remuneration in cash as follows:

| | For the three months ended | |
|-----------------------|-----------------------------------|-----------------------|
| | March 31, | |
| | <u>2024</u> | <u>2023</u> |
| Board resolution date | February 25, 2025 | February 26, 2024 |
| Employee compensation | <u>\$ 424,658</u> | <u>270,959</u> |
| Director remuneration | <u>\$ 18,943</u> | <u>12,747</u> |

There were no difference between the aforementioned approved amounts and the amounts charged against earnings of 2024 and 2023, respectively. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(21) Financial instruments

Except as described below, there is no significant change in the fair value of the Group's financial instruments and the Group's exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6 (21) of the financial statements for the year ended December 31, 2024.

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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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.

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 March 31, 2025, December 31, 2024 and March 31, 2024, the Group's five largest customers accounted for approximately 46%, 52% and 54% 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> |
|---|-----------------------------|-----------------------------------|--------------------------|-------------------------|
| March 31, 2025 | | | | |
| Non-derivative financial liabilities | | | | |
| Short-term borrowings | \$ 204,669 | (210,316) | (210,316) | - |
| Accounts payable | 3,540,844 | (3,540,844) | (3,540,844) | - |
| Salaries and bonuses payable | 2,458,684 | (2,458,684) | (2,458,684) | - |
| Dividends payable | 1,683,986 | (1,683,986) | (1,683,986) | - |
| Other payables – related parties | 4,349 | (4,349) | (4,349) | - |
| Lease liabilities (current and non-current) | 21,292 | (21,933) | (9,417) | (12,516) |
| Guarantee deposits received (current and non-current) | <u>663,640</u> | <u>(663,640)</u> | <u>(331,820)</u> | <u>(331,820)</u> |
| | <u>\$ 8,577,464</u> | <u>(8,583,752)</u> | <u>(8,239,416)</u> | <u>(344,336)</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

| | <u>Carrying amounts</u> | <u>Contractual cash flows</u> | <u>Within a year</u> | <u>Over 1 years</u> |
|---|-----------------------------|-----------------------------------|--------------------------|-------------------------|
| December 31, 2024 | | | | |
| 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> |
| March 31, 2024 | | | | |
| Non-derivative financial liabilities | | | | |
| Short-term borrowings | \$ 616,770 | (619,288) | (619,288) | - |
| Accounts payable | 3,166,801 | (3,166,801) | (3,166,801) | - |
| Salaries and bonuses payable | 2,279,421 | (2,279,421) | (2,279,421) | - |
| Dividends payable | 1,152,999 | (1,152,999) | (1,152,999) | - |
| Other payables – related parties | 40 | (40) | (40) | - |
| Lease liabilities (current and non-current) | 19,335 | (19,961) | (7,537) | (12,424) |
| Guarantee deposits received (current and non-current) | 959,700 | (959,700) | (319,900) | (639,800) |
| | <u>\$ 8,195,066</u> | <u>(8,198,210)</u> | <u>(7,545,986)</u> | <u>(652,224)</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>March 31, 2025</u> | | | <u>December 31, 2024</u> | | | <u>March 31, 2024</u> | | |
|-------------------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|
| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</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 | \$ 195,835 | 33.182 | 6,498,197 | 198,118 | 32.717 | 6,481,827 | 196,143 | 31.990 | 6,274,615 |
| JPY | 174,828 | 0.2213 | 38,689 | 174,828 | 0.2086 | 36,469 | 174,826 | 0.2114 | 36,958 |
| RMB | 411 | 4.5675 | 1,877 | 775 | 4.4733 | 3,467 | 625 | 4.4088 | 2,756 |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

| | March 31, 2025 | | | December 31, 2024 | | | March 31, 2024 | | |
|-----------------------|---------------------|------------------|-----------|---------------------|------------------|-----------|---------------------|------------------|-----------|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD |
| Financial liabilities | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | \$ 128,447 | 33.182 | 4,262,128 | 131,111 | 32.717 | 4,289,559 | 144,001 | 31.990 | 4,606,592 |
| RMB | 41 | 4.5675 | 187 | 289 | 4.4733 | 1,293 | 8 | 4.4088 | 35 |

(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 March 31, 2025 and March 31, 2024, assuming that all other variables remain constant, would have increased or decreased the profit after tax by \$18,212 thousand and \$13,662 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 three months ended March 31, 2025 and 2024 were \$31,590 thousand and \$49,979 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 \$836 thousand and \$573 thousand for the three months ended March 31, 2025 and 2024, 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:

| | For the three months ended March 31, | |
|---|--|--|
| | 2025 | 2024 |
| Prices of securities at the reporting date | Other comprehensive income before tax | Other comprehensive income before tax |
| Increasing 10% | \$ <u>37,136</u> | <u>39,920</u> |
| Decreasing 10% | \$ <u>(37,136)</u> | <u>(39,920)</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

F. Fair value of financial instruments

(a) Fair value and carrying amount

The fair values of FVTPL and FVOCI are 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:

| | Carrying amounts | March 31, 2025 | | | |
|---|----------------------|----------------|----------------|----------------|------------------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL – current | \$ 753,884 | 753,884 | - | - | 753,884 |
| Financial assets at FVTPL – non-current | 34,771 | - | - | 34,771 | 34,771 |
| Financial assets at FVOCI | | | | | |
| Listed stocks | 208,805 | 208,805 | - | - | 208,805 |
| Unlisted stocks | 162,550 | - | - | 162,550 | 162,550 |
| Accounts receivable | 132,190 | - | 132,190 | - | 132,190 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 5,378,197 | - | - | - | - |
| Accounts receivable (including related parties) | 3,595,053 | - | - | - | - |
| Other financial assets (current and non-current) | <u>6,293,772</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | \$ 16,559,222 | 962,689 | 132,190 | 197,321 | 1,292,200 |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term borrowings | \$ 204,669 | - | - | - | - |
| Accounts payable | 3,540,844 | - | - | - | - |
| Salaries and bonuses payable | 2,458,684 | - | - | - | - |
| Dividends payable | 1,683,986 | - | - | - | - |
| Other payables – related parties | 4,349 | - | - | - | - |
| Lease liabilities (current and non-current) | 21,292 | - | - | - | - |
| Guarantee deposits received (current and non-current) | <u>663,640</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | \$ 8,577,464 | - | - | - | - |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

| | Carrying amounts | December 31, 2024 | | | |
|---|----------------------|-------------------|----------------|----------------|------------------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL – current | \$ 531,520 | 531,520 | - | - | 531,520 |
| Financial assets at FVTPL – non-current | 35,000 | - | - | 35,000 | 35,000 |
| Financial assets at FVOCI | | | | | |
| Listed stocks | 274,668 | 274,668 | - | - | 274,668 |
| Unlisted stocks | 284,575 | - | - | 284,575 | 284,575 |
| Accounts receivable | 96,563 | - | 96,563 | - | 96,563 |
| Financial assets measured at amortized cost | | | | | |
| 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> |
| Financial liabilities measured at amortized cost | | | | | |
| 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> |
| | | | | | |
| | | March 31, 2024 | | | |
| | Carrying amounts | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL – current | \$ 665,209 | 665,209 | - | - | 665,209 |
| Financial assets at FVOCI | | | | | |
| Listed stocks | 308,270 | 308,270 | - | - | 308,270 |
| Unlisted stocks | 90,926 | - | - | 90,926 | 90,926 |
| Accounts receivable | 172,565 | - | 172,565 | - | 172,565 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 5,299,128 | - | - | - | - |
| Accounts receivable (including related parties) | 3,221,269 | - | - | - | - |
| Other financial assets (current and non-current) | 6,694,523 | - | - | - | - |
| | <u>\$ 16,451,890</u> | <u>973,479</u> | <u>172,565</u> | <u>90,926</u> | <u>1,236,970</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

| | Carrying amounts | March 31, 2024 | | | |
|---|---------------------|----------------|----------|----------|----------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term borrowings | \$ 616,770 | - | - | - | - |
| Accounts payable | 3,166,801 | - | - | - | - |
| Salaries and bonuses payable | 2,279,421 | - | - | - | - |
| Dividends payable | 1,152,999 | - | - | - | - |
| Other payables – related parties | 40 | - | - | - | - |
| Lease liabilities (current and non-current) | 19,335 | - | - | - | - |
| Guarantee deposits received (current and non-current) | 959,700 | - | - | - | - |
| | <u>\$ 8,195,066</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 three months ended March 31, 2025 and 2024.
- (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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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"> • Lack of market liquidity | <ul style="list-style-type: none"> • The higher the level of lacking liquidity, the lower the estimate of fair value |
| 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"> • P/B ratio multiplier (1.01~7.10, 1.37~7.94 and 2.16~3.44 as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively) • Discount for lack of market liquidity (30%~60% as of March 31, 2025, December 31, 2024 and March 31, 2024) | <ul style="list-style-type: none"> • The higher the P/B ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value |

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

| | Financial assets at FVTPL – venture capital funds | |
|--|--|---------------|
| | For the three months ended March 31, | |
| | 2025 | 2024 |
| Balance as of January 1 | \$ 35,000 | - |
| Total gain/loss | | |
| Recognized in profit and loss | (229) | - |
| Balance as of March 31 | <u>\$ 34,771</u> | <u>-</u> |
| | Financial assets at FVOCI – equity investments without an active market | |
| | For the three months ended March 31, | |
| | 2025 | 2024 |
| Balance as of January 1 | \$ 284,575 | 114,517 |
| Total gain/loss | | |
| Recognized in other comprehensive income | (122,025) | (23,591) |
| Balance as of March 31 | <u>\$ 162,550</u> | <u>90,926</u> |

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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(22) Financial risk management

Market price risk of interest rate movements: All of the Group's assets and liabilities bear floating interest rates, and thus suffer from cash flow interest rate risk exposure.

The goals and policies of the Group's financial risk management were not materially different from those disclosed in note 6(22) of the consolidated financial statements for the year ended December 31, 2024.

(23) Capital management

The objectives, policies and procedures of the Group's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2024. Refer to Note 6(23) of the consolidated financial statements for the year ended December 31, 2024 for the relevant information.

(24) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

| | January 1, 2025 | Cash flows | Changes in foreign Exchange and other | March 31, 2025 |
|---|----------------------------|-------------------|--|---------------------------|
| Short-term borrowings | \$ 130,868 | 74,713 | (912) | 204,669 |
| Lease liabilities | 13,500 | (1,863) | 9,655 | 21,292 |
| Guarantee deposits received | <u>817,925</u> | <u>(138,725)</u> | <u>(15,560)</u> | <u>663,640</u> |
| Total liabilities from financing activities | <u>\$ 962,293</u> | <u>(65,875)</u> | <u>(6,817)</u> | <u>889,601</u> |
| | | | Changes in foreign Exchange and other | |
| | January 1, 2024 | Cash flows | March 31, 2024 | |
| Short-term borrowings | \$ 589,278 | 13,680 | 13,812 | 616,770 |
| Lease liabilities | 16,684 | (2,044) | 4,695 | 19,335 |
| Guarantee deposits received | <u>1,075,130</u> | <u>(138,725)</u> | <u>23,295</u> | <u>959,700</u> |
| Total liabilities from financing activities | <u>\$ 1,681,092</u> | <u>(127,089)</u> | <u>41,802</u> | <u>1,595,805</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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 |
| HeilongJiang Talenda Smart Display Technology Co., Ltd (Talenda) | Subsidiary of ADP |
| Sungen Power Corp. | Subsidiary of AUO |

(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> | For the three months ended March 31, | |
|-----------------------|---|-----------------------|
| | <u>2025</u> | <u>2024</u> |
| AUOSZ | \$ 547,934 | 435,859 |
| AUOXM | 317,582 | 391,320 |
| AUO | 166,242 | 52,147 |
| Other related parties | 46,796 | 63,360 |
| | <u>\$ 1,078,554</u> | <u>942,686</u> |

For the three months ended March 31, 2025 and 2024, 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.

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

B. Receivables from related parties

The receivables from related parties were as follows:

| <u>Account</u> | <u>Relationship</u> | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|----------------------------------|-----------------------|---------------------------|------------------------------|---------------------------|
| Receivables from related parties | AUOSZ | \$ 898,488 | 937,697 | 652,317 |
| Receivables from related parties | AUOXM | 474,258 | 519,307 | 619,209 |
| Receivables from related parties | AUO | 205,040 | 149,305 | 157,483 |
| Receivables from related parties | Other related parties | 60,329 | 81,238 | 98,318 |
| | | <u>\$ 1,638,115</u> | <u>1,687,547</u> | <u>1,527,327</u> |

C. Other payables to related parties

The payables to related parties were as follows:

| <u>Account</u> | <u>Relationship</u> | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---|-----------------------|---------------------------|------------------------------|---------------------------|
| Other accounts payable from related parties | AUO | \$ 3,336 | 2,291 | 11 |
| Other accounts payable from related parties | Other related parties | 1,013 | 516 | 29 |
| | | <u>\$ 4,349</u> | <u>2,807</u> | <u>40</u> |
| Refund liabilities | AUO | \$ - | - | 1,964 |
| Refund liabilities | Other related parties | 14,223 | 4,952 | 4,001 |
| | | <u>\$ 14,223</u> | <u>4,952</u> | <u>5,965</u> |

D. Other

- (a) The rental expenses and other expenses paid to the related parties under lessee contracts were as follows:

| | For the three months ended March 31, | |
|-----------------------|---|--------------|
| | <u>2025</u> | <u>2024</u> |
| AUO | \$ 8,924 | 7,850 |
| Other related parties | 346 | 32 |
| | <u>\$ 9,270</u> | <u>7,882</u> |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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

| | For the three months ended March 31, | |
|-----------------------|---|------|
| | 2025 | 2024 |
| Other related parties | \$ 660 | - |

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

| Account | Relationship | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|----------------------|--------------|-------------------|----------------------|-------------------|
| Other current assets | AUO | \$ - | 7,854 | 45 |

(3) Key management personnel compensation

Key management personnel compensation comprised:

| | For the three months ended March 31, | |
|------------------------------|---|--------|
| | 2025 | 2024 |
| Short-term employee benefits | \$ 49,449 | 60,688 |
| Post-employment benefits | 189 | 189 |
| | \$ 49,638 | 60,877 |

8. Pledged assets:

The carrying values of pledged assets were as follows:

| Asset Name | Pledged to secure | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---------------------------------|-------------------|----------------------|-------------------|
| Restricted cash in bank (recognized in other financial assets — current) | Import guarantee for customs | \$ 34,486 | 34,458 | 34,411 |
| Restricted cash in bank (recognized in other financial assets — current) | Import Guarantee | 220,130 | 220,130 | 220,130 |
| | | \$ 254,616 | 254,588 | 254,541 |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

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 \$276,750 thousand (tax included) had been paid as of March 31, 2025.
- (2) 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 | For the three months ended March 31, | | | | | |
|----------------------------|--------------------------------------|--------------------|---------|-----------------|--------------------|---------|
| | 2025 | | | 2024 | | |
| | Operating Costs | Operating Expenses | Total | Operating Costs | Operating Expenses | Total |
| Employee benefits | | | | | | |
| Salary | 42,458 | 731,843 | 774,301 | 40,524 | 734,274 | 774,798 |
| Labor and health insurance | 3,284 | 38,927 | 42,211 | 2,801 | 34,763 | 37,564 |
| Pension | 1,428 | 18,878 | 20,306 | 1,294 | 16,501 | 17,795 |
| Other employee benefits | 1,376 | 23,751 | 25,127 | 1,298 | 20,155 | 21,453 |
| Depreciation | 220 | 28,109 | 28,329 | 153 | 54,223 | 54,376 |
| Amortization | 86 | 83,120 | 83,206 | 41 | 42,925 | 42,966 |

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 | 2,150,830 | 663,640 | 663,640 | 400,142 | - | 6.17 % | 5,377,075 | 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 March 31, 2025 (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 | | | | Note |
|--------------|-------------------------------------|--|--|----------------|----------------|-------------------------|------------|------|
| | | | | Shares/Units | Carrying Value | Percentage of Ownership | Fair Value | |
| The Company | Yuanta Wan Tai Money Market Fund | - | Financial assets at FVTPL – current | 35,439 | 561,075 | - | 561,075 | |
| The Company | Yuanta De Bao Money Market Fund | - | " | 15,342 | 192,809 | - | 192,809 | |
| 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 | 194,469 | 0.19 % | 194,469 | |
| The Company | Shares of ARK Semiconductor Inc. | The company represented as an director of ARK | " | 1,983 | 146,123 | 15.81 % | 146,123 | |

D. 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 | 505,430 | 9 % | EOM 120 days | Please refer to note 7 | Please refer to note 7 | 823,023 | 24% |
| The Company | AUOXM | Subsidiary of AUO | Sales | 311,598 | 6 % | EOM 120 days | Please refer to note 7 | Please refer to note 7 | 463,875 | 13% |
| The Company | AUO | AUO accounted for its investment in the Company using the equity method | Sales | 166,242 | 3 % | EOM 120 days | Please refer to note 7 | Please refer to note 7 | 205,040 | 6% |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

E. 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 | 823,023 | 2.39 | 21 | On the spot collection | 199,916 | - |
| The Company | AUOXM | Subsidiary of AUO | 463,875 | 2.62 | 37 | On the spot collection | 76,420 | - |
| The Company | AUO | AUO accounted for its investment in the Company using the equity method | 205,039 | 3.75 | - | On the spot collection | 36,487 | - |

Note: Amounts collected in subsequent period as of April 28, 2025.

F. The business relationship between the parent and the subsidiaries and significant transactions between them: None.

(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 March 31, 2025 | | | Net income (losses) of investee | Share of Profits/Losses of Investee | Note |
|------------------|------------------|----------|------------------------------|----------------------------|-------------------|------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|---------------------------|
| | | | | March 31, 2025(Note) | December 31, 2024 | Shares | Percentage of ownership | Carrying value | | | |
| The Company | RSA | SAMOA | Investment Holding | 329,576 | 248,280 | 10,550 | 100.00 % | 221,672 | (3,622) | (3,622) | Subsidiary of the Company |

Note: The Company had remitted USD 2,450 thousand on April 14, 2025.

(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 (note 6) | Method of investment (note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2025 | Investment flows | | Accumulated outflow of investment from Taiwan as of March 31, 2025 | Net income (losses) of the investee (Note 3) | Percentage of ownership | Investment income (loss) (Note 3 and 5) | Carrying amounts (Note 2) | Accumulated remittance of earnings in current period |
|---|--|---------------------------------------|-------------------------------|---|------------------|--------|--|--|-------------------------|---|---------------------------|--|
| | | | | | Outflow (note 6) | Inflow | | | | | | |
| Raydium Semiconductor (Kunshan) Co., Ltd. | Development, design and sale of the IC | 245,200 (USD8,000 thousand) | 2 | 245,200 | - | - | 245,200 | (3,214) | 100.00% | (3,214) | 138,200 | - |
| Raydium Semiconductor (Hefei) Co., Ltd. | Development, design and sale of the IC | 164,919 (RMB36,000 thousand) | 3 | - | 81,296 | - | 81,296 | (831) | 100.00% | (831) | 163,596 | - |

Raydium Semiconductor Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

B. Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of March 31, 2025 (note 6) | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note 4) |
|--|--|------------------------------------|
| 326,496 (USD10,450 thousand) | 326,496 (USD10,450 thousand) | 6,452,490 |

Note 1: Method of investment:

1. Direct investment in Mainland China.
2. Investment in companies in Mainland China through the existing companies in SAMOA.
3. Others: Jointly established through RSA and RKS.

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 (the "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 MOEA on February 6, 2025. Subsequently, on April 7, 2025, the MOEA approved a change in the investment currency to RMB 36,000 thousand. RKS has remitted RMB18,360 thousand on March, 4, 2025. RSA has remitted RMB17,640 thousand on April 14, 2025.

C. Significant transactions with the investees in Mainland China:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2025, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

14. Segment information:

The Group mainly engage in development, design and sales of integrate circuits. It only has a single operating segment to be reported. The Group's operating segment above were consistent with the related accounts shown in the 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.