

**Alchip Technologies, Limited and
Subsidiaries**

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Alchip Technologies, Limited

Opinion

We have audited the accompanying consolidated financial statements of Alchip Technologies, Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

Valuation of Inventory

The Group is mainly engaged in providing silicon design services, producing and selling customized chips. Due to the rapid upgrading of process technology in the semiconductor industry, products may suffer from value decline or obsolescence resulting from the shortening of the product life cycle. With respect to those value-declined or obsolete inventories, a loss reserve is provided in accordance with the Group's inventory impairment policy, furthermore, the inventory turnover, the demand for future orders, and the changes in the external industrial environment policies and regulations are taken into consideration by the management when determining the value of inventory. As such considerations involve the management's subjective judgments with uncertainties, the valuation of inventory is identified as a key audit matter.

As of December 31, 2024, the Group's inventory balance was NT\$8,660,525 thousand (US\$264,161 thousand), accounting for 17% of the total assets in the consolidated balance sheet. Refer to Notes 4, 5 and 11 to the consolidated financial statements for the relative accounting policy and information.

The main audit procedures that we performed in respect of the above area included the following, among others:

1. We obtained an understanding of the management's assessment process of inventory impairment or obsolescence.
2. We evaluated the reasonableness of the Group's inventory impairment policy on the basis of the Group's inventory turnover and actual obsolescence situation.
3. We obtained the inventory aging report and verified the accuracy and completeness of the report, as well as the correctness of the classification for each aging interval. Furthermore, we recalculated the provision of the impairment loss in accordance with the inventory impairment policy.
4. We performed a retrospective review of the prior year's inventory impairment or obsolescent losses estimated by the management, compared and analyzed them with the current year's estimations to evaluate the reasonableness of the assumptions and judgments made by the management.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yi-Wen Wang and Li-Chun Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

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

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

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 27,044,210	54	\$ 10,159,556	31
Financial assets at fair value through other comprehensive income (Note 7)	15,936	-	93,906	-
Financial assets at amortized cost (Notes 8 and 28)	2,367,661	5	3,882,724	12
Trade receivables, net (Note 10)	5,729,833	11	2,298,230	7
Trade receivables due from related parties (Notes 10 and 27)	-	-	138,817	-
Other receivables	408,040	1	206,407	1
Inventories (Note 11)	8,660,525	17	11,613,997	36
Prepayments (Notes 16, 27 and 29)	1,651,686	3	835,483	3
Other current assets	305,987	1	186,897	1
Total current assets	46,183,878	92	29,416,017	91
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	1,389,686	3	430,120	1
Financial assets at amortized cost (Notes 8 and 28)	91,216	-	94,011	-
Investments accounted for using the equity method (Note 27)	118,959	-	55,974	-
Property, plant and equipment (Note 13)	1,775,456	4	1,160,441	4
Right-of-use assets (Note 14)	233,131	-	251,556	1
Intangible assets (Note 15)	247,930	1	413,657	1
Deferred tax assets (Note 22)	168,603	-	140,715	1
Prepayments for equipment	-	-	402,935	1
Other non-current assets	100,496	-	92,775	-
Total non-current assets	4,125,477	8	3,042,184	9
TOTAL	<u>\$ 50,309,355</u>	<u>100</u>	<u>\$ 32,458,201</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 20)	\$ 6,113,935	12	\$ 10,407,774	32
Trade payables	1,826,327	4	1,925,436	6
Other payables (Note 17)	1,682,797	3	1,050,547	4
Other payables to related parties (Note 27)	35,441	-	-	-
Current tax liabilities (Note 22)	898,373	2	710,618	2
Lease liabilities (Note 14)	75,430	-	75,804	-
Other current liabilities	39,386	-	75,457	-
Total current liabilities	10,671,689	21	14,245,636	44
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 22)	6,116	-	5,951	-
Lease liabilities (Note 14)	131,900	1	150,521	-
Deferred revenue	22,804	-	21,676	-
Total non-current liabilities	160,820	1	178,148	-
Total liabilities	10,832,509	22	14,423,784	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 18 and 19)				
Share capital	806,485	2	743,187	3
Capital surplus	25,350,477	50	10,419,696	32
Retained earnings				
Special reserve	67,693	-	67,693	-
Unappropriated earnings	10,684,554	21	6,057,071	19
Total retained earnings	10,752,247	21	6,124,764	19
Other equity	2,546,513	5	726,467	2
Total equity attributable to owners of the Company	39,455,722	78	18,014,114	56
NON-CONTROLLING INTERESTS	21,124	-	20,303	-
Total equity	39,476,846	78	18,034,417	56
TOTAL	<u>\$ 50,309,355</u>	<u>100</u>	<u>\$ 32,458,201</u>	<u>100</u>

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

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of U.S. Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 824,896	54	\$ 330,876	31
Financial assets at fair value through other comprehensive income (Note 7)	486	-	3,058	-
Financial assets at amortized cost (Notes 8 and 28)	72,218	5	126,453	12
Trade receivables, net (Note 10)	174,770	11	74,849	7
Trade receivables due from related parties (Notes 10 and 27)	-	-	4,521	-
Other receivables	12,446	1	6,723	1
Inventories (Note 11)	264,161	17	378,245	36
Prepayments (Notes 16, 27 and 29)	50,379	3	27,210	3
Other current assets	<u>9,333</u>	<u>1</u>	<u>6,087</u>	<u>1</u>
Total current assets	<u>1,408,689</u>	<u>92</u>	<u>958,022</u>	<u>91</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	42,388	3	14,008	1
Financial assets at amortized cost (Notes 8 and 28)	2,782	-	3,062	-
Investments accounted for using the equity method (Note 27)	3,628	-	1,823	-
Property, plant and equipment (Note 13)	54,155	4	37,793	4
Right-of-use assets (Note 14)	7,111	-	8,193	1
Intangible assets (Note 15)	7,562	1	13,472	1
Deferred tax assets (Note 22)	5,143	-	4,583	1
Prepayments for equipment	-	-	13,123	1
Other non-current assets	<u>3,065</u>	<u>-</u>	<u>3,021</u>	<u>-</u>
Total non-current assets	<u>125,834</u>	<u>8</u>	<u>99,078</u>	<u>9</u>
TOTAL	<u>\$ 1,534,523</u>	<u>100</u>	<u>\$ 1,057,100</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 20)	\$ 186,486	12	\$ 338,960	32
Trade payables	55,706	4	62,708	6
Other payables (Note 17)	51,328	3	34,214	4
Other payables to related parties (Note 27)	1,081	-	-	-
Current tax liabilities (Note 22)	27,402	2	23,143	2
Lease liabilities (Note 14)	2,301	-	2,469	-
Other current liabilities	<u>1,201</u>	<u>-</u>	<u>2,458</u>	<u>-</u>
Total current liabilities	<u>325,505</u>	<u>21</u>	<u>463,952</u>	<u>44</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 22)	187	-	194	-
Lease liabilities (Note 14)	4,023	1	4,902	-
Deferred revenue	<u>695</u>	<u>-</u>	<u>706</u>	<u>-</u>
Total non-current liabilities	<u>4,905</u>	<u>1</u>	<u>5,802</u>	<u>-</u>
Total liabilities	<u>330,410</u>	<u>22</u>	<u>469,754</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 18 and 19)				
Share capital	<u>25,815</u>	<u>1</u>	<u>23,814</u>	<u>2</u>
Capital surplus	<u>830,536</u>	<u>54</u>	<u>356,315</u>	<u>34</u>
Retained earnings				
Special reserve	2,799	-	2,799	1
Unappropriated earnings	<u>346,802</u>	<u>23</u>	<u>202,377</u>	<u>19</u>
Total retained earnings	<u>349,601</u>	<u>23</u>	<u>205,176</u>	<u>20</u>
Other equity	<u>(2,521)</u>	<u>-</u>	<u>1,384</u>	<u>-</u>
Total equity attributable to owners of the Company	1,203,431	78	586,689	56
NON-CONTROLLING INTERESTS	<u>682</u>	<u>-</u>	<u>657</u>	<u>-</u>
Total equity	<u>1,204,113</u>	<u>78</u>	<u>587,346</u>	<u>56</u>
TOTAL	<u>\$ 1,534,523</u>	<u>100</u>	<u>\$ 1,057,100</u>	<u>100</u>

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

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

	2024			2023		
	USD	NTD	%	USD	NTD	%
OPERATING REVENUE (Notes 20 and 27)	\$ 1,618,353	\$ 51,968,570	100	\$ 978,385	\$ 30,481,576	100
OPERATING COSTS (Notes 11 and 21)	<u>1,300,684</u>	<u>41,767,567</u>	<u>80</u>	<u>760,303</u>	<u>23,687,225</u>	<u>78</u>
GROSS PROFIT	<u>317,669</u>	<u>10,201,003</u>	<u>20</u>	<u>218,082</u>	<u>6,794,351</u>	<u>22</u>
OPERATING EXPENSES (Notes 10, 21 and 27)						
Selling and marketing expenses	8,609	276,448	-	8,015	249,721	1
General and administrative expenses	30,814	989,501	2	27,517	857,295	3
Research and development expenses	66,700	2,141,874	4	49,642	1,546,585	5
Expected credit loss on trade receivables	<u>9,243</u>	<u>296,813</u>	<u>1</u>	<u>12,180</u>	<u>379,478</u>	<u>1</u>
Total operating expenses	<u>115,366</u>	<u>3,704,636</u>	<u>7</u>	<u>97,354</u>	<u>3,033,079</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>202,303</u>	<u>6,496,367</u>	<u>13</u>	<u>120,728</u>	<u>3,761,272</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)						
Interest income	37,452	1,202,671	2	11,336	353,179	1
Other income	5,262	168,948	1	2,570	80,082	1
Other gains and losses	(651)	(20,916)	-	776	24,164	-
Finance costs	(280)	(8,980)	-	(196)	(6,119)	-
Share of loss of associates by the equity method	(912)	(29,279)	-	(477)	(14,862)	-
Expected credit loss	<u>(21)</u>	<u>(664)</u>	<u>-</u>	<u>(2)</u>	<u>(52)</u>	<u>-</u>
Total non-operating income and expenses	<u>40,850</u>	<u>1,311,780</u>	<u>3</u>	<u>14,007</u>	<u>436,392</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	243,153	7,808,147	16	134,735	4,197,664	14
INCOME TAX EXPENSE (Note 22)	<u>42,402</u>	<u>1,361,607</u>	<u>3</u>	<u>28,154</u>	<u>877,148</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>200,751</u>	<u>6,446,540</u>	<u>13</u>	<u>106,581</u>	<u>3,320,516</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will not be reclassified subsequently to profit or loss:						
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,619)	(116,218)	-	1,917	59,720	-
Exchange differences on translation to the presentation currency	-	1,945,441	4	-	(76,836)	-
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of the financial statements of foreign operations	(383)	(12,305)	-	(196)	(6,094)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	<u>97</u>	<u>3,128</u>	<u>-</u>	<u>131</u>	<u>4,072</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(3,905)</u>	<u>1,820,046</u>	<u>4</u>	<u>1,852</u>	<u>(19,138)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 196,846</u>	<u>\$ 8,266,586</u>	<u>17</u>	<u>\$ 108,433</u>	<u>\$ 3,301,378</u>	<u>11</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO						
Owners of the Company	\$ 200,726	\$ 6,445,719	13	\$ 106,730	\$ 3,325,170	11
Non-controlling interests	<u>25</u>	<u>821</u>	<u>-</u>	<u>(149)</u>	<u>(4,654)</u>	<u>-</u>
	<u>\$ 200,751</u>	<u>\$ 6,446,540</u>	<u>13</u>	<u>\$ 106,581</u>	<u>\$ 3,320,516</u>	<u>11</u>

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ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

	2024			2023		
	USD	NTD	%	USD	NTD	%
TOTAL COMPREHENSIVE INCOME (LOSS)						
ATTRIBUTABLE TO						
Owners of the Company	\$ 196,821	\$ 8,265,765	17	\$ 108,582	\$ 3,306,032	11
Non-controlling interests	<u>25</u>	<u>821</u>	<u>-</u>	<u>(149)</u>	<u>(4,654)</u>	<u>-</u>
	<u>\$ 196,846</u>	<u>\$ 8,266,586</u>	<u>17</u>	<u>\$ 108,433</u>	<u>\$ 3,301,378</u>	<u>11</u>
EARNINGS PER SHARE (Note 23)						
Basic	<u>\$ 2.53</u>	<u>\$ 81.34</u>		<u>\$ 1.46</u>	<u>\$ 45.47</u>	
Diluted	<u>\$ 2.45</u>	<u>\$ 78.83</u>		<u>\$ 1.39</u>	<u>\$ 43.27</u>	

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

(Concluded)

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company									Other Equity		Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus				Special Reserve	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
		Share Premium	Share Options	Other	Total		Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2023	\$ 719,280	\$ 7,097,228	\$ 695,573	\$ -	\$ 7,792,801	\$ 347,922	\$ 3,387,886	\$ 3,735,808	\$ 742,312	\$ 3,293	\$ 12,993,494	\$ 8,560	\$ 13,002,054
Appropriation of 2022's earnings													
Reversal of special reserve	-	-	-	-	-	(280,229)	280,229	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(930,917)	(930,917)	-	-	(930,917)	-	(930,917)
Issuance of ordinary shares by private placement	13,800	1,984,440	-	-	1,984,440	-	-	-	-	-	1,998,240	-	1,998,240
Share-based payments	-	-	342,918	-	342,918	-	-	-	-	-	342,918	-	342,918
Issuance of ordinary shares under the employee share options	10,107	473,633	(174,096)	-	299,537	-	-	-	-	-	309,644	-	309,644
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	-	3,325,170	3,325,170	-	-	3,325,170	(4,654)	3,320,516
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(82,930)	63,792	(19,138)	-	(19,138)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	3,325,170	3,325,170	(82,930)	63,792	3,306,032	(4,654)	3,301,378
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	-	(5,297)	(5,297)	-	-	(5,297)	16,397	11,100
BALANCE AT DECEMBER 31, 2023	743,187	9,555,301	864,395	-	10,419,696	67,693	6,057,071	6,124,764	659,382	67,085	18,014,114	20,303	18,034,417
Appropriation of 2023's earnings													
Cash dividends	-	-	-	-	-	-	(1,818,236)	(1,818,236)	-	-	(1,818,236)	-	(1,818,236)
Issuance of ordinary shares in the form of sponsored Global Depositary Receipts	37,000	12,782,410	-	-	12,782,410	-	-	-	-	-	12,819,410	-	12,819,410
Issuance of ordinary shares by private placement	8,245	1,502,802	-	-	1,502,802	-	-	-	-	-	1,511,047	-	1,511,047
Share-based payments	-	-	203,537	-	203,537	-	-	-	-	-	203,537	-	203,537
Issuance of ordinary shares under the employee share options	18,053	671,691	(249,354)	-	422,337	-	-	-	-	-	440,390	-	440,390
Net profit for the year ended December 31, 2024	-	-	-	-	-	-	6,445,719	6,445,719	-	-	6,445,719	821	6,446,540
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	-	-	1,933,136	(113,090)	1,820,046	-	1,820,046
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	6,445,719	6,445,719	1,933,136	(113,090)	8,265,765	821	8,266,586
Changes in capital surplus from investments in associates for using the equity method	-	-	-	19,695	19,695	-	-	-	-	-	19,695	-	19,695
BALANCE AT DECEMBER 31, 2024	\$ 806,485	\$ 24,512,204	\$ 818,578	\$ 19,695	\$ 25,350,477	\$ 67,693	\$ 10,684,554	\$ 10,752,247	\$ 2,592,518	\$ (46,005)	\$ 39,455,722	\$ 21,124	\$ 39,476,846

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

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of U.S. Dollars)

	Equity Attributable to Owners of the Company										Other Equity		Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus				Special Reserve	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
		Share Premium	Share Options	Other	Total		Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2023	\$ 23,043	\$ 249,191	\$ 22,461	\$ -	\$ 271,652	\$ 12,784	\$ 116,106	\$ 128,890	\$ (714)	\$ 246	\$ 423,117	\$ 265	\$ 423,382	
Appropriation of 2022's earnings														
Reversal of special reserve	-	-	-	-	-	(9,985)	9,985	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	(30,269)	(30,269)	-	-	(30,269)	-	(30,269)	
Issuance of ordinary shares by private placement	445	63,994	-	-	63,994	-	-	-	-	-	64,439	-	64,439	
Share-based payments	-	-	11,007	-	11,007	-	-	-	-	-	11,007	-	11,007	
Issuance of ordinary shares under the employee share options	326	15,527	(5,865)	-	9,662	-	-	-	-	-	9,988	-	9,988	
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	-	106,730	106,730	-	-	106,730	(149)	106,581	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(196)	2,048	1,852	-	1,852	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	106,730	106,730	(196)	2,048	108,582	(149)	108,433	
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	-	(175)	(175)	-	-	(175)	541	366	
BALANCE AT DECEMBER 31, 2023	23,814	328,712	27,603	-	356,315	2,799	202,377	205,176	(910)	2,294	586,689	657	587,346	
Appropriation of 2023's earnings														
Cash dividends	-	-	-	-	-	-	(56,301)	(56,301)	-	-	(56,301)	-	(56,301)	
Issuance of ordinary shares in the form of sponsored Global Depository Receipts	1,179	407,317	-	-	407,317	-	-	-	-	-	408,496	-	408,496	
Issuance of ordinary shares by private placement	257	46,711	-	-	46,711	-	-	-	-	-	46,968	-	46,968	
Share-based payments	-	-	6,338	-	6,338	-	-	-	-	-	6,338	-	6,338	
Issuance of ordinary shares under the employee share options	565	21,594	(8,356)	-	13,238	-	-	-	-	-	13,803	-	13,803	
Net profit for the year ended December 31, 2024	-	-	-	-	-	-	200,726	200,726	-	-	200,726	25	200,751	
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	-	-	(383)	(3,522)	(3,905)	-	(3,905)	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	200,726	200,726	(383)	(3,522)	196,821	25	196,846	
Changes in capital surplus from investments in associates for using the equity method	-	-	-	617	617	-	-	-	-	-	617	-	617	
BALANCE AT DECEMBER 31, 2024	\$ 25,815	\$ 804,334	\$ 25,585	\$ 617	\$ 830,536	\$ 2,799	\$ 346,802	\$ 349,601	\$ (1,293)	\$ (1,228)	\$ 1,203,431	\$ 682	\$ 1,204,113	

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

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars or U.S. Dollars)

	2024		2023	
	USD	NTD	USD	NTD
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	\$ 243,153	\$ 7,808,147	\$ 134,735	\$ 4,197,664
Adjustments for:				
Depreciation and amortization	82,324	2,643,588	64,880	2,021,317
Expected credit loss	9,264	297,477	12,182	379,530
Finance costs	280	8,980	196	6,119
Interest income	(37,452)	(1,202,671)	(11,336)	(353,179)
Share-based compensation	6,338	203,537	11,007	342,918
Share of loss of associates by the equity method	912	29,279	477	14,862
Loss on disposal of equipment	90	2,881	7	208
Net gain on disposal of financial assets	(10)	(311)	(5)	(162)
(Reversal of) write-down of inventories	(716)	(22,983)	1,563	48,699
Net unrealized gain on foreign currency exchange	(777)	(24,856)	(394)	(16,075)
Amortization of prepayments	10,061	323,081	6,949	216,502
Net changes in operating assets and liabilities				
Trade receivables	(104,653)	(3,360,625)	(45,259)	(1,410,036)
Other receivables	(5,638)	(181,060)	(2,425)	(75,554)
Inventories	114,800	3,686,426	(82,688)	(2,576,133)
Prepayments	(29,130)	(935,410)	(11,213)	(349,368)
Other current assets	(3,246)	(104,244)	(1,845)	(57,471)
Contract liabilities	(152,474)	(4,896,261)	229,462	7,148,891
Trade payables	(7,066)	(226,904)	(316)	(9,856)
Other payables	17,670	567,373	10,549	332,475
Other payables to related parties	1,081	34,713	-	-
Other current liabilities	(335)	(10,727)	503	15,634
Deferred revenue	(933)	(29,943)	902	28,112
Net cash generated from operations	143,543	4,609,487	317,931	9,905,097
Interest paid	(280)	(8,980)	(196)	(6,119)
Income tax paid	(38,696)	(1,242,624)	(19,034)	(593,020)
Net cash generated from operating activities	<u>104,567</u>	<u>3,357,883</u>	<u>298,701</u>	<u>9,305,958</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets at fair value through other comprehensive income	(32,677)	(1,049,310)	(3,990)	(124,320)
Proceeds from sale of financial assets at fair value through other comprehensive income	3,000	96,336	4,096	127,611

(Continued)

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars or U.S. Dollars)

	2024		2023	
	USD	NTD	USD	NTD
Purchase of financial assets at amortized cost	\$ (117,256)	\$ (3,765,310)	\$ (192,657)	\$ (6,002,224)
Proceeds from sale of financial assets at amortized cost	171,682	5,513,044	125,110	3,897,812
Acquisition of investments accounted for the equity method	(2,100)	(67,001)	(2,300)	(70,323)
Payments for purchase of equipment	(62,224)	(1,998,155)	(61,381)	(1,912,329)
Proceeds from disposal of equipment	26	832	-	14
Payments for refundable deposits	(165)	(5,283)	(42)	(1,295)
Inward of refundable deposits	108	3,484	641	19,966
Payments for purchase of intangible assets	(19,147)	(614,898)	(30,098)	(937,669)
Increase in prepayments for equipment	-	-	(13,123)	(408,841)
Interest received	<u>37,674</u>	<u>1,209,798</u>	<u>9,407</u>	<u>293,103</u>
Net cash used in investing activities	<u>(21,079)</u>	<u>(676,463)</u>	<u>(164,337)</u>	<u>(5,118,495)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares in the form of sponsored Global Depositary Receipts	408,496	12,819,410	-	-
Proceeds from issuance of ordinary shares by private placement	46,968	1,511,047	64,439	1,998,240
Repayment of the principal portion of lease liabilities	(3,038)	(97,571)	(3,252)	(101,300)
Dividends paid to owners of the Company	(56,301)	(1,818,236)	(30,269)	(930,917)
Proceeds from exercise of employee share options	<u>13,803</u>	<u>440,390</u>	<u>9,988</u>	<u>309,644</u>
Net cash generated from financing activities	<u>409,928</u>	<u>12,855,040</u>	<u>40,906</u>	<u>1,275,667</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES				
	<u>604</u>	<u>1,348,194</u>	<u>109</u>	<u>(78,875)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	494,020	16,884,654	175,379	5,384,255
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>330,876</u>	<u>10,159,556</u>	<u>155,497</u>	<u>4,775,301</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 824,896</u>	<u>\$ 27,044,210</u>	<u>\$ 330,876</u>	<u>\$ 10,159,556</u>

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

(Concluded)

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of U.S. Dollars and New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Alchip Technologies, Limited (the “Company”) was incorporated in the Cayman Islands on February 27, 2003. The Company is mainly engaged in the research and development, design and manufacture of fabless application specific integrated circuits (ASIC) and system on a chip (SOC) and the rendering of related services.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since October 28, 2014. In January 2021, the Company listed some of its shares of stock on the Luxembourg Stock Exchange (LuxSE) in the form of Global Depositary Receipts (GDRs).

The accompanying consolidated financial statements comprise of the Company and its subsidiaries (collectively, the “Group”).

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC in 2024 did not have material impact on the Group’s accounting policies:

- b. The IFRS Accounting Standards issued by international Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impact of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

The functional currencies of the Group are the U.S. dollar, Japanese Yen, Malaysian Ringgit, and Vietnamese Dong. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

The translation process is as follows, assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; equity items are translated at the historical rates, and income and expense items are translated at the average exchange rates for the period, the resulting currency translation differences are recognized into the exchange differences on translation of the financial statements of foreign operations.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Table 5 and Table 6 for detailed information on subsidiaries, including percentages of ownership and main businesses.

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries, associates and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Intangible assets

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

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

j. Impairment of property, plant and equipment, right-of-use assets, intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables and pledged time deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 271 days past due unless the Group has reasonable and corroborative information to support an extended default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Revenue recognition

The Group identifies contracts with customers, recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. The Group recognizes revenue and accounts receivable when performance obligation is satisfied and promised goods are shipped or delivered to the customer's specified location depending on commercial terms, where customer obtains control of goods.

2) Revenue from non-recurring engineering (NRE) service

The Group provides NRE service which does not create an asset with alternative use, and the Group has an enforceable right to payment for the performance completed to date. Revenue is recognized over time based on the achievement of milestones that measure the completion of the contract.

m. Leases

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

The Group as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

When there is a change in a lease term used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss in the period on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as reimbursement for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

p. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

When the Group modifies the contract terms and conditions of the grant of equity instruments, it shall recognize the amount of the increase in the total fair value or the beneficial impact on employees due to the modification of the share-based payment agreement. If the modification belongs to shorten the vesting period, the expense shall be recognized according to the modified vested conditions.

q. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation Uncertainty

Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of products of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value. Due to the ongoing uncertainty surrounding the development of policies and regulations related to the semiconductor industry, product life cycles may be subject to greater volatility, thereby increasing the uncertainty in assessing impairment of inventories.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
<u>NTD</u>		
Demand deposits	\$ 20,616,900	\$ 9,398,249
Cash equivalents (time deposits with original maturities of 3 months or less)	6,419,978	735,682
Checking accounts	6,987	25,313
Petty cash	<u>345</u>	<u>312</u>
	<u>\$ 27,044,210</u>	<u>\$ 10,159,556</u>
		(Continued)

	December 31	
	2024	2023
<u>USD</u>		
Demand deposits	\$ 628,851	\$ 306,082
Cash equivalents (time deposits with original maturities of 3 months or less)	195,821	23,960
Checking accounts	213	824
Petty cash	<u>11</u>	<u>10</u>
	<u>\$ 824,896</u>	<u>\$ 330,876</u>

(Concluded)

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2024	2023
Bank balance	0.01%-5.26%	0.01%-5.40%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>NTD</u>		
Investment in debt instruments (a)	\$ 1,106,998	\$ 181,782
Investment in equity instruments (b)	<u>298,624</u>	<u>342,244</u>
	<u>\$ 1,405,622</u>	<u>\$ 524,026</u>
Current	\$ 15,936	\$ 93,906
Non-current	<u>1,389,686</u>	<u>430,120</u>
	<u>\$ 1,405,622</u>	<u>\$ 524,026</u>
<u>USD</u>		
Investment in debt instruments (a)	\$ 33,765	\$ 5,920
Investment in equity instruments (b)	<u>9,109</u>	<u>11,146</u>
	<u>\$ 42,874</u>	<u>\$ 17,066</u>
Current	\$ 486	\$ 3,058
Non-current	<u>42,388</u>	<u>14,008</u>
	<u>\$ 42,874</u>	<u>\$ 17,066</u>

a. Bonds investments

The Group's investment in debt instruments primarily consist of investments in overseas corporate bonds. For detailed information of Bond, please refer to Table 1. The coupon rates of the bonds range from 1.25% to 6.30% and effective interest rates range from 1.19% to 5.60%.

Refer to Note 9 for information on credit risk management and impairment assessment related to debt instruments classified as at FVTOCI.

b. Equity investments

	December 31	
	2024	2023
<u>NTD</u>		
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 10,123	\$ 113,130
Foreign investments		
Equity investment fund	<u>288,501</u>	<u>229,114</u>
	<u>\$ 298,624</u>	<u>\$ 342,244</u>
<u>USD</u>		
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 309	\$ 3,684
Foreign investments		
Equity investment fund	<u>8,800</u>	<u>7,462</u>
	<u>\$ 9,109</u>	<u>\$ 11,146</u>

The Group invested in Uniconn Interconnections Technology Co., Ltd., KQ (Shenzhen) Semiconductor Technology Industry Equity Investment Fund, KQ (Suzhou) Emerging Industry Venture Equity Investment Fund and ACHI CAPITAL PARTNERS FUND L.P. for medium- to long-term strategic purposes. Accordingly, the management designates these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>NTD</u>		
Time deposits with original maturities of more than 3 months	\$ 2,428,787	\$ 2,538,642
Pledged time deposits	<u>30,090</u>	<u>1,438,093</u>
	<u>\$ 2,458,877</u>	<u>\$ 3,976,735</u>
Current	\$ 2,367,661	\$ 3,882,724
Non-current	<u>91,216</u>	<u>94,011</u>
	<u>\$ 2,458,877</u>	<u>\$ 3,976,735</u>
<u>USD</u>		
Time deposits with original maturities of more than 3 months	\$ 74,082	\$ 82,679
Pledged time deposits	<u>918</u>	<u>46,836</u>
	<u>\$ 75,000</u>	<u>\$ 129,515</u>
Current	\$ 72,218	\$ 126,453
Non-current	<u>2,782</u>	<u>3,062</u>
	<u>\$ 75,000</u>	<u>\$ 129,515</u>
Time deposits with original maturities of more than 3 months	3.15%-5.26%	3.15%-5.48%
Pledged time deposits	0.92%-1.08%	0.68%-5.00%

Refer to Note 9 for information on credit risk management and impairment loss assessment related to financial assets at amortized cost.

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2024

	At FVTOCI		At Amortized Cost	
	NTD	USD	NTD	USD
Gross carrying amount	\$ 1,107,447	\$ 33,779	\$ 2,458,877	\$ 75,000
Less: Allowance for impairment loss	<u>(741)</u>	<u>(22)</u>	<u>-</u>	<u>-</u>
Amortized cost	1,106,706	33,757	<u>\$ 2,458,877</u>	<u>\$ 75,000</u>
Adjustment to fair value	<u>292</u>	<u>8</u>		
	<u>\$ 1,106,998</u>	<u>\$ 33,765</u>		

December 31, 2023

	At FVTOCI		At Amortized Cost	
	NTD	USD	NTD	USD
Gross carrying amount	\$ 254,339	\$ 8,283	\$ 3,976,735	\$ 129,515
Less: Allowance for impairment loss	<u>(69,838)</u>	<u>(2,274)</u>	<u>-</u>	<u>-</u>
Amortized cost	184,501	6,009	<u>\$ 3,976,735</u>	<u>\$ 129,515</u>
Adjustment to fair value	<u>(2,719)</u>	<u>(89)</u>		
	<u>\$ 181,782</u>	<u>\$ 5,920</u>		

The credit rating information is supplied by an independent credit rating agency (CRA) in order to continuously track and supervise the credit risk change of the investments in debt instruments. At the same time, the Group reviews the information such as bond yield rate curve and debtors' information announced to assess whether the credit risk of investment in debt instruments has significantly increased since the initial recognition.

The Group considers the historical probability of default and loss given default of each level provided by CRA, the current financial condition of debtors, and its business outlook in order to measure the 12-month expected credit loss (ECL) or lifetime ECL of the debt instruments. The current credit risk rating mechanism used by the Group is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows i.e., the Moody's rating is above Level B	12m ECLs
Doubtful	The credit risk has significantly increased since the initial recognition, i.e., the Moody's rating has moved from above Level B to below Level B	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates are shown below:

December 31, 2024

Category	Expected Loss Rate	Total Carrying Amount			
		At FVTOCI		At Amortized Cost	
		NTD	USD	NTD	USD
Performing	0.06%-0.12%	\$ 1,107,447	\$ 33,779	\$ 2,458,877	\$ 75,000
Doubtful	-	-	-	-	-
In default	-	-	-	-	-
Write-off	-	-	-	-	-

December 31, 2023

Category	Expected Loss Rate	Total Carrying Amount			
		At FVTOCI		At Amortized Cost	
		NTD	USD	NTD	USD
Performing	0.06%-0.71%	\$ 184,858	\$ 6,020	\$ 3,976,735	\$ 129,515
Doubtful	-	-	-	-	-
In default	100%	69,481	2,263	-	-
Write-off	-	-	-	-	-

Regarding the investments in debt instruments measured by FVTOCI and amortized cost, the loss allowance change information based on the credit risk rating is summarized as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit Impaired)	In Default (Lifetime ECLs - Credit Impaired)
<u>NTD</u>			
Balance at January 1, 2024	\$ 357	\$ -	\$ 69,481
New debt instruments purchased	664	-	-
Derecognition	(311)	-	(72,664)
Change in exchange rates or others	<u>31</u>	<u>-</u>	<u>3,183</u>
Balance at December 31, 2024	<u>\$ 741</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 466	\$ -	\$ 69,492
New debt instruments purchased	21	-	-
Derecognition	(162)	-	-
Change in risk parameters	(2)	-	-
Change in exchange rates or others	<u>34</u>	<u>-</u>	<u>(11)</u>
Balance at December 31, 2023	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 69,481</u>
<u>USD</u>			
Balance at January 1, 2024	\$ 11	\$ -	\$ 2,263
New debt instruments purchased	21	-	-
Derecognition	<u>(10)</u>	<u>-</u>	<u>(2,263)</u>
Balance at December 31, 2024	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 15	\$ -	\$ 2,263
New debt instruments purchased	2	-	-
Derecognition	<u>(6)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 2,263</u>

10. TRADE RECEIVABLES

	December 31	
	2024	2023
<u>NTD</u>		
At amortized cost		
Gross carrying amount	\$ 6,553,007	\$ 2,924,188
Less: Allowance for impairment loss	<u>(823,174)</u>	<u>(487,141)</u>
	<u>\$ 5,729,833</u>	<u>\$ 2,437,047</u>
<u>USD</u>		
At amortized cost		
Gross carrying amount	\$ 199,878	\$ 95,235
Less: Allowance for impairment loss	<u>(25,108)</u>	<u>(15,865)</u>
	<u>\$ 174,770</u>	<u>\$ 79,370</u>

The credit period is 7-100 days. The Group grants credit periods based on customers' financial conditions and historical payment records. In addition, when necessary, customers are requested to make prepayments in order to reduce the risk of financial loss due to delay of payment.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts, unemployment rate and industry outlook. As there are different loss patterns for various customer segments, the Group determines expected credit loss ratios by the factors including payment terms, jurisdiction of customers and the status of public listing or nonpublic listing.

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

Aging analysis on the basis of overdue dates of trade receivables:

	December 31	
	2024	2023
<u>NTD</u>		
Past due within 60 days	\$ 5,097,925	\$ 1,667,914
Past due 61-120 days	306,185	592,981
Past due over 121 days	<u>1,148,897</u>	<u>663,293</u>
	<u>\$ 6,553,007</u>	<u>\$ 2,924,188</u>
		(Continued)

	December 31	
	2024	2023
<u>USD</u>		
Past due within 60 days	\$ 155,496	\$ 54,321
Past due 61-120 days	9,339	19,312
Past due over 121 days	<u>35,043</u>	<u>21,602</u>
	<u>\$ 199,878</u>	<u>\$ 95,235</u>
		(Concluded)

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Balance at January 1	\$ 487,141	\$ 113,163
Net remeasurement of loss allowance	296,813	379,478
Foreign exchange gains and losses	<u>39,220</u>	<u>(5,500)</u>
Balance at December 31	<u>\$ 823,174</u>	<u>\$ 487,141</u>

<u>USD</u>		
Balance at January 1	\$ 15,865	\$ 3,685
Net remeasurement of loss allowance	<u>9,243</u>	<u>12,180</u>
Balance at December 31	<u>\$ 25,108</u>	<u>\$ 15,865</u>

11. INVENTORIES

	December 31	
	2024	2023
<u>NTD</u>		
Finished goods	\$ 2,291,037	\$ 567,035
Work in progress	5,563,678	4,854,474
Raw materials	<u>805,810</u>	<u>6,192,488</u>
	<u>\$ 8,660,525</u>	<u>\$ 11,613,997</u>
<u>USD</u>		
Finished goods	\$ 69,881	\$ 18,467
Work in progress	169,701	158,100
Raw materials	<u>24,579</u>	<u>201,678</u>
	<u>\$ 264,161</u>	<u>\$ 378,245</u>

The cost of integrated circuit recognized as cost of goods sold for the years ended December 31, 2024 and 2023 were NT\$40,153,924 thousand (US\$1,250,434 thousand) and NT\$21,711,182 thousand (US\$696,877 thousand), respectively.

The cost of goods sold included a reversal of inventory write-down of NT\$22,983 thousand (US\$716 thousand) and a write-down of inventory of NT\$48,699 thousand (US\$1,563 thousand) for the years ended December 31, 2024 and 2023, respectively. The reversal of inventory write-down in 2024 was due to an increase in the turnover rate, resulting in a decrease in the amount of obsolete inventory in the Group.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31 2024	2023	
The Company	Alchip Technologies, Limited (registered in Hong Kong) (referred to as "Alchip HK")	Investments	100	100	-
	AlChip Technologies, Inc. (registered in the U.S.A.) (referred to as "Alchip USA")	Product Technical Support and Consulting Services.	100	100	-
	Alchip Technologies, KK (registered in Japan) (referred to as "Alchip KK")	Product Technical Support and Consulting Services.	100	100	-
	Alchip Technologies, Inc. (registered in Taiwan) (referred to as "Alchip TW")	Sales of ASIC and SOC.	100	100	-
	Alchip Investment, Inc. (registered in the British Virgin Islands) (referred to as "Alchip BVI")	Investments	100	100	-
	Alchip Technologies Malaysia Sdn. Bhd. (registered in Malaysia) (referred to as "Alchip MY")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	-	Note 1
Alchip HK	Alchip Technologies (Shanghai) (registered in China) (referred to as "Alchip Shanghai")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	100	-
	Alchip Technologies (Wuxi) (registered in China) (referred to as "Alchip Wuxi")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	100	-
	Alchip Technologies (Hefei) (registered in China) (referred to as "Alchip Hefei")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	100	-
	Alchip Technologies (Jinan) (registered in China) (referred to as "Alchip Jinan")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	100	-
	Alchip Technologies (Guangzhou) (registered in China) (referred to as "Alchip Guangzhou")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	100	-
	Alchip Technologies (Vietnam) (registered in Vietnam) (referred to as "Alchip VN")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	-	Note 2
	Chiptopia (Shanghai) Technology Co., Ltd (registered in China) (referred to as "Chiptopia Shanghai")	Software development, design and service, and sales of ASIC and SOC and rendering of related services.	65	65	-
Alchip Shanghai	Alchip Technologies (Chongqing) (registered in China) (referred to as "Alchip Chongqing")	Research and development, design, and sales of ASIC and SOC and rendering of related services.	100	100	-

Note 1: The Company was established in November 2023 and commenced operations in May 2024.

Note 2: The Company was established in September 2024 and commenced operations in October 2024.

b. Subsidiaries excluded from the consolidated financial statements: None.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery Equipment	Computer Equipment	Office Equipment	Leasehold Improvements	Transportation Equipment	Total
<u>NTD</u>						
<u>Cost</u>						
Balance at January 1, 2023	\$ 6,611,751	\$ 302,448	\$ 26,501	\$ 54,310	\$ 6,974	\$ 7,001,984
Additions	1,664,674	17,859	486	1,527	-	1,684,546
Disposals and retirements	-	(2,685)	(116)	-	-	(2,801)
Reclassified	56,882	-	-	-	-	56,882
Effects of foreign currency exchange differences	(25,942)	(373)	(436)	(31)	(1)	(26,783)
Balance at December 31, 2023	<u>\$ 8,307,365</u>	<u>\$ 317,249</u>	<u>\$ 26,435</u>	<u>\$ 55,806</u>	<u>\$ 6,973</u>	<u>\$ 8,713,828</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ (6,027,915)	\$ (193,356)	\$ (17,273)	\$ (46,679)	\$ (6,277)	\$ (6,291,500)
Depreciation expense	(1,234,064)	(43,084)	(2,148)	(4,967)	-	(1,284,263)
Disposals and retirements	-	2,470	109	-	-	2,579
Effects of foreign currency exchange differences	18,806	707	204	79	1	19,797
Balance at December 31, 2023	<u>\$ (7,243,173)</u>	<u>\$ (233,263)</u>	<u>\$ (19,108)</u>	<u>\$ (51,567)</u>	<u>\$ (6,276)</u>	<u>\$ (7,553,387)</u>
Carrying amount at December 31, 2023	<u>\$ 1,064,192</u>	<u>\$ 83,986</u>	<u>\$ 7,327</u>	<u>\$ 4,239</u>	<u>\$ 697</u>	<u>\$ 1,160,441</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 8,307,365	\$ 317,249	\$ 26,435	\$ 55,806	\$ 6,973	\$ 8,713,828
Additions	2,120,371	16,660	2,264	-	2,159	2,141,454
Disposals and retirements	-	(38,616)	(440)	-	(2,999)	(42,055)
Reclassified	421,399	-	-	-	-	421,399
Effects of foreign currency exchange differences	616,023	20,856	1,142	3,780	454	642,255
Balance at December 31, 2024	<u>\$ 11,465,158</u>	<u>\$ 316,149</u>	<u>\$ 29,401</u>	<u>\$ 59,586</u>	<u>\$ 6,587</u>	<u>\$ 11,876,881</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ (7,243,173)	\$ (233,263)	\$ (19,108)	\$ (51,567)	\$ (6,276)	\$ (7,553,387)
Depreciation expense	(1,984,696)	(42,404)	(2,152)	(3,645)	(454)	(2,033,351)
Disposals and retirements	-	35,218	425	-	2,699	38,342
Effects of foreign currency exchange differences	(532,256)	(15,801)	(1,025)	(3,569)	(378)	(553,029)
Balance at December 31, 2024	<u>\$ (9,760,125)</u>	<u>\$ (256,250)</u>	<u>\$ (21,860)</u>	<u>\$ (58,781)</u>	<u>\$ (4,409)</u>	<u>\$ (10,101,425)</u>
Carrying amount at December 31, 2024	<u>\$ 1,705,033</u>	<u>\$ 59,899</u>	<u>\$ 7,541</u>	<u>\$ 805</u>	<u>\$ 2,178</u>	<u>\$ 1,775,456</u>
<u>USD</u>						
<u>Cost</u>						
Balance at January 1, 2023	\$ 215,296	\$ 9,848	\$ 863	\$ 1,768	\$ 227	\$ 228,002
Additions	53,432	573	16	49	-	54,070
Disposals and retirements	-	(86)	(4)	-	-	(90)
Reclassified	1,826	-	-	-	-	1,826
Effects of foreign currency exchange differences	-	(3)	(13)	-	-	(16)
Balance at December 31, 2023	<u>\$ 270,554</u>	<u>\$ 10,332</u>	<u>\$ 862</u>	<u>\$ 1,817</u>	<u>\$ 227</u>	<u>\$ 283,792</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ (196,285)	\$ (6,296)	\$ (562)	\$ (1,520)	\$ (204)	\$ (204,867)
Depreciation expense	(39,611)	(1,383)	(69)	(159)	-	(41,222)

(Continued)

	Machinery Equipment	Computer Equipment	Office Equipment	Leasehold Improvements	Transportation Equipment	Total
Disposals and retirements	\$ -	\$ 79	\$ 4	\$ -	\$ -	\$ 83
Effects of foreign currency exchange differences	<u>(1)</u>	<u>3</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>7</u>
Balance at December 31, 2023	<u>\$ (235,897)</u>	<u>\$ (7,597)</u>	<u>\$ (622)</u>	<u>\$ (1,679)</u>	<u>\$ (204)</u>	<u>\$ (245,999)</u>
Carrying amount at December 31, 2023	<u>\$ 34,657</u>	<u>\$ 2,735</u>	<u>\$ 240</u>	<u>\$ 138</u>	<u>\$ 23</u>	<u>\$ 37,793</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 270,554	\$ 10,332	\$ 862	\$ 1,817	\$ 227	\$ 283,792
Additions	66,030	519	71	-	67	66,687
Disposals and retirements	-	(1,203)	(14)	-	(93)	(1,310)
Reclassified	13,123	-	-	-	-	13,123
Effects of foreign currency exchange differences	<u>-</u>	<u>(4)</u>	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>(23)</u>
Balance at December 31, 2024	<u>\$ 349,707</u>	<u>\$ 9,644</u>	<u>\$ 900</u>	<u>\$ 1,817</u>	<u>\$ 201</u>	<u>\$ 362,269</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ (235,897)	\$ (7,597)	\$ (622)	\$ (1,679)	\$ (204)	\$ (245,999)
Depreciation expense	(61,805)	(1,321)	(68)	(113)	(14)	(63,321)
Disposals and retirements	-	1,097	13	-	84	1,194
Effects of foreign currency exchange differences	<u>-</u>	<u>4</u>	<u>9</u>	<u>(1)</u>	<u>-</u>	<u>12</u>
Balance at December 31, 2024	<u>\$ (297,702)</u>	<u>\$ (7,817)</u>	<u>\$ (668)</u>	<u>\$ (1,793)</u>	<u>\$ (134)</u>	<u>\$ (308,114)</u>
Carrying amount at December 31, 2024	<u>\$ 52,005</u>	<u>\$ 1,827</u>	<u>\$ 232</u>	<u>\$ 24</u>	<u>\$ 67</u>	<u>\$ 54,155</u>

(Concluded)

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery equipment	1-5 years
Computer equipment	3-5 years
Office equipment	3-5 years
Leasehold improvements	2-3 years
Transportation equipment	3 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31			
	2024		2023	
	NTD	USD	NTD	USD
<u>Carrying amount</u>				
Buildings	\$ 81,663	\$ 2,491	\$ 70,109	\$ 2,283
Machinery equipment	<u>151,468</u>	<u>4,620</u>	<u>181,447</u>	<u>5,910</u>
	<u>\$ 233,131</u>	<u>\$ 7,111</u>	<u>\$ 251,556</u>	<u>\$ 8,193</u>

	For the Year Ended December 31			
	2024		2023	
	NTD	USD	NTD	USD
Additions to right-of-use assets	\$ 62,375	\$ 1,968	\$ 208,030	\$ 6,447
Depreciation charge for right-of-use assets				
Buildings	\$ 54,580	\$ 1,700	\$ 54,599	\$ 1,753
Machinery equipment	41,402	1,289	16,737	537
	\$ 95,982	\$ 2,989	\$ 71,336	\$ 2,290

Except for the aforementioned addition and recognized depreciation expense, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31			
	2024		2023	
	NTD	USD	NTD	USD
<u>Carrying amount</u>				
Current	\$ 75,430	\$ 2,301	\$ 75,804	\$ 2,469
Non-current	\$ 131,900	\$ 4,023	\$ 150,521	\$ 4,902

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	0.98%-4.90%	0.98%-5.50%
Machinery equipment	4.20%	4.20%

c. Material leasing activities and terms

The Group leases certain buildings for office with lease terms of 2 to 10 years. The Group does not have bargain purchase option to acquire the buildings at the end of the lease terms.

The Group entered into a 5-year lease contract in August 2023 to lease machinery equipment for product testing and research and development activities. The Group will obtain ownership of the machinery equipment at the end of the lease terms. In addition, the Group is prohibited from subleasing all or any portion of the underlying assets without the lessor's consent. In 2024, except for the leased office, the Group did not enter into any other significant lease contracts.

d. Other lease information

	For the Year Ended December 31			
	2024		2023	
	NTD	USD	NTD	USD
Expenses relating to short-term leases	\$ 12,435	\$ 387	\$ 15,319	\$ 492
Expenses relating to low-value asset leases	\$ 30	\$ 1	\$ 15	\$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 45,734	\$ 1,424	\$ 16,225	\$ 521
Total cash outflow for leases	\$ (164,750)	\$ (5,130)	\$ (138,354)	\$ (4,441)

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31			
	2024		2023	
	NTD	USD	NTD	USD
Lease commitments	\$ 230,469	\$ 7,030	\$ 62,574	\$ 2,038

15. INTANGIBLE ASSETS

	NTD	Silicon Intellectual Property (SIP)	Software Cost	Total
<u>Cost</u>				
Balance at January 1, 2023		\$ 2,370,273	\$ 25,039	\$ 2,395,312
Additions		983,337	11,471	994,808
Effect of foreign currency exchange differences		(19,822)	(170)	(19,992)
Balance at December 31, 2023		\$ 3,333,788	\$ 36,340	\$ 3,370,128
<u>Accumulated amortization</u>				
Balance at January 1, 2023		\$ (2,281,909)	\$ (23,947)	\$ (2,305,856)
Amortization expense		(661,710)	(4,008)	(665,718)
Effect of foreign currency exchange differences		15,041	62	15,103
Balance at December 31, 2023		\$ (2,928,578)	\$ (27,893)	\$ (2,956,471)
Carrying amount at December 31, 2023		\$ 405,210	\$ 8,447	\$ 413,657

(Continued)

NTD	Silicon Intellectual Property (SIP)	Software Cost	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 3,333,788	\$ 36,340	\$ 3,370,128
Additions	321,659	3,907	325,566
Effect of foreign currency exchange differences	<u>222,674</u>	<u>2,544</u>	<u>225,218</u>
Balance at December 31, 2024	<u>\$ 3,878,121</u>	<u>\$ 42,791</u>	<u>\$ 3,920,912</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ (2,928,578)	\$ (27,893)	\$ (2,956,471)
Amortization expense	(509,359)	(4,896)	(514,255)
Effect of foreign currency exchange differences	<u>(200,264)</u>	<u>(1,992)</u>	<u>(202,256)</u>
Balance at December 31, 2024	<u>\$ (3,638,201)</u>	<u>\$ (34,781)</u>	<u>\$ (3,672,982)</u>
Carrying amount at December 31, 2024	<u>\$ 239,920</u>	<u>\$ 8,010</u>	<u>\$ 247,930</u> (Concluded)

USD	Silicon Intellectual Property (SIP)	Software Cost	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 77,182	\$ 815	\$ 77,997
Additions	31,563	368	31,931
Effect of foreign currency exchange differences	<u>(170)</u>	<u>-</u>	<u>(170)</u>
Balance at December 31, 2023	<u>\$ 108,575</u>	<u>\$ 1,183</u>	<u>\$ 109,758</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ (74,305)	\$ (779)	\$ (75,084)
Amortization expense	(21,239)	(129)	(21,368)
Effect of foreign currency exchange differences	<u>166</u>	<u>-</u>	<u>166</u>
Balance at December 31, 2023	<u>\$ (95,378)</u>	<u>\$ (908)</u>	<u>\$ (96,286)</u>
Carrying amount at December 31, 2023	<u>\$ 13,197</u>	<u>\$ 275</u>	<u>\$ 13,472</u>

<u>Cost</u>			
Balance at January 1, 2024	\$ 108,575	\$ 1,183	\$ 109,758
Additions	10,016	122	10,138
Effect of foreign currency exchange differences	<u>(302)</u>	<u>-</u>	<u>(302)</u>
Balance at December 31, 2024	<u>\$ 118,289</u>	<u>\$ 1,305</u>	<u>\$ 119,594</u> (Continued)

USD	Silicon Intellectual Property (SIP)	Software Cost	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ (95,378)	\$ (908)	\$ (96,286)
Amortization expense	(15,862)	(152)	(16,014)
Effect of foreign currency exchange differences	<u>268</u>	<u>-</u>	<u>268</u>
Balance at December 31, 2024	<u>\$ (110,972)</u>	<u>\$ (1,060)</u>	<u>\$ (112,032)</u>
Carrying amount at December 31, 2024	<u>\$ 7,317</u>	<u>\$ 245</u>	<u>\$ 7,562</u>
			(Concluded)

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

SIP	1-2 years
Software cost	1-3 years

16. PREPAYMENTS

	<u>December 31</u>	
	2024	2023
<u>NTD</u>		
Prepayments for raw materials	\$ 1,289,276	\$ 605,284
Prepayment for SIP	244,747	106,696
Prepayment for electronic design automation (EDA) tools	81,503	89,909
Prepayment for leases	6,925	7,718
Other	<u>29,235</u>	<u>25,876</u>
	<u>\$ 1,651,686</u>	<u>\$ 835,483</u>
<u>USD</u>		
Prepayments for raw materials	\$ 39,325	\$ 19,713
Prepayment for SIP	7,465	3,476
Prepayment for EDA tools	2,486	2,928
Prepayment for leases	211	252
Other	<u>892</u>	<u>841</u>
	<u>\$ 50,379</u>	<u>\$ 27,210</u>

17. OTHER PAYABLE

	December 31	
	2024	2023
<u>NTD</u>		
Payable for salaries or bonuses	\$ 1,107,053	\$ 709,438
Payable for technical services	301,953	80,198
Payable for equipment	167,289	19,656
Payable for value added tax	14,339	38,665
Payable for professional services	10,001	15,159
Payable for SIP	2,198	155,013
Payable to related parties	35,441	-
Other	79,964	32,418
	<u>\$ 1,718,238</u>	<u>\$ 1,050,547</u>
<u>USD</u>		
Payable for salaries or bonuses	\$ 33,767	\$ 23,105
Payable for technical services	9,210	2,612
Payable for equipment	5,103	640
Payable for value added tax	437	1,259
Payable for professional services	305	494
Payable for SIP	67	5,048
Payable to related parties	1,081	-
Other	2,439	1,056
	<u>\$ 52,409</u>	<u>\$ 34,214</u>

18. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>
Shares authorized (in thousands of NTD)	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>80,649</u>	<u>74,319</u>
Shares issued and fully paid (in thousands of NTD)	<u>\$ 806,485</u>	<u>\$ 743,187</u>
Shares issued and fully paid (in thousands of USD)	<u>\$ 25,815</u>	<u>\$ 23,814</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends. The change in share capital was mainly due to issuing new common shares to be offered in the form of Global Depositary Receipts(GDR), private placement, and the execution of employee share options.

Issuance of GDR

On December 18, 2020, and December 20, 2023 the Company's shareholders held an extraordinary meeting and resolved the issuance of 7,600,000 and 3,700,000 ordinary shares to be offered in the form of GDR. Each GDR represents one ordinary share of the Company. These GDRs were listed on the Luxembourg Exchange on January 20, 2021, and January 19, 2024, respectively. As of December 31, 2024, the holders of GDRs had redeemed 11,180,532 units, which were equivalent to 11,180,532 ordinary shares. The outstanding GDRs were equal to 119,468 shares, which accounted for 0.14% of the Company's total outstanding ordinary shares.

Private placement

On June 9, 2023, the shareholders held a meeting and resolved the private placement of ordinary shares with a total limit of 5,000,000 shares, which can be issued once or twice within one year from the date of the resolution of the shareholders in their meeting.

On June 26, 2023, and May 14, 2024 the Company's board of directors resolved the private placement of ordinary shares. The relevant information is as follows:

Closing date	July 10, 2023	May 16, 2024
Number of shares (in thousands)	1,380	225
Par value (NTD)	\$10	\$10
Subscription price (NTD)	\$1,448	\$2,382
Total private placement amount (in thousands of NTD)	\$1,998,240	\$534,847
Total private placement amount (in thousands of USD)	\$64,439	\$16,500

On May 30, 2024, the shareholders held a meeting and resolved the private placement of ordinary shares with a total limit of 1,000,000 shares, which can be issued once to three times within one year from the date of the resolution of the shareholders meeting.

On November 1, 2024, the Company's board of directors resolved the private placement of ordinary shares. The relevant information is as follows:

Closing date	November 15, 2024
Number of shares (in thousands)	600
Par value (NTD)	\$10
Subscription price (NTD)	\$1,627
Total private placement amount (in thousands of NTD)	\$976,200
Total private placement amount (in thousands of USD)	\$30,468

The aforementioned rights and obligations of privately issued ordinary shares are the same as those of ordinary shares issued, except for a restriction on trading in accordance with the Securities and Exchange Act, and these shares are not allowed to be timely traded until the Company completes public issuance for these shares 3 years from the closing date.

b. Retained earnings and dividends policy

Under the dividend policy as set forth in the Articles of Incorporation, the Company's annual net income after tax shall offset its losses in previous years, then set aside a special reserve in accordance with the Applicable Public Company Rules of the Republic of China or as requested by the authorities in charge, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved by the shareholders in their meeting for distribution of dividends to shareholders. For the policy on the distribution of employees' compensation and directors' remuneration specified in the Articles of Incorporation, refer to Note 21-(f) Employees' Compensation and Directors' Remuneration.

The Company's Articles of Incorporation also stipulate a dividend policy that distribution of retained earnings may proceed by way of cash or share dividends, but the cash dividend to be distributed shall be no lower than 10% of the aggregate dividend distributed to shareholders and no more than 100% of the aggregate dividend distributed to shareholders.

The appropriations of earnings for 2023 and 2022 that were resolved by the shareholders in their meetings on May 30, 2024 and June 9, 2023, respectively, were as follows:

	2023			
	Appropriation of Earnings (In Thousand)		Dividends Per Share (In Dollar)	
	USD	NTD	USD	NTD
Cash dividends	\$ <u>56,301</u>	\$ <u>1,818,236</u>	\$ 0.719	\$ 23.22

	2022			
	Appropriation of Earnings (In Thousand)		Dividends Per Share (In Dollar)	
	USD	NTD	USD	NTD
Cash dividends	\$ <u>30,269</u>	\$ <u>930,917</u>	\$ 0.420	\$ 12.92
Reversal of special reserve	\$ <u>(9,985)</u>	\$ <u>(280,229)</u>		

The appropriations of earnings for 2024 were proposed by the board of directors on February 27, 2025. The appropriations and dividends per share were as follows:

	2024			
	Appropriation of Earnings (In Thousand)		Dividends Per Share (In Dollar)	
	USD	NTD	USD	NTD
Cash dividends	\$ <u>98,570</u>	\$ <u>3,232,587</u>	\$ 1.221	\$ 40.05

The appropriations of earnings for 2024 are to be resolved in the meeting of the shareholders which is expected to be held on May 29, 2025.

c. Special reserve

Items referred to under Rule No. 1010012865 and No. 1010047490, issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company.

The cumulative translation adjustments will be reversed by proportion base on the Group's disposal of foreign operations. However, if the Group losses its significant influence, the cumulative translation adjustments will be fully reversed. When the earnings are appropriated, the Group should consider the difference between debit balance of adjustments in other equity and the special reserve appropriated on the first-time adoption of IFRSs. If the debit balance is reversed, the Group could appropriate the earnings within the reversed portion.

The increase in retained earnings that resulted from the first-time adoption of IFRS Accounting Standards was NT\$63,380 thousand (US\$3,221 thousand). The special reserve from cumulative translation adjustments at the first-time adoption of IFRSs was NT\$67,693 thousand (US\$2,799 thousand). For the years ended 2023, based on the foregoing rule, the Group reversed NT\$280,229 thousand (US\$9,985 thousand) as a special reserve due to the subtraction of other equity, respectively.

19. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Company

The Company granted a total of 54 units of options to employees in March, August, and November of 2024, and a total of 125 units of options in May 2023. Each option entitles the holder to subscribe for 1,000 ordinary shares of the Company. The holders of the options are qualified employees, including employees of the Company and its subsidiaries satisfying specific requirements. The options granted are valid for 10 years, 50% become vested after two years from the grant date and 1/48th become vested each month for the subsequent years. The exercise price of the employee share option is the closing price of the Company's ordinary shares on the date of issuance. After the issuance of the employee share option, the exercise price will be adjusted in accordance with the specified formula if there are any changes in the Company's ordinary shares.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2024		2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NTD)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NTD)
Balance at January 1	4,199,288	\$ 436	5,206,505	\$ 401
Options granted	54,000	2,671	125,000	1,525
Options exercised	(1,805,283)	242	(1,010,714)	306
Options expired	<u>(11,691)</u>	892	<u>(121,503)</u>	978
Balance at December 31	<u>2,436,314</u>	618	<u>4,199,288</u>	436
Options exercisable, end of the year	<u>1,960,770</u>	501	<u>2,854,768</u>	286
Weighted-average fair value of options granted (NTD)	<u>\$ 1,587</u>		<u>\$ 896</u>	

The weighted-average share prices on the exercise date of the share options for the years ended December 31, 2024 and 2023 were \$3,271 and \$1,848, respectively.

Information on outstanding options was as follows:

December 31			
2024		2023	
Exercise Price (NTD)	Weighted-average Remaining Contractual Life (In Years)	Exercise Price (NTD)	Weighted-average Remaining Contractual Life (In Years)
\$24.4	1.87	\$24.5	2.87
36.3	1.18	36.5	2.18
40.0	2.19	40.2	3.19
72.6	4.39	55.4	1.32
73.3	4.22	72.9	5.39
81.2	2.91	73.6	5.22
85.4	3.73	75.2	3.93
93.1	3.11	81.5	3.91
93.4	4.61	85.7	4.73
95.4	3.02	93.4	4.11
114.8	3.25	93.7	5.61
118.6	3.61	95.7	4.02
120.6	3.30	115.3	4.25
200.9	4.90	119.1	4.61
202.9	5.14	121.1	4.30
262.5	5.33	201.8	5.90
319.1	5.46	203.8	6.14
396.4	6.38	263.6	6.33
551.2	5.96	323.3	6.46
558.3	5.59	401.6	7.38
558.4	6.64	558.4	6.96
790.9	6.19	565.6	6.59
797.9	7.66	565.7	7.64
823.8	7.88	801.2	7.19
853.8	7.33	959.5	8.19
947.2	7.19	1,005.4	7.83
992.5	6.83	864.9	8.33
1,490.2	8.40	808.3	8.66
3,374.4	9.20	834.4	8.88
2,484.5	9.66	1,509.6	9.40
2,026.9	9.84	-	-

Options granted in 2024 and 2023 were priced by Black-Scholes pricing model and the inputs to the model on each grant-date were as follows:

	November 1, 2024	August 26, 2024	March 13, 2024	May 22, 2023
Grant-date share price (NTD)	2,030	2,510	3,410	1,525
Exercise price (NTD)	2,030	2,510	3,410	1,525
Expected volatility	62.94%-63.42%	63.17%-63.65%	62.71%-63.52%	62.02%-64.08%
Expected life (in years)	6-7 years	6-7 years	6-7 years	6-7 years
Expected dividend yield	-	-	-	-
Risk-free interest rate	1.46%-1.48%	1.48%-1.50%	1.20%-1.21%	1.08%-1.09%

Compensation costs recognized were NT\$203,537 thousand (US\$6,338 thousand) and NT\$342,918 thousand (US\$11,007 thousand) for the years ended December 31, 2024 and 2023, respectively.

20. REVENUE

a. Contract information

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. For the years ended December 31, 2024 and 2023, the Group recognized revenue of NT\$9,924,533 thousand (US\$309,060 thousand) and NT\$2,770,762 thousand (US\$88,935 thousand), respectively, from the contract liability outstanding balance at the beginning of the year.

b. Disaggregation of revenue from contracts with customers

	For the Year Ended December 31			
	2024		2023	
	NTD	USD	NTD	USD
<u>Production</u>				
ASIC and wafer product	\$ 51,586,295	\$ 1,606,449	\$ 29,982,507	\$ 962,366
NRE	365,751	11,390	402,093	12,906
Others	<u>16,524</u>	<u>514</u>	<u>96,976</u>	<u>3,113</u>
	<u>\$ 51,968,570</u>	<u>\$ 1,618,353</u>	<u>\$ 30,481,576</u>	<u>\$ 978,385</u>
<u>Geography</u>				
United States	\$ 44,721,267	\$ 1,392,666	\$ 19,237,266	\$ 617,471
China	4,679,049	145,710	3,873,414	124,327
Europe	1,164,203	36,254	2,401,017	77,067
Japan	802,591	24,994	1,919,287	61,604
Taiwan	601,460	18,729	2,743,303	88,053
Other	<u>-</u>	<u>-</u>	<u>307,289</u>	<u>9,863</u>
	<u>\$ 51,968,570</u>	<u>\$ 1,618,353</u>	<u>\$ 30,481,576</u>	<u>\$ 978,385</u>
<u>Application type</u>				
High performance computing	\$ 48,501,315	\$ 1,510,381	\$ 25,743,706	\$ 826,311
Niche market	1,507,000	46,929	1,858,282	59,646
Communication	1,356,475	42,242	1,048,696	33,661
Consumer	<u>603,780</u>	<u>18,801</u>	<u>1,830,892</u>	<u>58,767</u>
	<u>\$ 51,968,570</u>	<u>\$ 1,618,353</u>	<u>\$ 30,481,576</u>	<u>\$ 978,385</u>
<u>Resolution</u>				
7-nanometer and below	\$ 49,867,954	\$ 1,552,939	\$ 27,239,315	\$ 874,316
12/16-nanometer	850,587	26,487	1,210,247	38,846
22/28-nanometer	890,360	27,726	1,429,517	45,884
40-nanometer and above	<u>359,669</u>	<u>11,201</u>	<u>602,497</u>	<u>19,339</u>
	<u>\$ 51,968,570</u>	<u>\$ 1,618,353</u>	<u>\$ 30,481,576</u>	<u>\$ 978,385</u>

21. NET PROFIT

Net profit included the following items:

a. Interest income

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Bank deposits	\$ 1,075,309	\$ 207,624
Investments in debt instruments at FVTOCI	32,347	8,036
Financial assets at amortized cost	94,515	137,086
Others	<u>500</u>	<u>433</u>
	<u>\$ 1,202,671</u>	<u>\$ 353,179</u>
<u>USD</u>		
Bank deposits	\$ 33,486	\$ 6,664
Investments in debt instruments at FVTOCI	1,007	258
Financial assets at amortized cost	2,943	4,400
Others	<u>16</u>	<u>14</u>
	<u>\$ 37,452</u>	<u>\$ 11,336</u>

b. Other gains and losses

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Net foreign exchange (losses) gains	\$ (18,598)	\$ 24,516
Gain on disposal of financial assets		
Investments in debt instruments at FVTOCI	311	162
Loss on disposal of equipment	(2,881)	(208)
Others	<u>252</u>	<u>(306)</u>
	<u>\$ (20,916)</u>	<u>\$ 24,164</u>
<u>USD</u>		
Net foreign exchange (losses) gains	\$ (579)	\$ 787
Gain on disposal of financial assets		
Investments in debt instruments at FVTOCI	10	5
Loss on disposal of equipment	(90)	(7)
Others	<u>8</u>	<u>(9)</u>
	<u>\$ (651)</u>	<u>\$ 776</u>

c. Finance costs

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Interest on lease liabilities	\$ 8,980	\$ 5,495
Interest on discounted notes	<u>-</u>	<u>624</u>
	<u>\$ 8,980</u>	<u>\$ 6,119</u>
<u>USD</u>		
Interest on lease liabilities	\$ 280	\$ 176
Interest on discounted notes	<u>-</u>	<u>20</u>
	<u>\$ 280</u>	<u>\$ 196</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Property, plant and equipment	\$ 2,033,351	\$ 1,284,263
Right-of-use assets	95,982	71,336
Intangible assets	<u>514,255</u>	<u>665,718</u>
	<u>\$ 2,643,588</u>	<u>\$ 2,021,317</u>
An analysis of depreciation by function		
Operating costs	\$ 1,942,681	\$ 1,211,608
Operating expenses	<u>186,652</u>	<u>143,991</u>
	<u>\$ 2,129,333</u>	<u>\$ 1,355,599</u>
An analysis of amortization by function		
Operating costs	\$ 509,457	\$ 661,749
Operating expenses	<u>4,798</u>	<u>3,969</u>
	<u>\$ 514,255</u>	<u>\$ 665,718</u>
<u>USD</u>		
Property, plant and equipment	\$ 63,321	\$ 41,222
Right-of-use assets	2,989	2,290
Intangible assets	<u>16,014</u>	<u>21,368</u>
	<u>\$ 82,324</u>	<u>\$ 64,880</u>

(Continued)

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 60,499	\$ 38,889
Operating expenses	<u>5,811</u>	<u>4,623</u>
	<u>\$ 66,310</u>	<u>\$ 43,512</u>
An analysis of amortization by function		
Operating costs	\$ 15,865	\$ 21,241
Operating expenses	<u>149</u>	<u>127</u>
	<u>\$ 16,014</u>	<u>\$ 21,368</u>
		(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Post-employment benefits		
Defined contribution plan	\$ 79,379	\$ 70,942
Share-based payments (Note 19)	203,537	342,918
Other employee benefits	<u>1,682,074</u>	<u>1,586,935</u>
	<u>\$ 1,964,990</u>	<u>\$ 2,000,795</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 25,787	\$ 21,016
Operating expenses	<u>1,939,203</u>	<u>1,979,779</u>
	<u>\$ 1,964,990</u>	<u>\$ 2,000,795</u>
<u>USD</u>		
Post-employment benefits		
Defined contribution plan	\$ 2,472	\$ 2,277
Share-based payments (Note 19)	6,338	11,007
Other employee benefits	<u>52,381</u>	<u>50,937</u>
	<u>\$ 61,191</u>	<u>\$ 64,221</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 803	\$ 675
Operating expenses	<u>60,388</u>	<u>63,546</u>
	<u>\$ 61,191</u>	<u>\$ 64,221</u>

f. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for 2024 and 2023 were as follows:

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Compensation of employees	\$ 10,000	\$ 321,120	\$ 6,000	\$ 186,930
Remuneration of directors	<u>1,500</u>	<u>48,168</u>	<u>1,250</u>	<u>38,944</u>
	<u>\$ 11,500</u>	<u>\$ 369,288</u>	<u>\$ 7,250</u>	<u>\$ 225,874</u>

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

22. INCOME TAX

a. Income tax recognized in profit or loss consisted of the following:

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Current tax				
In respect of the current year	\$ 43,060	\$ 1,382,737	\$ 31,545	\$ 982,775
Adjustments for prior year	<u>(97)</u>	<u>(3,108)</u>	<u>126</u>	<u>3,922</u>
	<u>42,963</u>	<u>1,379,629</u>	<u>31,671</u>	<u>986,697</u>
Deferred tax				
In respect of the current year	(775)	(24,892)	(3,400)	(105,901)
Adjustments for prior year	<u>214</u>	<u>6,870</u>	<u>(117)</u>	<u>(3,648)</u>
	<u>(561)</u>	<u>(18,022)</u>	<u>(3,517)</u>	<u>(109,549)</u>
Income tax expense recognized in profit or loss	<u>\$ 42,402</u>	<u>\$ 1,361,607</u>	<u>\$ 28,154</u>	<u>\$ 877,148</u>

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

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Profit before tax	\$ 243,153	\$ 7,808,147	\$ 134,735	\$ 4,197,664
Income tax expense calculated				
at the statutory rate	\$ 41,824	\$ 1,343,061	\$ 27,658	\$ 861,672
Permanent differences	364	11,692	19	577
Unrecognized loss				
carryforwards and deductible				
temporary differences	97	3,092	468	14,625
Adjustments to current income				
tax of prior years	117	3,762	9	274
Income tax expense recognized				
in profit or loss	\$ 42,402	\$ 1,361,607	\$ 28,154	\$ 877,148

The income tax rate was 20% used by the Group's subsidiary located in Taiwan, according to the Income Tax Acts of the Republic of China. The Group's subsidiary located in China was expected to be entitled to a preferential tax rate in 2024, including the following: Alchip Shanghai is entitled to a preferential tax rate of 10% for qualifying as a key integrated circuit enterprise in 2024. Alchip Jinan and Alchip Wuxi is entitled to a preferential tax rate of 15% for qualifying as a high-tech enterprise in 2024. Chiptopia Shanghai is entitled to a preferential tax rate of 12.5% for qualifying as a software enterprise in 2024. Other China subsidiaries are entitled to the first two years and a half reduction of 12.5% in 2024. The applicable tax rate used by the Group's subsidiary located in Japan was approximately 37%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Deferred tax				
In respect of the current year				
Fair value changes of				
financial assets at				
FVTOCI	\$ (43)	\$ (1,381)	\$ (52)	\$ (1,652)
Total income tax recognized in				
other comprehensive income	\$ (43)	\$ (1,381)	\$ (52)	\$ (1,652)

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

NTD

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Write-down of inventory	\$ 15,857	\$ (4,597)	\$ -	\$ 978	\$ 12,238
Allowance for doubtful accounts	81,267	47,157	-	6,494	134,918
Intangible assets	12,777	(1,192)	-	(374)	11,211
Deferred revenue from government grants	<u>2,180</u>	<u>1,140</u>	<u>-</u>	<u>172</u>	<u>3,492</u>
	112,081	42,508	-	7,270	161,859
Loss carryforward	<u>28,634</u>	<u>(23,339)</u>	<u>-</u>	<u>1,449</u>	<u>6,744</u>
	<u>\$ 140,715</u>	<u>\$ 19,169</u>	<u>\$ -</u>	<u>\$ 8,719</u>	<u>\$ 168,603</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Financial assets at FVTOCI	\$ 2,415	\$ -	\$ (1,381)	\$ 135	\$ 1,169
Unrealized exchange gain	<u>3,536</u>	<u>1,147</u>	<u>-</u>	<u>264</u>	<u>4,947</u>
	<u>\$ 5,951</u>	<u>\$ 1,147</u>	<u>\$ (1,381)</u>	<u>\$ 399</u>	<u>\$ 6,116</u>

USD

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Write-down of inventory	\$ 516	\$ (143)	\$ -	\$ -	\$ 373
Allowance for doubtful accounts	2,647	1,468	-	-	4,115
Intangible assets	416	(37)	-	(37)	342
Deferred revenue from government grants	<u>71</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>106</u>
	3,650	1,323	-	(37)	4,936
Loss carryforward	<u>933</u>	<u>(726)</u>	<u>-</u>	<u>-</u>	<u>207</u>
	<u>\$ 4,583</u>	<u>\$ 597</u>	<u>\$ -</u>	<u>\$ (37)</u>	<u>\$ 5,143</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Financial assets at FVTOCI	\$ 79	\$ -	\$ (43)	\$ -	\$ 36
Unrealized exchange gain	<u>115</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>151</u>
	<u>\$ 194</u>	<u>\$ 36</u>	<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ 187</u>

For the year ended December 31, 2023

NTD

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Write-down of inventory	\$ 6,259	\$ 9,740	\$ -	\$ (142)	\$ 15,857
Allowance for doubtful accounts	19,690	62,483	-	(906)	81,267
Intangible assets	23,960	(10,291)	-	(892)	12,777
Deferred revenue from government grants	<u>-</u>	<u>2,212</u>	<u>-</u>	<u>(32)</u>	<u>2,180</u>
	49,909	64,144	-	(1,972)	112,081
Loss carryforward	<u>11,998</u>	<u>16,881</u>	<u>-</u>	<u>(245)</u>	<u>28,634</u>
	<u>\$ 61,907</u>	<u>\$ 81,025</u>	<u>\$ -</u>	<u>\$ (2,217)</u>	<u>\$ 140,715</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Financial assets at FVTOCI	\$ 4,043	\$ -	\$ (1,652)	\$ 24	\$ 2,415
Unrealized exchange gain	<u>31,653</u>	<u>(28,524)</u>	<u>-</u>	<u>407</u>	<u>3,536</u>
	<u>\$ 35,696</u>	<u>\$ (28,524)</u>	<u>\$ (1,652)</u>	<u>\$ 431</u>	<u>\$ 5,951</u>

USD

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Write-down of inventory	\$ 204	\$ 312	\$ -	\$ -	\$ 516
Allowance for doubtful accounts	641	2,006	-	-	2,647
Intangible assets	780	(330)	-	(34)	416
Deferred revenue from government grants	-	71	-	-	71
	1,625	2,059	-	(34)	3,650
Loss carryforward	391	542	-	-	933
	<u>\$ 2,016</u>	<u>\$ 2,601</u>	<u>\$ -</u>	<u>\$ (34)</u>	<u>\$ 4,583</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Financial assets at FVTOCI	\$ 131	\$ -	\$ (52)	\$ -	\$ 79
Unrealized exchange gain	1,031	(916)	-	-	115
	<u>\$ 1,162</u>	<u>\$ (916)</u>	<u>\$ (52)</u>	<u>\$ -</u>	<u>\$ 194</u>

c. Income tax assessments

Tax returns of Alchip Technologies Inc. and Alchip Taiwan Branch through 2022 have been assessed by the tax authorities, and there is no significant difference between the assessment results and the income tax returns filed.

23. EARNINGS PER SHARE

Unit: USD/NTD Per Share

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Basic earnings per share	<u>\$ 2.53</u>	<u>\$ 81.34</u>	<u>\$ 1.46</u>	<u>\$ 45.47</u>
Diluted earnings per share	<u>\$ 2.45</u>	<u>\$ 78.83</u>	<u>\$ 1.39</u>	<u>\$ 43.27</u>

EPS is computed as follows:

Net Profit for the Year

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
<u>Net profit for the year</u>				
Profit for the year attributable to owners of the Company	\$ 200,726	\$ 6,445,719	\$ 106,730	\$ 3,325,170
Earnings used in the computation of basic and diluted earnings per share	\$ 200,726	\$ 6,445,719	\$ 106,730	\$ 3,325,170

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,243	73,132
Effect of potentially dilutive ordinary shares		
Employee share option	2,417	3,628
Compensation of employees	<u>107</u>	<u>90</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>81,767</u>	<u>76,850</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CASH FLOW INFORMATION

Non-cash Transactions

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Additions of property, plant and equipment	\$ 66,687	\$ 2,141,454	\$ 54,070	\$ 1,684,546
Changes in payment for equipment	(4,463)	(147,633)	7,311	224,533
Effect of foreign currency exchange differences	<u>-</u>	<u>4,334</u>	<u>-</u>	<u>3,250</u>
Payments for acquisition of property, plant and equipment	<u>\$ 62,224</u>	<u>\$ 1,998,155</u>	<u>\$ 61,381</u>	<u>\$ 1,912,329</u>

(Continued)

	For the Year Ended December 31			
	2024		2023	
	USD	NTD	USD	NTD
Additions of intangible assets	\$ 10,138	\$ 325,566	\$ 31,931	\$ 994,808
Changes in prepayment	3,989	138,051	270	8,266
Changes in other account payable	5,020	154,072	(1,737)	(53,347)
Consideration of the proceeds from the subsidiary's capital increased	-	-	(366)	(11,101)
Effect of foreign currency exchange differences	-	(2,791)	-	(957)
Payments for acquisition of intangible assets	<u>\$ 19,147</u>	<u>\$ 614,898</u>	<u>\$ 30,098</u>	<u>\$ 937,669</u>

(Concluded)

25. CAPITAL MANAGEMENT

The Group is a fabless application specific circuit provider and expects significant capital expenditure on the purchase of machinery equipment and SIP now and in the near future. Accordingly, the Group's objective is to maintain necessary operating capital, the availability of funds for research and development, the capacity to pay dividends, etc. The Group continuously evaluates the policy of capital management with a conservative attitude.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate fair values. Accordingly, the Group takes the carrying amount of those financial assets and liabilities as the basis for evaluating the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group's financial instruments measured at fair value are financial assets at FVTOCI. The fair value measurements, which are grouped into Level 2 and Level 3 based on the degree to which the fair value measurements are observable.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign bonds investment	Adjusted integration of quoted prices or settlement prices from stock exchange market participants for each corporate bond.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of foreign unlisted equity securities were determined by the latest net worth of investee and the financial and operating information of observable companies. The unobservable input used is the non-controlling interests discount.

There were no transfers between Levels 1 and 2 in the 2024 and 2023.

c. Category of financial instruments

	December 31	
	2024	2023
<u>NTD</u>		
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 35,738,384	\$ 16,870,537
Financial assets at FVTOCI		
Debt instruments	1,106,998	181,782
Equity instruments	298,624	342,244
<u>Financial liabilities</u>		
Amortized cost (2)	2,423,173	2,227,880
<u>USD</u>		
<u>Financial assets</u>		
Financial assets at amortized cost (1)	1,090,083	549,440
Financial assets at FVTOCI		
Debt instruments	33,765	5,920
Equity instruments	9,109	11,146
<u>Financial liabilities</u>		
Amortized cost (2)	73,911	72,558

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise trade payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group uses USD, JPY, MYR and VND as the functional currency and uses other currency for the payment of employee salaries and operating expenses of each subsidiary (branch); therefore, there is no material exchange rate fluctuation risk. Since the Company is listed for trading on the Taiwan Stock Exchange, it can be expected that in the future, when dividends are issued to domestic investors in NTD or when funds are raised domestically in NTD such that the amount needs to be exchanged to USD for use, there is an exchange rate risk in the exchange of TWD to USD, and the possible responsive measures adopted by the financial department of the Group are as follows:

- i. The Group maintains an adequate level of foreign currency reserve based on predicted exchange rate to provide for subsidiaries' operating activities and to lessen the impact on adverse exchange fluctuations to the net income;
- ii. The Group continuously monitors exchange rate fluctuations and maintaining close relationships with principal correspondent banks to provide management with sufficient; and
- iii. The Group reduces the impact of adverse exchange rate fluctuations on the Group's net income by using natural write off (i.e., a majority of sales and purchase transactions are denominated in USD) and by using foreign currency loans or forward exchange contracts when needed information as a basis for managing exchange rate fluctuations.

Refer to Note 30 for the carrying amounts of monetary assets and liabilities not denominated in functional currency at the end of the reporting period.

Sensitivity analysis

The Group is mainly exposed to the RMB, NTD and USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the USD and JPY (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and their adjusted translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the USD and JPY strengthening 5% against the relevant currency. For a 5% weakening of the USD and JPY against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

Unit: In Thousands of U.S. Dollars

	Profit or Loss	
	For the Year Ended December 31	
	2024	2023
RMB	\$ 4,461	\$ 2,150
NTD	421	98
USD	173	146

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	2023
<u>NTD</u>		
Fair value interest rate risk		
Financial assets	\$ 9,985,853	\$ 4,894,199
Financial liabilities	207,330	226,325
Cash flow interest rate risk		
Financial assets	20,616,900	9,398,249
<u>USD</u>		
Fair value interest rate risk		
Financial assets	304,586	159,395
Financial liabilities	6,324	7,371
Cash flow interest rate risk		
Financial assets	628,851	306,082

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by NT\$51,542 thousand (US\$1,572 thousand) and NT\$23,496 thousand (US\$765 thousand), respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the finance department periodically.

The credit risk on liquid funds was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk of 43% and 13% of total trade receivables as of December 31, 2024 and 2023, respectively, was attributable to the Group's largest customer.

3) Liquidity risk

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

a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The interest recognition is not material.

	December 31, 2024									
	NTD					USD				
	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities										
Trade payables	\$ 1,624,662	\$ 201,665	\$ -	\$ -	\$ -	\$ 49,555	\$ 6,151	\$ -	\$ -	\$ -
Other payables	580,309	16,367	170	-	-	17,701	499	5	-	-
Lease liabilities	4,760	8,697	70,945	145,238	791	146	265	2,164	4,430	24
	<u>\$ 2,209,731</u>	<u>\$ 226,729</u>	<u>\$ 71,115</u>	<u>\$ 145,238</u>	<u>\$ 791</u>	<u>\$ 67,402</u>	<u>\$ 6,915</u>	<u>\$ 2,169</u>	<u>\$ 4,430</u>	<u>\$ 24</u>

	December 31, 2023									
	NTD					USD				
	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities										
Trade payables	\$ 1,511,954	\$ 413,482	\$ -	\$ -	\$ -	\$ 49,242	\$ 13,466	\$ -	\$ -	\$ -
Other payables	277,204	25,240	-	-	-	9,028	822	-	-	-
Lease liabilities	3,853	6,916	72,269	154,798	4,094	126	225	2,354	5,041	133
	<u>\$ 1,793,011</u>	<u>\$ 445,638</u>	<u>\$ 72,269</u>	<u>\$ 154,798</u>	<u>\$ 4,094</u>	<u>\$ 58,396</u>	<u>\$ 14,513</u>	<u>\$ 2,354</u>	<u>\$ 5,041</u>	<u>\$ 133</u>

b) Financing facilities

	December 31	
	2024	2023
<u>NTD</u>		
Other loan facilities		
Amount used	\$ -	\$ -
Amount unused	<u>136,825</u>	<u>854,329</u>
	<u>\$ 136,825</u>	<u>\$ 854,329</u>
<u>USD</u>		
Other loan facilities		
Amount used	\$ -	\$ -
Amount unused	<u>4,173</u>	<u>27,824</u>
	<u>\$ 4,173</u>	<u>\$ 27,824</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides the information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Adoresys PTE. LTD.	Associate

b. Revenue

NTD

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Service revenue	Associate	\$ <u>-</u>	\$ <u>305,319</u>

USD

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Service revenue	Associate	\$ <u>-</u>	\$ <u>9,800</u>

The charges of service and payment terms with related parties were not significantly different from those with third parties.

c. Receivables from related parties

NTD

Line Item	Related Party Category	December 31	
		2024	2023
Trade receivables	Associate	\$ <u>-</u>	\$ <u>138,817</u>

USD

Line Item	Related Party Category	December 31	
		2024	2023
Trade receivables	Associate	\$ <u>-</u>	\$ <u>4,521</u>

The outstanding trade receivables from related parties mentioned above were unsecured. For the years ended December 31, 2024 and 2023, no provisions for impairment loss were recognized.

d. Prepayments

NTD

Related Party Category	December 31	
	2024	2023
Associate	\$ <u>-</u>	\$ <u>14,901</u>

USD

Related Party Category	December 31	
	2024	2023
Associate	\$ <u>-</u>	\$ <u>485</u>

e. Other accrued expenses

NTD

Related Party Category	December 31	
	2024	2023
Associate	\$ <u>35,441</u>	\$ <u>-</u>

USD

Related Party Category	December 31	
	2024	2023
Associate	\$ <u>1,081</u>	\$ <u>-</u>

The outstanding other accrued expenses to related parties are unsecured.

f. Service expense

NTD

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Research and development expenses	Associate	\$ <u>99,573</u>	\$ <u>19,152</u>

USD

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Research and development expenses	Associate	\$ <u>3,101</u>	\$ <u>615</u>

The associate provides research and development services to the Company. The terms of the transaction were negotiated and determined by both parties because there were no comparable transactions with other third parties.

g. Acquisition of investments accounted for the equity method

Adoresys PTE. LTD. conducted a Series A fund raising in March 2024, issuing 33,000 thousand shares at an exercise price of US\$0.6 per share. In April 2024, the board of directors resolved to subscribe for 3,500 thousand shares, with a total investment amount of NT\$67,001 thousand (US\$2,100 thousand).

h. Remuneration of directors and key management personnel

	For the Year Ended December 31	
	2024	2023
<u>NTD</u>		
Other employee benefits	\$ 318,016	\$ 259,001
Share-based payments	23,773	80,141
Post-employment benefits	<u>1,165</u>	<u>889</u>
	<u>\$ 342,954</u>	<u>\$ 340,031</u>
<u>USD</u>		
Other employee benefits	\$ 9,904	\$ 8,313
Share-based payments	740	2,572
Post-employment benefits	<u>36</u>	<u>29</u>
	<u>\$ 10,680</u>	<u>\$ 10,914</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

As of December 31, 2024 and 2023, the Group provided time deposits amounting to NT\$30,090 thousand (US\$918 thousand) and NT\$1,438,093 thousand (US\$46,836 thousand) as tariff guarantees for imported raw materials and collateral for letters of credit.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, unrecognized commitments of the Group at December 31, 2024 and 2023 were as follows:

- a. The Group entered into a capacity reservation agreement with Company A from July 2022 to June 2025. The Group shall pay a total amount of US\$25,422 thousand in advance for the purchase of materials in accordance with the agreement. The prepayment shall be deducted at the rate of 35% of the total purchase for each order placed by the Group. If the production capacity provided by Company A in any month doesn't meet the commitment, Company A shall pay the Group 0.1% of the prepayment as a penalty for each overdue day, but the maximum shall not exceed 6% of the balance of the prepayment. The Group has prepaid US\$13,220 thousand for the purchase of materials, and as of December 31, 2024 and 2023, the prepayment balance amounted to US\$8,800 thousand and US\$10,445 thousand, respectively.

- b. The Group entered into SIP license agreements with several companies and shall pay specific amounts to obtain the authorized license rights for a certain period in accordance with the agreements. One specific license agreement requires the Group to make payments according to the payment schedule, and as of December 31, 2024 and 2023, the committed license fees not paid by the Group amounted to US\$23,304 thousand and US\$11,233 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount (USD in Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 705,677	0.139113 (RMB:USD)	\$ 98,169
USD	5,016	156.201187 (USD:JPY)	5,016
NTD	334,798	0.030502 (NTD:USD)	<u>10,212</u>
			<u>\$ 113,397</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	36,061	0.139113 (RMB:USD)	\$ 5,017
NTD	10,123	0.030502 (NTD:USD)	<u>309</u>
			<u>\$ 5,326</u>
<u>Financial liabilities</u>			
Monetary items			
RMB	64,325	0.139113 (RMB:USD)	\$ 8,848
USD	1,557	156.201187 (USD:JPY)	1,557
NTD	57,874	0.030502 (NTD:USD)	<u>1,775</u>
			<u>\$ 12,270</u>

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount (USD in Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 482,508	0.141189 (RMB:USD)	\$ 68,125
USD	14,731	141.362737 (USD:JPY)	14,731
NTD	90,511	0.032568 (NTD:USD)	<u>2,948</u>
			<u>\$ 85,804</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 37,559	0.141189 (RMB:USD)	\$ 5,303
NTD	113,130	0.032568 (NTD:USD)	<u>3,684</u>
			<u>\$ 8,987</u>

Financial liabilities

Monetary items			
RMB	177,916	0.141189 (RMB:USD)	\$ 25,120
USD	11,804	141.362737 (USD:JPY)	11,804
NTD	30,067	0.032568 (NTD:USD)	<u>979</u>
			<u>\$ 37,903</u>

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

Foreign Currency	For the Year Ended December 31			
	2024		2023	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
RMB	0.140444(RMB:USD)	\$ (1,236)	0.141999 (RMB:USD)	\$ (209)
USD	151.400454 (USD:JPY)	450	140.272128 (USD:JPY)	(203)
NTD	0.031141 (NTD:USD)	143	0.032098 (NTD:USD)	1,199
VND	0.000039 (VND:USD)	<u>64</u>		<u>-</u>
		<u>\$ (579)</u>		<u>\$ 787</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions (Table 4)
- 11) Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

32. SEGMENT INFORMATION

a. Operating segment

The Group is engaged in research and development, design, and manufacturing of ASIC and SOC and provides related services. These activities are deemed single industry; accordingly, management considers the Group as having only one reportable segment.

b. Geographical information

The Group operates in three principal geographical areas - Japan, Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets (exclude deferred income tax asset) by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2024	2023	2024	2023
<u>NTD</u>				
United States	\$ 44,721,267	\$ 19,237,266	\$ 1,659	\$ 4,621
China	4,679,049	3,873,414	474,147	611,948
Europe	1,164,203	2,401,017	-	-
Japan	802,591	1,919,287	28,979	43,019
Taiwan	601,460	2,743,303	2,117,025	2,031,743
Other	-	307,289	1,335,064	210,138
	<u>\$ 51,968,570</u>	<u>\$ 30,481,576</u>	<u>\$ 3,956,874</u>	<u>\$ 2,901,469</u>
<u>USD</u>				
United States	\$ 1,392,666	\$ 617,471	\$ 51	\$ 151
China	145,710	124,327	14,462	19,930
Europe	36,254	77,067	-	-
Japan	24,994	61,604	884	1,401
Taiwan	18,729	88,053	64,572	66,169
Other	-	9,863	40,722	6,844
	<u>\$ 1,618,353</u>	<u>\$ 978,385</u>	<u>\$ 120,691</u>	<u>\$ 94,495</u>

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

Customer	For the Year Ended December 31					
	2024			2023		
	USD	NTD	%	USD	NTD	%
Customer A	\$ 973,664	\$ 31,266,294	60	\$ 569,499	\$ 17,742,729	58
Customer B	342,760	11,006,697	21	Note	Note	Note

Note: Revenue from the customer for the indicated period was less than 10% of the Group's revenue.

TABLE 1

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Alchip BVI	Corporate bonds							
	Saudi Arabian Oil	-	Financial assets at fair value through other comprehensive income - current	500	\$ 15,936	-	\$ 15,936	-
	TSMC	-	Financial assets at fair value through other comprehensive income - non-current	2,000	62,652	-	62,652	-
	SUMITOMO MITSUI	-	"	1,000	33,110	-	33,110	-
	Manulife Financial Corp	-	"	1,000	32,603	-	32,603	-
	NTT Finance Corp	-	"	1,000	33,062	-	33,062	-
	Macquarie Bank	-	"	1,000	33,287	-	33,287	-
	Banco Santander SA	-	"	1,000	33,220	-	33,220	-
	Korea National Oil Corp	-	"	1,000	32,892	-	32,892	-
	Korea Gas Corp	-	"	500	16,421	-	16,421	-
	CK Hutchison International (24) Limited	-	"	500	16,643	-	16,643	-
	Mitsubishi UFJ Financial Group, Inc.	-	"	1,400	46,440	-	46,440	-
	HSBC Holdings PLC	-	"	1,000	32,462	-	32,462	-
	Credit Agricole SA	-	"	1,000	32,837	-	32,837	-
	BP Capital Markets America Inc	-	"	1,000	31,154	-	31,154	-
	Toyota Motor Credit Corporation	-	"	2,000	66,213	-	66,213	-
	Saudi International	-	"	2,000	65,213	-	65,213	-
	Pfizer Investment Enterprises Pte. Ltd.	-	"	2,000	64,983	-	64,983	-
	Verizon Communications Inc.	-	"	1,000	32,175	-	32,175	-
	BP Capital Markets America Inc	-	"	1,800	58,698	-	58,698	-
	Electricite de France	-	"	1,000	33,519	-	33,519	-
	National Australia Bank Limited	-	"	1,000	32,126	-	32,126	-
	Goldman Sachs Group, Inc.	-	"	1,000	32,407	-	32,407	-
	Morgan Stanley	-	"	2,000	67,957	-	67,957	-
	BNP Paribas	-	"	1,850	60,628	-	60,628	-
	Mitsubishi UFJ Financial Group, Inc.	-	"	2,000	66,228	-	66,228	-
	UBS Group AG	-	"	2,000	67,978	-	67,978	-
	SHINHAN CARD	-	"	200	6,154	-	6,154	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Alchip Shanghai	<u>Unlisted equity investments/Equity investment fund</u> ACHI CAPITAL PARTNERS FUND L.P.	-	Financial assets at fair value through other comprehensive income - non-current	Note 4	\$ 124,036	1.99	\$ 124,036	-
	KQ (Shenzhen) Semiconductor & Technology Industry Equity Investment Fund	-	"	Note 2	96,813	0.81	96,813	-
	KQ (Suzhou) Emerging Industry Venture Equity Investment Fund	-	"	Note 3	67,652	2.62	67,652	-
Alchip TW	Uniconn Interconnections Technology Co., Ltd.	-	"	3,026	10,123	5.29	10,123	-

Note 1: For the information on investments in subsidiaries and associates, see Tables 5 and 6 for details.

Note 2: The original capital of KQ (Shenzhen) Semiconductor & Technology Industry Equity Investment Fund was RMB1,680,000,000, of which Alchip Shanghai owned RMB13,500,000.

Note 3: The original capital of KQ (Suzhou) Emerging Industry Venture Equity Investment Fund was RMB686,130,000, of which Alchip Shanghai owned RMB18,000,000.

Note 4: The original capital of Achi Capital Partners Fund L.P. was US\$189,756,355, of which Alchip BVI owned US\$3,783,303.

(Concluded)

TABLE 2

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Alchip KK	Subsidiary	Operating revenue	\$ (217,827)	(0.44)	Within 1 year	The same as regular terms	The same as regular transaction terms	\$ 221,859	3.84	-
Alchip KK	The Company	"	"	(169,656)	(30.82)	Within 1 year	"	"	-	-	-
Alchip Chongqing	Alchip Shanghai	"	"	(244,814)	(54.15)	"	"	"	-	-	-
Alchip Guangzhou	Alchip Shanghai	"	"	(183,317)	(91.53)	"	"	"	-	-	-
Alchip Jinan	Alchip Shanghai	"	"	(282,597)	(96.94)	"	"	"	-	-	-
Alchip Hefei	Alchip Shanghai	"	"	(137,504)	(78.09)	"	"	"	-	-	-
Alchip Wuxi	Alchip Chongqing	"	"	(170,362)	(57.80)	"	"	"	46,532	76.24	-
Alchip US	The Company	"	"	(116,612)	(100.00)	"	"	"	64,481	100.00	-
Alchip KK	The Company	"	Operating cost	217,827	59.51	"	"	"	(221,859)	(99.50)	-
The Company	Alchip KK			169,656	0.41	"	"	"	-	-	-
Alchip Shanghai	Alchip Chongqing	"	"	244,814	25.16	"	"	"	-	-	-
	Alchip Guangzhou	"	"	183,317	18.84	"	"	"	-	-	-
	Alchip Jinan	"	"	282,597	29.04	"	"	"	-	-	-
	Alchip Hefei	"	"	137,504	14.13	"	"	"	-	-	-
Alchip Chongqing	Alchip Wuxi	"	"	170,362	96.24	"	"	"	(46,532)	(70.25)	-
The Company	Alchip US	"	"	116,612	0.28	"	"	"	(64,481)	(3.26)	-

TABLE 3

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Alchip KK	Subsidiary	\$ 221,859	0.95	\$ -	-	\$ -	\$ -

Note: Amounts received as of March 12, 2025.

TABLE 4

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	Alchip KK	a	Accounts receivable	\$ 221,859	Based on regular items	-
		Alchip KK	a	Operating revenue	217,827	"	-
		Alchip Shanghai	a	Operating revenue	48,449	"	-
1	Alchip Wuxi	Alchip Guangzhou	c	Accounts receivable	14,503	"	-
		Alchip Chongqing	c	Accounts receivable	46,532	"	-
		Alchip Guangzhou	c	Operating revenue	13,402	"	-
		Alchip Chongqing	c	Operating revenue	170,362	"	-
2	Alchip Hefei	Alchip Guangzhou	c	Accounts receivable	14,503	"	-
		Alchip Guangzhou	c	Operating revenue	13,402	"	-
		Alchip Shanghai	c	Operating revenue	137,504	"	-
3	Alchip Guangzhou	Alchip Shanghai	c	Operating revenue	183,317	"	-
4	Alchip Jinan	Alchip Shanghai	c	Operating revenue	282,597	"	1
5	Alchip KK	The Company	b	Operating revenue	169,656	"	-
6	Alchip US	The Company	b	Accounts receivable	64,481	"	-
		The Company	b	Operating revenue	116,612	"	-
7	Alchip Chongqing	Alchip Guangzhou	c	Accounts receivable	29,007	"	-
		Alchip Guangzhou	c	Operating revenue	26,803	"	-
		Alchip Shanghai	c	Operating revenue	244,814	"	-

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- a. Fill in “0” for the parent company.
- b. Subsidiaries are listed in order.

Note 2: Relationship types are as follows:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. Between subsidiaries.

(Continued)

Note 3: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2024, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the twelve months ended December 31, 2024.

Note 4: The amount was eliminated upon consolidation.

(Concluded)

TABLE 5

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Shares (In Thousands)	%	Carrying Amount			
The Company	Alchip HK	Hong Kong	Investments	\$ 598,415 (US\$ 19,129)	\$ 566,235 (US\$ 18,129)	14,165,970	100.0	\$ 2,829,401	\$ 1,016,534	\$ 1,016,534	-
	Alchip USA	U.S.A.	Product Technical Support and Consulting Services.	114,922 (US\$ 3,910)	114,922 (US\$ 3,910)	391,000	100.0	36,659	(36,226)	(36,226)	-
	Alchip KK	Japan	Product Technical Support, sales and Consulting Services.	33,902 (JPY 100,000)	33,902 (JPY 100,000)	1	100.0	116,041	13,051	13,051	-
	Alchip TW	Taiwan	ASIC and SOC services	100	100	10	100.0	411,022	(37,902)	(37,902)	-
	Alchip BVI	Tortola British Virgin Islands	Investment	1,330,959 (US\$ 41,836) (Note 2)	473,317 (US\$ 15,100)	50	100.0	1,479,284 (Note 2)	6,883	6,883	-
	Alchip MY	Malaysia	Research and development, design, and sales of ASIC and SOC and rendering of related services.	32,295 (US\$ 1,000)	- -	4,681	100.0	23,374	(9,215)	(9,215)	-
Alchip HK	Alchip VN	Vietnam	Research and development, design, and sales of ASIC and SOC and rendering of related services.	32,180 (US\$ 1,000)	- -	Note3	100.0	32,404	1,668	1,668	-
Alchip BVI	Adoresys PTE. LTD.	Singapore	IC front-end design technical services	137,324 (US\$ 4,400)	70,323 (US\$ 2,300)	20,000	17.7	118,959	(46,194)	(29,279)	Note 1

Note 1: In March 2024, Alchip BVI invested 3,500 thousand preference shares of Adoresys PTE. LTD. for NT\$67,001 thousand (US\$2,100 thousand) in cash, and the percentage of ownership interest was 17.7% as of December 31, 2024, see Note 27 for details.

Note 2: Among which, an amount of NT\$857,642 thousand (US\$26,736 thousand) had been injected, but, the procedures of capital-injection have not been completed.

Note 3: Only the investment amount is displayed on the Company’s business license with no record of shares recorded.

Note 4: For the information on investments in mainland China, see Table 6 for details.

TABLE 6

ALCHIP TECHNOLOGIES, LIMITED AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Alchip Shanghai	Research and development, design, and sales of ASIC and SOC related services.	\$ 419,684 (US\$ 12,800) (RMB 102,392)	Note 1, b.	\$ 419,648 (US\$ 12,800)	\$ -	\$ -	\$ 419,648 (US\$ 12,800)	\$ 782,240	100	\$ 782,240 (Note 2, b.)	\$ 1,782,218	\$ -	
Alchip Wuxi	Research and development, design, and sales of ASIC and SOC related services.	65,750 (US\$ 2,000) (RMB 12,482)	Note 1, b.	65,570 (US\$ 2,000)	-	-	65,570 (US\$ 2,000)	72,707	100	72,707 (Note 2, b.)	341,208	-	
Alchip Hefei	Research and development, design, and sales of ASIC and SOC related services.	16,393 (US\$ 500) (RMB 3,469)	Note 1, b.	16,393 (US\$ 500)	-	-	16,393 (US\$ 500)	58,100	100	58,100 (Note 2, b.)	260,177	-	
Alchip Jinan	Research and development, design, and sales of ASIC and SOC related services.	25,703 (US\$ 784) (RMB 5,031)	Note 1, b.	25,703 (US\$ 784)	-	-	25,703 (US\$ 784)	78,450	100	78,450 (Note 2, b.)	211,510	-	
Alchip Guangzhou	Research and development, design, and sales of ASIC and SOC related services.	52,456 (US\$ 1,600) (RMB 10,523)	Note 1, b.	52,456 (US\$ 1,600)	-	-	52,456 (US\$ 1,600)	23,585	100	23,585 (Note 2, b.)	199,304	-	
Chiptopia Shanghai	Software development and services, design, and sales of ASIC and SOC related services.	49,877 (US\$ 1,521) (RMB 10,000)	Note 1, c.	(Note 3)	-	-	(Note 3)	2,347	65	1,525 (Note 2, b.)	41,493	-	
Alchip Chongqing	Research and development, design, and sales of ASIC and SOC related services.	25,414 (US\$ 775) (RMB 5,000)	Note 1, c.	(Note 4)	-	-	(Note 4)	151,177	100	151,177 (Note 2, b.)	190,827	-	
Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024		Investment Amount Authorized by the Investment Commission, MOEA		Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA									
\$ -		\$ -		\$ -									

(Continued)

Note 1: The investment types are as follows:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through a subsidiary in a third place. (Investor: Alchip H.K.)
- c. Others. (Investor: Alchip Guangzhou or Alchip Shanghai)

Note 2: In the column of investment gain or loss:

- a. It should be noted if the investment was still in preparation without investment gain or loss.
- b. The recognition basis of investment gain or loss should be noted as follows:
 - 1) The financial statement is audited by an international accounting firm cooperating with accounting firms in Taiwan.
 - 2) The financial statement is audited by a certified public accountant cooperating with the parent company in Taiwan.
 - 3) Others.

Note 3: The cumulative investment amount at the beginning and end of the current period does not include the RMB6,500 thousand invested by Alchip Guangzhou.

Note 4: The cumulative investment amount at the beginning and end of the current period does not include the RMB5,000 thousand invested by Alchip Shanghai.

Note 5: The foreign currency listed in Table 6 was presented at the foreign exchange rate of US\$:NT\$1:32.785 as of December 31, 2024.

(Concluded)