

Weltrend Semiconductor, Inc. and  
Its Subsidiaries

Consolidated Financial Statements  
and Independent Auditor's Report  
For the Nine Months Ended September 30,  
2024 and 2023

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## **Independent Auditor's Review Report**

To Weltrend Semiconductor, Inc. and Its Subsidiaries,

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Weltrend Semiconductor, Inc. (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months and the nine months then ended, the consolidated statements of changes in equity and cash flows for the nine months then ended, as well as relevant notes to the consolidated statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Statement 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except for those described in the paragraph of basis of a qualified conclusion, we conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standard No. 2410. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis of qualified conclusion**

As mentioned in Note 12 to the consolidated financial statements, the non-material subsidiaries' financial statements for the same period included in the above consolidated financial statements have not been reviewed by us, and their total assets as at September 30, 2024 and 2023 were NT\$418,843 thousand and NT\$378,162 thousand, respectively, accounting for 7% of the total consolidated assets, respectively; total liabilities were NT\$5,576 thousand and NT\$6,206 thousand, respectively, both representing 0% of the total consolidated liabilities; total consolidated comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 was NT\$(7,353) thousand, NT\$9,877 thousand, NT\$29,487 thousand, and NT\$47,661 thousand respectively, accounting for 17%, 13%, 13%, and 19% of the total consolidated comprehensive income, respectively.

**Qualified conclusion**

According to our review results, except that the financial statements of non-material subsidiaries described in the Basis of qualified conclusion paragraph may result in adjustment to the consolidated financial statements if reviewed by us, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, with a fair presentation of the Group’s consolidated financial position as of September 30, 2024 and 2023 as well as consolidated financial performance and consolidated cash flows for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023.

The engagement partners on the audits resulting in this independent auditors’ report are Cheng-Chih, Lin and Chih-yuan Wen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 6, 2024

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Consolidated Balance Sheet  
As of September 30, 2024, December 31, 2023, and September 30, 2023

Unit: NT\$ thousand

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023		Code	Liabilities and equity	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	Current assets								Current liabilities						
1100	Cash and cash equivalents (Notes 6 and 32)	\$ 609,436	10	\$ 1,242,075	21	\$ 1,304,771	22	2100	Short-term borrowings (Notes 19, 32 and 34)	\$ 313,485	5	\$ 150,000	3	\$ 169,120	3
1110	Financial assets at fair value through profit or loss - current (Notes 7, 32, and 34)	1,084,252	18	509,433	9	267,000	5	2120	Financial liabilities at fair value through profit or loss - current (Notes 7, 20, and 32)	1,540	-	110	-	1,870	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 32)	585,935	10	468,486	8	292,427	5	2150	Notes payable (Notes 21 and 32)	463	-	629	-	352	-
1136	Financial assets at amortized cost - current (Notes 9 and 32)	306,362	5	277,133	5	293,929	5	2170	Accounts payable (Notes 21 and 32)	358,566	6	232,687	4	249,953	4
								2206	Remuneration payable to employees and directors and supervisors (Note 27)	49,934	1	51,086	1	32,435	1
1150	Notes receivable (Notes 10 and 32)	13,116	-	13,574	-	14,992	-	2209	Other payables (Notes 22 and 32)	59,330	1	75,064	1	57,535	1
1170	Accounts receivable, net (Notes 10, 26 and 32)	975,440	16	923,254	16	987,545	17	2230	Current tax liabilities (Notes 4 and 28)	12,813	-	844	-	-	-
1200	Other receivables (Notes 10 and 32)	51,608	1	6,806	-	27,658	-	2250	Liabilities - current (Note 23)	12,399	-	12,207	-	8,305	-
1220	Current tax assets (Note 28)	14,826	-	11,619	-	-	-	2280	Lease liabilities - current (Notes 15 and 32)	14,209	1	17,341	-	18,950	-
130X	Inventory (Note 11)	799,009	14	789,659	13	962,544	17	2300	Other current liabilities (Notes 22 and 26)	12,045	-	6,897	-	9,665	-
1410	Prepayments (Note 18)	36,286	1	34,003	1	35,989	1	2320	Corporate bonds payable due within one year (Notes 20 and 32)	1,057,014	18	-	-	-	-
11XX	Total current assets	4,476,270	75	4,276,042	73	4,186,855	72	21XX	Total current liabilities	1,891,798	32	546,865	9	548,185	9
	Non-current assets								Non-current liabilities						
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 32)	93,481	2	80,663	1	74,088	1	2530	Corporate bonds payable (Notes 20 and 32)	-	-	1,041,009	18	1,035,738	18
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 32)	70,773	1	68,074	1	69,173	1	2570	Deferred tax liabilities (Note 4 and 28)	116,415	2	126,466	2	138,248	2
1535	Financial assets at amortized cost - non-current (Notes 9, 32, and 34)	10,405	-	10,401	-	10,401	-	2580	Lease liabilities - non-current (Notes 15 and 32)	24,582	-	31,519	1	35,141	1
1600	Property, plant and equipment (Notes 13 and 34)	202,683	3	213,906	4	220,883	4	2640	Net defined benefit liability - non-current (Notes 4 and 24)	39,534	1	52,285	1	55,135	1
1755	Right-of-use assets (Note 15)	38,128	1	48,314	1	53,593	1	2670	Other non-current liabilities (Note 22)	440	-	440	-	440	-
1760	Investment property (Note 14)	47,819	1	50,208	1	51,004	1	25XX	Total non-current liabilities	180,971	3	1,251,719	22	1,264,702	22
1780	Intangible assets (Note 17)	589,698	10	641,476	11	663,675	12	2XXX	Total liabilities	2,072,769	35	1,798,584	31	1,812,887	31
1805	Goodwill (Note 16)	447,603	7	447,603	8	447,603	8		Equity attributable to owners of the Company (Notes 20 and 25)						
1840	Deferred tax assets (Notes 4 and 28)	1,686	-	3,718	-	5,729	-	3110	Common stock	1,780,116	30	1,780,116	30	1,780,100	31
1915	Prepayments for equipment	-	-	-	-	632	-	3200	Capital surplus	266,971	4	266,965	4	266,887	5
1920	Guarantee deposits paid (Note 32)	6,530	-	6,565	-	6,570	-		Retained earnings						
1990	Other non-current assets	2,506	-	4,993	-	6,267	-	3310	Legal reserve	658,536	11	640,592	11	640,592	11
15XX	Total non-current assets	1,511,312	25	1,575,921	27	1,609,618	28	3320	Special reserve	24,855	-	167,949	3	167,949	3
								3350	Unappropriated earnings	869,875	15	733,853	12	747,553	13
								3300	Total retained earnings	1,553,266	26	1,542,394	26	1,556,094	27
								3400	Other equity	( 33,857 )	( 1 )	( 24,853 )	-	( 111,232 )	( 2 )
								3500	Treasury stock	( 206,993 )	( 3 )	( 83,400 )	( 1 )	( 83,400 )	( 2 )
								31XX	Total equity attributable to owners of the Parent	3,359,503	56	3,481,222	59	3,408,449	59
								36XX	Non-controlling interests (Note 25)	555,310	9	572,157	10	575,137	10
								3XXX	Total equity	3,914,813	65	4,053,379	69	3,983,586	69
1XX	Total assets								Total liabilities and equity						
X		5,987,582	100	5,851,963	100	5,796,473	100			5,987,582	100	5,851,963	100	5,796,473	100

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the review report by Deloitte Taiwan dated November 6, 2024)

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Consolidated Statements of Comprehensive Income

For the Three Months Ended September 30, 2024 and 2023 and for the Nine Months Ended September 30, 2024 and 2023

Unit: Thousands of NTD; except for earnings per share in NTD

Code		July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue, net (Note 26)	\$ 847,481	100	\$ 821,671	100	\$ 2,258,432	100	\$ 2,091,516	100
5000	Operating costs (Notes 11, 24, and 27)	<u>592,899</u>	<u>70</u>	<u>611,192</u>	<u>74</u>	<u>1,590,387</u>	<u>70</u>	<u>1,559,205</u>	<u>75</u>
5900	Operating gross margins	<u>254,582</u>	<u>30</u>	<u>210,479</u>	<u>26</u>	<u>668,045</u>	<u>30</u>	<u>532,311</u>	<u>25</u>
	Operating expenses (Notes 24 and 27)								
6100	Selling expenses	48,536	6	48,364	6	144,914	6	138,800	6
6200	Administrative expenses	24,660	3	29,302	4	81,045	4	82,979	4
6300	Research and Development expenses	97,252	11	115,941	14	320,230	14	332,024	16
6450	Expected credit impairment losses (Note 10)	<u>72</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>321</u>	<u>-</u>
6000	Total operating expenses	<u>170,520</u>	<u>20</u>	<u>193,695</u>	<u>24</u>	<u>546,264</u>	<u>24</u>	<u>554,124</u>	<u>26</u>
6900	Net operating profits (losses)	<u>84,062</u>	<u>10</u>	<u>16,784</u>	<u>2</u>	<u>121,781</u>	<u>6</u>	<u>( 21,813 )</u>	<u>( 1 )</u>
	Non-operating income and expenses (Note 27)								
7100	Interest income	7,500	1	15,316	2	37,510	2	32,624	2
7010	Other income	41,586	5	30,598	4	49,027	2	52,567	2
7020	Other profits and losses	( 109,830 )	( 13 )	52,711	6	50,251	2	176,371	8
7050	Financial costs	( 7,119 )	( 1 )	( 6,909 )	( 1 )	( 19,660 )	( 1 )	( 18,979 )	( 1 )
7000	Total non-operating income and expenses	<u>( 67,863 )</u>	<u>( 8 )</u>	<u>91,716</u>	<u>11</u>	<u>117,128</u>	<u>5</u>	<u>242,583</u>	<u>11</u>
7900	Net profit before taxation	16,199	2	108,500	13	238,909	11	220,770	10
7950	Income tax expense (Notes 4 and 28)	<u>( 2,472 )</u>	<u>-</u>	<u>( 24,682 )</u>	<u>( 3 )</u>	<u>( 35,009 )</u>	<u>( 2 )</u>	<u>( 29,882 )</u>	<u>( 1 )</u>
8200	Net profits for the period	<u>13,727</u>	<u>2</u>	<u>83,818</u>	<u>10</u>	<u>203,900</u>	<u>9</u>	<u>190,888</u>	<u>9</u>
	Other comprehensive income (Note 25)								
8310	Items not reclassified to profit or loss:								
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	( 56,345 )	( 7 )	( 8,265 )	( 1 )	21,992	1	59,676	3
8360	Items that may subsequently be reclassified to profit or loss:								
8361	Exchange differences on the translation of financial statements of foreign operations	( 231 )	-	1,161	-	1,053	-	535	-
8300	Other comprehensive income for the period	<u>( 56,576 )</u>	<u>( 7 )</u>	<u>( 7,104 )</u>	<u>( 1 )</u>	<u>23,045</u>	<u>1</u>	<u>60,211</u>	<u>3</u>
8500	Total comprehensive income for the period	<u>( \$ 42,849 )</u>	<u>( 5 )</u>	<u>\$ 76,714</u>	<u>9</u>	<u>\$ 226,945</u>	<u>10</u>	<u>\$ 251,099</u>	<u>12</u>
	Net income attributable to:								
8610	Owners of the parent	\$ 14,826	2	\$ 81,388	10	\$ 191,846	8	\$ 189,823	9
8620	Non-controlling interests	<u>( 1,099 )</u>	<u>-</u>	<u>2,430</u>	<u>-</u>	<u>12,054</u>	<u>1</u>	<u>1,065</u>	<u>-</u>
8600		<u>\$ 13,727</u>	<u>2</u>	<u>\$ 83,818</u>	<u>10</u>	<u>\$ 203,900</u>	<u>9</u>	<u>\$ 190,888</u>	<u>9</u>
	Comprehensive income attributable to:								
8710	Owners of the parent	( \$ 41,783 )	( 5 )	\$ 74,260	9	\$ 214,396	9	\$ 249,860	12
8720	Non-controlling interests	<u>( 1,066 )</u>	<u>-</u>	<u>2,454</u>	<u>-</u>	<u>12,549</u>	<u>1</u>	<u>1,239</u>	<u>-</u>
8700		<u>( \$ 42,849 )</u>	<u>( 5 )</u>	<u>\$ 76,714</u>	<u>9</u>	<u>\$ 226,945</u>	<u>10</u>	<u>\$ 251,099</u>	<u>12</u>
	Earnings per share (Note 29)								
9750	Basic	<u>\$ 0.08</u>		<u>\$ 0.46</u>		<u>\$ 1.09</u>		<u>\$ 1.07</u>	
9850	Diluted	<u>\$ 0.08</u>		<u>\$ 0.45</u>		<u>\$ 1.05</u>		<u>\$ 1.06</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the review report by Deloitte Taiwan dated November 6, 2024)

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Nine Months Ended September 30, 2024 and 2023

Unit: NT\$ thousand

		Equity attributable to owners of the Parent											
							Other equity						
		Common stock		Retained earnings			Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests	Total equity	
Code		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve							Unappropriated earnings
A1	Balance at January 1, 2023	178,010	\$ 1,780,100	\$ 69,026	\$ 633,441	\$ 32,053	\$ 909,856	( \$ 1,571 )	( \$ 166,378 )	( \$ 103,164 )	\$ 3,153,363	\$ 611,292	\$ 3,764,655
	Earnings distribution for 2022												
B1	Legal reserve	-	-	-	7,151	-	( 7,151 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	135,896	( 135,896 )	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	( 212,399 )	-	-	-	( 212,399 )	-	( 212,399 )
	Other changes in capital surplus:												
C5	Convertible corporate bonds issued and recognized in components of equity	-	-	193,693	-	-	-	-	-	-	193,693	-	193,693
D1	Net profits from January 1 to September 30, 2023	-	-	-	-	-	189,823	-	-	-	189,823	1,065	190,888
D3	Other comprehensive income from January 1 to September 30, 2023	-	-	-	-	-	-	535	59,502	-	60,037	174	60,211
D5	Total comprehensive income from January 1 to September 30, 2023	-	-	-	-	-	189,823	535	59,502	-	249,860	1,239	251,099
F3	Transfer of treasury shares	-	-	4,168	-	-	-	-	-	19,764	23,932	2	23,934
O1	Cash dividends from non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 39,140 )	( 39,140 )
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,744	1,744
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	3,320	-	( 3,320 )	-	-	-	-
Z1	Balance at September 30, 2023	178,010	\$ 1,780,100	\$ 266,887	\$ 640,592	\$ 167,949	\$ 747,553	( \$ 1,036 )	( \$ 110,196 )	( \$ 83,400 )	\$ 3,408,449	\$ 575,137	\$ 3,983,586
A1	Balance at January 1, 2024	178,011	\$ 1,780,116	\$ 266,965	\$ 640,592	\$ 167,949	\$ 733,853	( \$ 1,982 )	( \$ 22,871 )	( \$ 83,400 )	\$ 3,481,222	\$ 572,157	\$ 4,053,379
	Earnings distribution for 2023												
B1	Legal reserve	-	-	-	17,944	-	( 17,944 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	( 143,094 )	143,094	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	( 212,528 )	-	-	-	( 212,528 )	-	( 212,528 )
D1	Net profits from January 1 to September 30, 2024	-	-	-	-	-	191,846	-	-	-	191,846	12,054	203,900
D3	Other comprehensive income from January 1 to September 30, 2024	-	-	-	-	-	-	1,053	21,497	-	22,550	495	23,045
D5	Total comprehensive income from January 1 to September 30, 2024	-	-	-	-	-	191,846	1,053	21,497	-	214,396	12,549	226,945
F3	Transfer of treasury shares	-	-	6	-	-	-	-	-	4,075	4,081	-	4,081
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	( 127,668 )	( 127,668 )	-	( 127,668 )
O1	Cash dividends from non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 29,396 )	( 29,396 )
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	31,554	-	( 31,554 )	-	-	-	-
Z1	Balance at September 30, 2024	178,011	\$ 1,780,116	\$ 266,971	\$ 658,536	\$ 24,855	\$ 869,875	( \$ 929 )	( \$ 32,928 )	( \$ 206,993 )	\$ 3,359,503	\$ 555,310	\$ 3,914,813

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the review report by Deloitte Taiwan dated November 6, 2024)

:

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Consolidated Statements of Cash Flows  
For the Nine Months Ended September 30, 2024 and 2023

Unit: NT\$ thousand

Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flows from operating activities		
A10000	Net profits before tax for the period	\$ 238,909	\$ 220,770
A20010	Income and expense items that do not affect cash flow:		
A20100	Depreciation expenses	50,395	53,317
A20200	Amortization expenses	81,349	83,437
A20300	Expected credit impairment losses	75	321
A20400	Net loss (gain) on financial assets at fair value through profit or loss	18,583	( 82,668 )
A20900	Financial costs	19,660	18,979
A21200	Interest income	( 37,510 )	( 32,624 )
A21300	Dividend income	( 44,994 )	( 51,111 )
A21900	Cost of share-based remuneration	6	5,914
A22500	Net gain on disposal of property, plant and equipment	( 134 )	-
A23700	Losses on inventory valuation loss and obsolescence (gains on inventory value recovery)	( 58 )	90,528
A24100	Net foreign exchange gain	( 50,843 )	( 71,639 )
A29900	Lease modification gain	( 13 )	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	452	10,521
A31150	Accounts receivable	( 25,181 )	( 186,048 )
A31180	Other receivables	( 23,318 )	( 2,354 )
A31200	Inventory	( 9,292 )	537,013
A31230	Prepayments	204	3,111
A32130	Notes payable	( 166 )	( 927 )
A32150	Accounts payable	121,340	11
A32990	Remuneration payable to employees and directors and supervisors	( 1,152 )	( 16,829 )
A32180	Other payables	( 21,257 )	( 11,143 )
A32200	Provisions	192	( 451 )
A32230	Other current liabilities	5,148	2,821
A32240	Net defined benefit liability	( 12,751 )	240
A33000	Cash inflow from operations	309,644	571,189
A33100	Interest received	37,386	26,920
A33300	Interests paid	( 2,593 )	( 17,871 )
A33500	Income tax paid	( 34,266 )	( 100,529 )
AAAA	Net cash inflow from operating activities	<u>310,171</u>	<u>479,709</u>

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Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	( \$ 631,885 )	( \$ 118,587 )
B00020	Sale of financial assets at fair value through other comprehensive income	511,314	324,957
B00040	Acquisition of financial assets at amortized cost	( 398,947 )	( 318,914 )
B00050	Disposal of financial assets at amortized cost	369,714	197,453
B00100	Acquisition of financial assets at fair value through profit or loss	( 1,033,222 )	( 106,820 )
B00200	Sale of financial assets at fair value through profit or loss	434,159	478,692
B02700	Purchase of property, plant, and equipment	( 21,816 )	( 14,621 )
B02800	Proceeds from disposal of property, plant and equipment	873	-
B03700	Increase in refundable deposits	-	( 28 )
B03800	Decrease in refundable deposits	35	-
B04500	Acquisition of intangible assets	( 29,570 )	( 28,369 )
B07600	Dividend received	<u>44,774</u>	<u>51,770</u>
BBBB	Net cash inflow (outflow) from investing activities	( <u>754,571</u> )	<u>465,533</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	160,141	( 1,368,560 )
C01200	Convertible corporate bonds issued	-	1,228,652
C03000	Increase in guarantee deposits received	-	440
C04200	Principal repayment of lease liabilities	( 15,593 )	( 15,281 )
C04500	Cash dividends paid	( 212,528 )	( 212,399 )
C04900	Repurchase of treasury shares	( 127,668 )	-
C05000	Price of disposal of treasury shares	4,075	19,764
C05800	Cash dividends paid to non-controlling interests	( <u>29,396</u> )	( <u>39,140</u> )
CCCC	Net cash outflow from financing activities	( <u>220,969</u> )	( <u>386,524</u> )
DDDD	Impact of changes in exchange rate on cash and cash equivalents	<u>32,730</u>	<u>37,740</u>
EEEE	Net (decrease) increase in cash and cash equivalents for this period	( 632,639 )	596,458
E00100	Balance of cash and cash equivalents at the beginning of period	<u>1,242,075</u>	<u>708,313</u>
E00200	Balance of cash and cash equivalents at the end of period	<u>\$ 609,436</u>	<u>\$ 1,304,771</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the review report by Deloitte Taiwan dated November 6, 2024)

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Notes to Consolidated Financial Statements  
For the Nine Months Ended September 30, 2024 and 2023  
(In thousand NTD, unless otherwise specified)

1. Company History

Weltrend Semiconductor, Inc. (the “Company”) was incorporated in Hsinchu Science Park in July 1989 and entered operations in September of the same year, mainly engaging in research, development, production, testing, and sales of digital and analog hybrid special application integrated circuits, as well as digital and analog integrated circuits.

The Company’s stock has been listed on the Taiwan Stock Exchange Corporation (TWSE) since September 2000.

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

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on November 6, 2024.

3. Application of New, Amended and Revised Standards and Interpretations

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

The initial application of the amended IFRSs endorsed and issued into effect by the FSC does not have material impact on the accounting policies of the Company and entities controlled by the Company (hereinafter collectively referred to as the “Group”).

- (2) Application of IFRSs endorsed by FSC in 2025

The new/amended/revised standards and interpretation	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments are first applied for, the period of comparison shall not be re-stated, but the impact shall be recognized in the retained earnings on the date of initial application or the exchange differences of foreign operations under equity (as appropriate) and related assets and liabilities.

As of the date of approving the consolidated financial statements for release, the Group had continued to evaluate the effect of the amendments to the above standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the assessment is completed.

- (3) The IFRSs Accounting Standards in issue by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards and interpretation	Effective date of IASB publication (Note 1)
"Annual Improvements to IFRS Accounting Standards — Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture."	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without public Accountability: Disclosures"	January 1, 2027

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

#### IFRS 18 "Presentation and Disclosures of Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements" and the main changes include:

- The income and loss items shall be divided into business, investment, financing, income tax, and discontinued operations.
- The income statement shall present operating profit or loss, profit or loss before financing and income tax, as well as subtotal and total profit and loss.
- Provide guidance to strengthen the requirements of aggregation and segmentation: The Group must identify assets, liabilities, equity, revenues, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them on the basis of common characteristics so that each line item presented in the primary financial statements has at least one similar characteristic. Items with different characteristics shall be broken down in the main financial statements and notes. The Group only marks such items as "others" when no more informative name can be found.

- Increasing the disclosure of the performance measurement defined by management: When the Group has opened communication outside the financial statements, and when management's view of the Company's overall financial performance on a certain aspect is communicated with the users of the financial statements, it shall be disclosed in a separate note to the financial statements on performance measurements defined by management, including descriptions of the measurements, how to calculate them, reconciliations between them and any subtotals or totals specified in IFRS, and the impact of relevant adjustments on income tax and non-controlling interests, etc.

In addition to the above effects, as of the date of approving the consolidated financial statements for release, the Group had continued to evaluate other effects of the amendments to various standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. The consolidated financial statements do not include all IFRSs disclosures required for the complete set of annual financial statements.

##### (2) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The assessment of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the assessment (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

##### (3) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Group. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to owners of the parent and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

See Note 12 and Tables 3 and 4 for more information on subsidiaries' statements, shareholding ratios, and main business.

(4) Other significant accounting policies

In addition to the information below, please refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

1. Criteria for classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within 12 months after the balance sheet date (even if the long-term refinancing or payment rearrangement agreement has been completed after the balance sheet date and before the financial statements are authorized for issue, they are also classified as current liabilities); and
- (3) At the balance sheet date, the Company has no substantive right to defer settlement of liabilities for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current. For the terms of a liability that may be settled by the transfer of the Group's equity instruments at the option of the counterparty, if the Group classifies the option as an equity instrument, the terms and conditions do not affect the liability classification as current or non-current.

2. Defined benefit retirement benefit

The pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the end of the previous fiscal year and is based on the beginning of the year to the end of the current period, adjusted for significant market fluctuations and significant plan amendments, settlements or other significant one-time events during the period.

3. Income tax expense

Income tax expense is the sum of the current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis, and is calculated using the tax rate applicable to the expected total profits for the whole year on the interim pre-tax profits.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Group is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The Group, when developing significant accounting estimates, has included the military conflict between Russia and Ukraine and potential impact of international sanctions on Russia on the economic environment in cash flows estimation, growth rates, discount rates, and profitability. The management team will continue to review such estimates and underlying assumptions.

The key sources of uncertainty in the principal accounting judgments, estimates, and assumptions adopted in these consolidated financial statements are the same as those in the 2023 consolidated financial statements.

6. Cash and Cash Equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$ 444	\$ 345	\$ 387
Bank checking accounts and demand deposits	345,376	397,424	373,596
Cash equivalent			
Bank time deposits	126,600	695,273	768,630
Commercial paper	137,016	118,333	88,818
Repurchase agreements collateralized by bonds	-	30,700	73,340
	<u>\$ 609,436</u>	<u>\$ 1,242,075</u>	<u>\$ 1,304,771</u>

The market interest rate ranges of cash in banks and cash equivalents at the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Cash in banks	0.001%~1.050%	0.001%~1.450%	0.001%~1.450%
Time deposits	1.45%~4.75%	1.155%~5.650%	1.450%~5.450%
Commercial paper	1.30%~5.35%	5.550%~5.650%	5.300%~5.550%
Repurchase agreements collateralized by bonds	-	5.550%	5.550%

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets – current</u>			
Mandatorily at fair value through profit			
Non-derivative financial assets			
- Domestic listed stocks	\$ 636,239	\$ 335,314	\$ 252,901
- Fund beneficiary certificates	448,013	174,119	14,099
	<u>\$ 1,084,252</u>	<u>\$ 509,433</u>	<u>\$ 267,000</u>
<u>Financial assets – non-current</u>			
Mandatorily at fair value through profit			
Non-derivative financial assets			
- Privately offered funds	\$ 92,721	\$ 80,212	\$ 74,088
Domestic unlisted stocks	760	451	-
	<u>\$ 93,481</u>	<u>\$ 80,663</u>	<u>\$ 74,088</u>
<u>Financial liabilities-current</u>			
Held for trading			
Derivatives (not designated as hedging)			
- Value of right to redeem convertible corporate bonds (Note 20)	<u>\$ 1,540</u>	<u>\$ 110</u>	<u>\$ 1,870</u>

Please refer to Note 34 for information on investments in financial instruments at fair value through profit or loss pledged.

8. Financial assets measured at fair value through other comprehensive income

Equity investment

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Domestic Investment			
Listed stocks	<u>\$ 585,935</u>	<u>\$ 468,486</u>	<u>\$ 292,427</u>
<u>Non-current</u>			
Domestic Investment			
Non-listed stocks	\$ 39,963	\$ 38,189	\$ 37,759
Foreign investment			
Non-listed stocks	30,810	29,885	31,414
	<u>\$ 70,773</u>	<u>\$ 68,074</u>	<u>\$ 69,173</u>

The Group invests in domestic companies' ordinary shares for medium- and long-term strategic purposes and expects to make profits in the long-term. The management of the Group holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan; therefore, they chose to designate these investments as financial assets measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with the initial duration of more than 3 months	\$ 224,800	\$ 238,441	\$ 212,385
Commercial paper	<u>81,562</u>	<u>38,692</u>	<u>81,544</u>
	<u>\$ 306,362</u>	<u>\$ 277,133</u>	<u>\$ 293,929</u>
<u>Non-current</u>			
Domestic Investment			
Certificates of deposit pledged	<u>\$ 10,405</u>	<u>\$ 10,401</u>	<u>\$ 10,401</u>

- (1) As of September 30, 2024, December 31, 2023, and September 30, 2023, the interest rate ranges of time deposits with the initial duration of more than three months, commercial paper, and certificate of deposit pledged are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits with the initial duration of more than 3 months	1.575%~5.500%	1.575%~5.500%	1.325%~5.400%
Commercial paper	5.150%~5.550%	5.550%~5.600%	5.150%~5.300%
Certificates of deposit pledged	1.450%~1.700%	1.450%~1.575%	1.450%~1.575%

- (2) Please refer to Note 32 for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.
- (3) Please refer to Note 34 for information on financial assets measured at amortized cost pledged.

10. Notes receivable, accounts receivable and other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
From operations			
Total book value	\$ 13,128	\$ 13,580	\$ 14,998
Less: Allowance for losses	( <u>12</u> )	( <u>6</u> )	( <u>6</u> )
	<u>\$ 13,116</u>	<u>\$ 13,574</u>	<u>\$ 14,992</u>

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	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book value	\$ 975,964	\$ 923,709	\$ 988,141
Less: Allowance for losses	( <u>524</u> )	( <u>455</u> )	( <u>596</u> )
	<u>\$ 975,440</u>	<u>\$ 923,254</u>	<u>\$ 987,545</u>
<u>Other receivables</u>			
Tax refund receivable	\$ 27,042	\$ 3,516	\$ 19,066
Receivable from disposal of investments	21,103	-	-
Stock dividends receivable	310	90	-
Others	<u>3,153</u>	<u>3,200</u>	<u>8,592</u>
	<u>\$ 51,608</u>	<u>\$ 6,806</u>	<u>\$ 27,658</u>

The Group's average credit period for commodity sales is net 15 to 150 days after the end of each month, without interest accrued on accounts receivable. To reduce the credit risk, the Group, before working with each new client, fills out a credit application form through a business unit, and the responsible reviews the form and has the form countersigned by relevant units, while evaluating the potential client's credit quality to set its credit limit. The client's credit limit and rating are reviewed or updated from time to time every year with reference to its operating performance, transaction amount, time, and other factors. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Company's management believes that the Group's credit risk has been significantly reduced.

The Group recognizes an allowance for losses on accounts receivable on the basis of expected credit loss over the duration of the receivables. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, economic situation in the industry, and industry outlook. Since the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Group cannot reasonably expect to recover the amount, the Group shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The allowance for losses on notes and accounts receivable measured by the Group as per the provision matrix is as follows:

September 30, 2024

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	\$ 971,174	\$ 17,899	\$ -	\$ 19	\$ -	\$ -	\$ 989,092
Allowance for loss (expected credit loss of the given duration)	( 505 )	( 31 )	-	-	-	-	( 536 )
Measured at amortized cost	<u>\$ 970,669</u>	<u>\$ 17,868</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 988,556</u>

December 31, 2023

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	\$ 913,160	\$ 15,994	\$ 8,124	\$ 11	\$ -	\$ -	\$ 937,289
Allowance for loss (expected credit loss of the given duration)	( 435 )	( 25 )	( 1 )	-	-	-	( 461 )
Measured at amortized cost	<u>\$ 912,725</u>	<u>\$ 15,969</u>	<u>\$ 8,123</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,828</u>

September 30, 2023

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	\$ 988,301	\$ 14,808	\$ -	\$ 1	\$ -	\$ 29	\$ 1,003,139
Allowance for loss (expected credit loss of the given duration)	( 583 )	( 19 )	-	-	-	-	( 602 )
Measured at amortized cost	<u>\$ 987,718</u>	<u>\$ 14,789</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 1,002,537</u>

The information on the movement in the allowances for losses on notes and accounts receivable is as follows:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance, beginning of year	\$ 461	\$ 281
Add: Impairment loss recognized in this period	<u>75</u>	<u>321</u>
Balance, end of period	<u>\$ 536</u>	<u>\$ 602</u>

11. Inventory

	September 30, 2024	December 31, 2023	September 30, 2023
Merchandise	\$ 174,192	\$ 223,578	\$ 281,934
Finished goods	277,658	208,805	227,143
Work in process	299,343	257,671	293,748
Raw materials	<u>47,816</u>	<u>99,605</u>	<u>159,719</u>
	<u>\$ 799,009</u>	<u>\$ 789,659</u>	<u>\$ 962,544</u>

The components of operating costs related to inventories are as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Operating costs	<u>\$ 592,899</u>	<u>\$ 611,192</u>	<u>\$ 1,590,387</u>	<u>\$ 1,559,205</u>
Losses on inventory valuation loss (gains on inventory value recovery)	<u>\$ 399</u>	<u>\$ 47,034</u>	<u>( \$ 58 )</u>	<u>\$ 90,528</u>

## 12. Subsidiary

### (1) Subsidiaries included in the consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

Investor name	Subsidiary name	Business nature	Shareholding			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Weltrend International Co., (BVI) Ltd.	Investment	100%	100%	100%	Note 1 and 2
	Yingquan Investment Co., Ltd.	Investment	98%	98%	98%	Note 1 and 2
	Sentelic Corporation	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	51%	51%	51%	Note 1
Weltrend International Co., (BVI) Ltd.	Dongguan Prosil Electronics Co., Ltd.	Import and export of electronic components and general import and export	100%	100%	100%	Note 1 and 2
Sentelic Corporation	Sentelic Holding Co., Ltd.	Investment	100%	100%	100%	Note 1, 2 and 3

Note 1: Except for the Q3 of 2024 and 2023 financial statements of Weltrend International Co., (BVI) Ltd., Sentelic Corporation, and Sentelic Holding Co., Ltd., subsidiaries' Q3 financial statements have not been reviewed by a CPA.

Note 2: It is a non-material subsidiary.

Note 3: On November 4, 2024, the Board of Directors approved the dissolution and liquidation of the subsidiary, Sentelic Holding Co., Ltd.

### (2) Information on subsidiaries with material non-controlling interests

#### Shareholding and percentage of voting rights held by non-controlling interests

Subsidiary name	September 30, 2024	December 31, 2024	September 30, 2023
Sentelic Corporation	49%	49%	49%

Please refer to Table 3 for the information on the principal places of business and countries of incorporation.

#### Non-controlling interests

Subsidiary name	September 30, 2024	December 31, 2024	September 30, 2023
Sentelic Corporation	\$ 549,073	\$ 566,430	\$ 569,617

#### Profit or loss allocated to non-controlling interests

Subsidiary name	January 1 to September 30, 2024	January 1 to September 30, 2023
Sentelic Corporation	\$ 12,039	\$ 368

The summarized financial information of the subsidiaries below is prepared based on the transactions between companies before the elimination of the information and is adjusted according to the impacts arising from the acquisition method when the Company made acquisitions:

Sentelic Corporation

	September 30, 2024	December 31, 2024	September 30, 2023
Current assets	\$ 754,903	\$ 699,828	\$ 675,144
Non-current assets	1,038,167	1,100,221	1,127,384
Current liabilities	( 111,689)	( 74,729)	( 61,739)
Non-current liabilities	( 117,121)	( 125,630)	( 134,597)
Equity	<u>\$ 1,564,260</u>	<u>\$ 1,599,690</u>	<u>\$ 1,606,192</u>
Equity attributable to:			
Owners of the parent	\$ 1,015,187	\$ 1,033,260	\$ 1,036,575
Non-controlling interests of Sentelic Corporation	<u>549,073</u>	<u>566,430</u>	<u>569,617</u>
	<u>\$ 1,564,260</u>	<u>\$ 1,599,690</u>	<u>\$ 1,606,192</u>
	January 1 to September 30, 2024	January 1 to September 30, 2023	
Operating revenues	<u>\$336,180</u>	<u>\$301,595</u>	
Net profits for the period	\$ 24,613	\$ 782	
Other comprehensive income	<u>1</u>	<u>1</u>	
Total comprehensive income	<u>\$ 24,614</u>	<u>\$ 783</u>	
Net income attributable to:			
Owners of the parent	\$ 12,574	\$ 414	
Non-controlling interests of Sentelic Corporation	<u>12,039</u>	<u>368</u>	
	<u>\$ 24,613</u>	<u>\$ 782</u>	
Comprehensive income attributable to:			
Owners of the parent	\$ 12,575	\$ 415	
Non-controlling interests of Sentelic Corporation	<u>12,039</u>	<u>368</u>	
	<u>\$ 24,614</u>	<u>\$ 783</u>	
Cash flows			
Operating activities	\$ 51,982	\$ 59,262	
Investing activities	( 24,047)	( 130,045)	
Financing activities	( 28,958)	( 84,361)	
Net cash outflow	<u>( \$ 1,023)</u>	<u>( \$155,144)</u>	

### 13. Property, plant, and equipment

	Self-owned land	Buildings	Machinery equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>Costs</u>							
Balance at January 1, 2024	\$ 94,720	\$ 94,714	\$ 284,649	\$ 30,925	\$ 62,073	\$ 24,943	\$ 592,024
Addition	-	-	13,491	3,997	-	4,328	21,816
Disposal	-	-	( 11,315 )	( 4,409 )	-	( 565 )	( 16,289 )
Net exchange differences	-	-	-	-	-	40	40
Balance at September 30, 2024	<u>\$ 94,720</u>	<u>\$ 94,714</u>	<u>\$ 286,825</u>	<u>\$ 30,513</u>	<u>\$ 62,073</u>	<u>\$ 28,746</u>	<u>\$ 597,591</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 47,489	\$ 239,910	\$ 20,284	\$ 50,175	\$ 20,260	\$ 378,118
Depreciation expenses	-	1,712	22,160	3,016	3,678	1,743	32,309
Disposal	-	-	( 11,315 )	( 3,670 )	-	( 565 )	( 15,550 )
Net exchange differences	-	-	-	-	-	31	31
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 49,201</u>	<u>\$ 250,755</u>	<u>\$ 19,630</u>	<u>\$ 53,853</u>	<u>\$ 21,469</u>	<u>\$ 394,908</u>
Net amount as of September 30, 2024	<u>\$ 94,720</u>	<u>\$ 45,513</u>	<u>\$ 36,070</u>	<u>\$ 10,883</u>	<u>\$ 8,220</u>	<u>\$ 7,277</u>	<u>\$ 202,683</u>
Net amount as at December 31, 2023 and January 1, 2024	<u>\$ 94,720</u>	<u>\$ 47,225</u>	<u>\$ 44,739</u>	<u>\$ 10,641</u>	<u>\$ 11,898</u>	<u>\$ 4,683</u>	<u>\$ 213,906</u>
<u>Costs</u>							
Balance at January 1, 2023	\$ 94,720	\$ 154,585	\$ 338,697	\$ 30,925	\$ 62,073	\$ 35,479	\$ 716,479
Addition	-	-	13,118	-	-	869	13,987
Reclassified as investment property	-	( 60,120 )	-	-	-	-	( 60,120 )
Disposal	-	-	( 21,469 )	-	-	( 373 )	( 21,842 )
Net exchange differences	-	-	-	-	-	19	19
Balance at September 30, 2023	<u>\$ 94,720</u>	<u>\$ 94,465</u>	<u>\$ 330,346</u>	<u>\$ 30,925</u>	<u>\$ 62,073</u>	<u>\$ 35,994</u>	<u>\$ 648,523</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 51,931	\$ 276,979	\$ 16,309	\$ 45,174	\$ 30,426	\$ 420,819
Depreciation expenses	-	3,847	25,312	2,982	3,775	1,583	37,499
Reclassified as investment property	-	( 8,851 )	-	-	-	-	( 8,851 )
Disposal	-	-	( 21,469 )	-	-	( 373 )	( 21,842 )
Net exchange differences	-	-	-	-	-	15	15
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 46,927</u>	<u>\$ 280,822</u>	<u>\$ 19,291</u>	<u>\$ 48,949</u>	<u>\$ 31,651</u>	<u>\$ 427,640</u>
Net as of September 30, 2023	<u>\$ 94,720</u>	<u>\$ 47,538</u>	<u>\$ 49,524</u>	<u>\$ 11,634</u>	<u>\$ 13,124</u>	<u>\$ 4,343</u>	<u>\$ 220,883</u>

As there was no sign of impairment during the nine months ended September 30, 2024 and 2023, the Group did not conduct an impairment assessment.

Depreciation expenses are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings	
Plant main building	35–50 years
Interior design and network engineering	5 years
Machinery equipment	2 to 6 years
Transportation equipment	5 to 6 years
Leasehold improvements	5 to 10 years
Miscellaneous equipment	3 to 6 years

### 14. Investment property

	Buildings
<u>Costs</u>	
Balance at January 1 and September 30, 2024	<u>\$ 60,120</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 9,912
Depreciation expenses	<u>2,389</u>
Balance at September 30, 2024	<u>\$ 12,301</u>
Net amount as of September 30, 2024	<u>\$ 47,819</u>
Net amount as at December 31, 2023 and January 1, 2024	<u>\$ 50,208</u>

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	<u>Buildings</u>
<u>Costs</u>	
Balance at January 1, 2023	\$ -
From property, plant and equipment	<u>60,120</u>
Balance at September 30, 2023	<u>\$ 60,120</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ -
From property, plant and equipment	8,851
Depreciation expenses	<u>265</u>
Balance at September 30, 2023	<u>\$ 9,116</u>
Net as of September 30, 2023	<u>\$ 51,004</u>

The lease term for investment property is three years. The lessee does not have the preferential right to purchase the investment property at the end of the lease term.

The total lease payments to be received in the future from leasing out investment property under an operating lease are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
The 1 <sup>st</sup> year	\$ 660	\$ 2,640	\$ 660
The 2 <sup>nd</sup> year	2,640	2,640	2,640
The 3 <sup>rd</sup> year	1,760	1,760	2,640
The 4 <sup>th</sup> year	<u>-</u>	<u>-</u>	<u>1,760</u>
Commitment to lease of investment property	<u>\$ 5,060</u>	<u>\$ 7,040</u>	<u>\$ 7,700</u>

Investment property is depreciated on a straight-line basis over the following useful lives:

Buildings	
Plant main building	35–50 years
Interior design and network engineering	5 years

The fair value of investment property is not valued by an independent valuator and only measured by the Company's management using Level 3 inputs with a valuation model commonly used by market participants. Regarding the valuation, a cash flow approach is adopted, and the important unobservable inputs used include the discount rates; the fair value from the valuation is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value	<u>\$ 82,641</u>	<u>\$ 83,499</u>	<u>\$ 83,782</u>

15. Lease agreements

(1) Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use assets			
Buildings	<u>\$ 38,128</u>	<u>\$ 48,314</u>	<u>\$ 53,593</u>
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Addition of right-of-use assets			<u>\$ 6,238</u>
Depreciation expenses of right-of-use assets			<u>\$ 39,712</u>
Buildings	<u>\$ 5,353</u>	<u>\$ 5,209</u>	<u>\$ 15,697</u>
			<u>\$ 15,553</u>

Except for the additions and depreciation expenses recognized listed above, the Group did not have any significant sublease or impairment of the right-of-use assets during the nine months ended September 30, 2024 and 2023.

(2) Lease liability

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liability			
Current	<u>\$ 14,209</u>	<u>\$ 17,341</u>	<u>\$ 18,950</u>
Non-current	<u>\$ 24,582</u>	<u>\$ 31,519</u>	<u>\$ 35,141</u>

The discount rate range for lease liabilities is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.7576%~2.25%	1.7576%~2.25%	1.7576%~2.25%

(3) Major lease activities and terms

The Company leased buildings from the Hsinchu Science Park of the Ministry of Science and Technology as plants, and the lease period is from 2022 to 2026. As per the lease agreement of the plants located in the science park, the lessee may have the amount of the rent adjusted at any time at the announced land price of the site where the plants are located or the adjusted rent rate of state-owned land approved by the Executive Yuan. The Company has no bargain purchase option for the leased buildings at the end of the lease term.

(4) Other lease information

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term lease expenses	<u>\$ 84</u>	<u>\$ 159</u>	<u>\$ 254</u>	<u>\$ 319</u>
Total cash (outflow) from lease	<u>( \$ 5,465 )</u>	<u>( \$ 5,587 )</u>	<u>( \$ 16,515 )</u>	<u>( \$ 16,447 )</u>

The Group has elected to apply the recognition exemptions to the leases of buildings that qualify as short-term leases and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

16. Goodwill

	January 1 to September 30, 2024	January 1 to September 30, 2023
Opening and ending balances	<u>\$447,603</u>	<u>\$447,603</u>

The Group acquired Sentelic Corporation in August 2022 with 51% of its equity acquired, leading to goodwill of NT\$447,603 thousand, mainly due to the benefits brought about by the expected growth of operating income from the product. There was no significant impairment measured based on fair value.

17. Intangible assets

	Computer software	Technology licensing	Patents	Customer relations	Total
<u>Costs</u>					
Balance at January 1, 2024	\$ 257,600	\$ 79,316	\$ 588,467	\$ 137,783	\$ 1,063,166
Acquired separately	22,200	7,370	-	-	29,570
Disposal	( 18,723 )	-	-	-	( 18,723 )
Net exchange differences	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
Balance at September 30, 2024	<u>\$ 261,083</u>	<u>\$ 86,686</u>	<u>\$ 588,467</u>	<u>\$ 137,783</u>	<u>\$ 1,074,019</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2024	\$ 235,865	\$ 78,176	\$ 88,792	\$ 18,857	\$ 421,690
Amortization expenses	22,089	4,081	44,572	10,607	81,349
Disposal	( 18,723 )	-	-	-	( 18,723 )
Net exchange differences	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Balance at September 30, 2024	<u>\$ 239,236</u>	<u>\$ 82,257</u>	<u>\$ 133,364</u>	<u>\$ 29,464</u>	<u>\$ 484,321</u>
Net amount as of September 30, 2024	<u>\$ 21,847</u>	<u>\$ 4,429</u>	<u>\$ 455,103</u>	<u>\$ 108,319</u>	<u>\$ 589,698</u>
Net amount as at December 31, 2023 and January 1, 2024	<u>\$ 21,735</u>	<u>\$ 1,140</u>	<u>\$ 499,675</u>	<u>\$ 118,926</u>	<u>\$ 641,476</u>
<u>Costs</u>					
Balance at January 1, 2023	\$ 236,185	\$ 75,189	\$ 588,467	\$ 137,783	\$ 1,037,624
Acquired separately	25,762	2,607	-	-	28,369
Disposal	( 9,765 )	-	-	-	( 9,765 )
Net exchange differences	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance at September 30, 2023	<u>\$ 252,184</u>	<u>\$ 77,796</u>	<u>\$ 588,467</u>	<u>\$ 137,783</u>	<u>\$ 1,056,230</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2023	\$ 211,092	\$ 73,713	\$ 29,362	\$ 4,714	\$ 318,881
Amortization expenses	24,827	3,431	44,572	10,607	83,437
Disposal	( 9,765 )	-	-	-	( 9,765 )
Net exchange differences	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance at September 30, 2023	<u>\$ 226,156</u>	<u>\$ 77,144</u>	<u>\$ 73,934</u>	<u>\$ 15,321</u>	<u>\$ 392,555</u>
Net as of September 30, 2023	<u>\$ 26,028</u>	<u>\$ 652</u>	<u>\$ 514,533</u>	<u>\$ 122,462</u>	<u>\$ 663,675</u>



Except for the amortization expenses recognized, the Group did not have any significant additions, disposal, or impairment of the intangible assets during the nine months ended September 30, 2024 and 2023. Amortization expense is provided for based on a straight-line method over the following useful lives:

Computer software	1 to 5 years
Technology licensing	1 year
Patents	7 to 10 years
Customer relations	5 to 10 years

18. Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepayments for reticles	\$ 26,269	\$ 26,599	\$ 27,673
Tax overpaid retained for offsetting the future tax payable	3,704	3,412	1,473
Prepayments for salary and wages	1,280	1,370	1,400
Others	5,033	2,622	5,443
	<u>\$ 36,286</u>	<u>\$ 34,003</u>	<u>\$ 35,989</u>

19. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u>			
Bank loans	\$ 278,485	\$ -	\$ -
<u>Unsecured borrowings</u>			
Credit facility borrowings	35,000	150,000	169,120
	<u>\$ 313,485</u>	<u>\$ 150,000</u>	<u>\$ 169,120</u>

The interest rates on bank revolving loans were 0.50%–3.95%, 1.803%–1.860%, and 1.803%–1.860% as at September 30, 2024, December 31, 2023, and September 30, 2023, respectively.

Please refer to Note 34 for the Group's collateral for short-term borrowings.

20. Corporate bonds payable

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic unsecured convertible corporate bonds	\$ 1,099,900	\$ 1,099,900	\$ 1,100,000
Less: Discount of corporate bonds payable	( 42,886)	( 58,891)	( 64,262)
Less: portion due within one year	( 1,057,014)	-	-
	<u>\$ -</u>	<u>\$ 1,041,009</u>	<u>\$ 1,035,738</u>
Value of redemption/put-back option	(\$ 1,540)	(\$ 110)	(\$ 1,870)
Value of conversion right	193,676	193,676	193,693

The Company issued 11,000 NTD-denominated unsecured convertible corporate bonds with a coupon rate of 0% on September 11, 2023, with the total principal amounting to NT\$1,100,000 thousand. From the day following the end of three months after the date such bonds were issued (December 12, 2023) to the maturity date (September 11, 2026), the bondholders may request the Company to convert the convertible corporate bonds into ordinary shares of the Company at a price of NT\$61.2 per share; or request the Company to redeem the convertible corporate bonds held by them in cash at the face value of the bonds, plus interest compensation [100.500625% of the face value (real return: 0.25%)] at least 40 days before two full years after issuance (September 11, 2025). The Company may redeem all bonds early at the face value of the bonds when the closing price of the Company's common stock exceeds the current conversion price by 30% or above for 30 consecutive business days from the day following the end of three full months after the convertible corporate bonds were issued (December 12, 2023) through 40 days before the end of the issuance period (August 2, 2026). As of September 30, 2024, the conversion price was adjusted to NT\$60.1 per share.

The convertible corporate bonds include components of liabilities and equity. The components of equity are recognized in capital surplus- stock options under equity. The effective interest rate for the components of liabilities initially recognized was 2.06322%.

Issuance price (less transaction cost of NT\$5,000 thousand)	\$ 1,228,652
Value of redemption right (less transaction cost of NT\$1 thousand)	( 329 )
Components of equity (less transaction cost of NT\$788 thousand)	( 193,693 )
Components of liabilities on the issuance date (less transaction cost of NT\$4,211 thousand)	1,034,630
Interest calculated at the effective interest rate of 2.06322%	22,478
Conversion of common stock	( 94 )
Components of liabilities on September 30, 2024	<u>\$ 1,057,014</u>

21. Notes payable and accounts payable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes payable- from operations	<u>\$ 463</u>	<u>\$ 629</u>	<u>\$ 352</u>
Accounts payable- from operations	<u>\$ 358,566</u>	<u>\$ 232,687</u>	<u>\$ 249,953</u>

The Group has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

22. Other liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other payables			
Salary and wages and bonuses payable	\$ 25,459	\$ 46,738	\$ 38,524
Investment payables	14,668	10,253	-
Pension payable under new scheme	4,960	4,849	4,850
Health insurance premiums payable	3,022	2,709	3,244
Labor insurance premiums payable	2,685	2,629	2,624
Service fee payable	1,938	1,500	1,788
Others	6,598	6,386	6,505
	<u>\$ 59,330</u>	<u>\$ 75,064</u>	<u>\$ 57,535</u>
Other liabilities			
Contract liabilities	\$ 7,937	\$ 2,854	\$ 5,157
Collection on behalf of others	4,108	4,043	4,508
	<u>\$ 12,045</u>	<u>\$ 6,897</u>	<u>\$ 9,665</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received	<u>\$ 440</u>	<u>\$ 440</u>	<u>\$ 440</u>

23. Provisions

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Employee benefits	<u>\$ 12,399</u>	<u>\$ 12,207</u>	<u>\$ 8,305</u>

Provision for employee benefit liabilities is an estimate of employees' long-term leave entitlements.

24. Retirement benefit plans

The pension expenses related to defined benefit plans recognized for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 are calculated at the pension cost rate actuarially determined on December 31, 2023 and 2022, respectively, and the amounts were NT\$495 thousand, NT\$516 thousand, NT\$1,485 thousand, and NT\$1,549 thousand, respectively.

25. Equity

(1) Common stock

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized number of shares (in thousands)	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>
Authorized capital stock	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>
Number of shares issued and fully paid (in thousands)	<u>178,011</u>	<u>178,011</u>	<u>178,010</u>
Capital stock issued	<u>\$ 1,780,116</u>	<u>\$ 1,780,116</u>	<u>\$ 1,780,100</u>

(2) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>For loss make-up, payment in cash or capitalization as equity (1)</u>			
Stock issuance premium	\$ 1,886	\$ 1,886	\$ 1,886
Corporate bond conversion premium	78	78	-
Donated assets received	81	81	81
Share premium (restricted stock awards vested)	15,026	15,026	15,026
Treasury stock transaction	56,133	56,127	56,127
<u>May not be used for any purpose</u>			
Convertible corporate bond options (Note 20)	193,693	193,693	193,693
Recognition of changes in ownership interest in subsidiaries (2)	74	74	74
	<u>\$ 266,971</u>	<u>\$ 266,965</u>	<u>\$ 266,887</u>

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary, or adjustments to the capital surplus for the Company's subsidiaries accounted for using the equity method.

(3) Retained Earnings and Dividend Policy

Under the earnings distribution policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit (including the adjusted amount of undistributed earnings), setting aside 10% of the remaining profit as a legal reserve as per law unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit, together with any undistributed retained earnings at the beginning of the period (including the adjusted amount of undistributed earnings), shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of dividends to shareholders. Please refer to Note 27(7) for the policy on the remuneration to employees and directors stipulated the Articles of Incorporation.

In addition, according to the Company's Articles of Incorporation, the Company shall consider the soundness and stability of the financial structure for the distribution of stock dividends and set the ratio of cash dividends to stock dividends

for the year as per the Company's growth needs. The ratio of cash dividends shall not be less than 10% of the total dividends.

The legal reserve shall be set aside until the balance reaches the amount of the Company's total paid-in capital. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company held the general shareholders' meetings on May 29, 2024 and June 2, 2023 to resolve to approve the 2023 and 2022 earnings distribution proposals, respectively. The details are as follows:

	2023	2022
Legal reserve	<u>\$ 17,944</u>	<u>\$ 7,151</u>
Special reserve	<u>( \$143,094 )</u>	<u>\$135,896</u>
Cash dividends	<u>\$212,528</u>	<u>\$212,399</u>
Cash dividends per share (NT\$)	<u>\$ 1.2</u>	<u>\$ 1.2</u>

(4) Special reserve

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance, beginning of year	\$167,949	\$ 32,053
Provision (reversal) of a special reserve	( 143,094 )	135,896
Balance, end of period	<u>\$ 24,855</u>	<u>\$167,949</u>

(5) Treasury stock

	Number of Shares (in thousands)	Number of Shares (in thousands)
	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance, beginning of year	905	1,361
Repurchased in current period	2,200	-
Transferred in current period	( 73 )	( 456 )
Balance, end of period	<u>3,032</u>	<u>905</u>

On August 7, 2024, the Board of Directors resolved to transfer 1,200 thousand shares of the repurchased treasury shares to employees in order to motivate them and enhance their cohesiveness. From August 9 to 15, 2024, the Company had bought back 1,200 thousand of its shares which had been executed. The shares are to be transferred to employees at once or in installments within five years from the date of repurchase, and the average price actually bought back at NTD 55.82 shall be the transfer price. The Board of Directors, on August 23, 2024, resolved to transfer and buy back 73 thousand treasury shares to employees at the transfer prices of NTD 55.82. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 19, 2024.

On April 16, 2024, the Board of Directors resolved to transfer 1,000 thousand shares of the repurchased treasury shares to employees in order to motivate them and enhance their cohesiveness. From April 18 to April 25, 2024, the Company had bought back 1,000 thousand of its shares which had been executed. The shares shall be transferred to employees at once or in installments within five years from the date of repurchase, and the average price actually bought back at NT\$ 60.68 shall be the transfer price.

The Board of Directors, on February 24, 2023, resolved to transfer and repurchase 280 thousand and 70 thousand treasury shares to employees at the transfer prices of NT\$27.07 and NT\$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was March 23, 2023.

The Board of Directors, on August 7, 2023, resolved to transfer and repurchase 62 thousand and 44 thousand treasury shares to employees at the transfer prices of NT\$27.07 and NT\$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 5, 2023.

Remuneration costs recognized for the transfer of treasury shares to employees on January 1 and September 30, 2024 and 2023 were NT\$6 thousand and NT\$4,170 thousand respectively.

The treasury shares held by the Company are to be transferred to employees and shall not be pledged in accordance with the Securities and Exchange Act nor shall they be entitled to rights, such as receipt of dividends and voting rights.

(6) Other equity

1. Exchange differences on the translation of financial statements of foreign operations

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance, beginning of year	( \$ 1,982 )	( \$ 1,571 )
Generated during the period		
Exchange difference of foreign operating institutions	1,053	535
Balance, end of period	( \$ 929 )	( \$ 1,036 )

2. Unrealized gain or loss on financial assets measured at fair value through other comprehensive income

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance, beginning of year	( \$ 22,871 )	( \$ 166,378 )
Generated during the period		
Unrealized gains or losses on equity instruments	21,497	59,502
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	( 31,554 )	( 3,320 )
Balance, end of period	( \$ 32,928 )	( \$ 110,196 )

(7) Non-controlling interests

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance, beginning of year	\$ 572,157	\$ 611,292
Share attributable to non-controlling interests		
Net profits for the period	12,054	1,065
Other comprehensive income for the period		
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	495	174
Treasury stock transaction	-	2
Cash dividends issued by subsidiaries	( 29,396 )	( 39,140 )
Non-controlling interests related to the outstanding vested stock options held by employees of Sentelic Corporation (Note 30)	-	1,744
Balance, end of period	<u>\$ 555,310</u>	<u>\$ 575,137</u>

26. Operating revenues

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Sales income - integrated circuits	\$ 588,261	\$ 573,098	\$ 1,528,506	\$ 1,354,129
Trading of integrated circuits	259,220	248,573	729,644	734,717
Design and testing income	-	-	282	2,670
	<u>\$ 847,481</u>	<u>\$ 821,671</u>	<u>\$ 2,258,432</u>	<u>\$ 2,091,516</u>

(1) Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Accounts receivable (Note 10)	<u>\$ 975,440</u>	<u>\$ 923,254</u>	<u>\$ 987,545</u>	<u>\$ 758,045</u>
Contract liabilities - current (Note 22)				
Merchandise sales	<u>\$ 7,937</u>	<u>\$ 2,854</u>	<u>\$ 5,157</u>	<u>\$ 2,705</u>

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

(2) Details of net operating income

Region	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Mainland China	\$ 653,309	\$ 631,655	\$ 1,648,577	\$ 1,500,635
Taiwan	155,248	168,234	524,155	520,937
Others	38,924	21,782	85,700	69,944
	<u>\$ 847,481</u>	<u>\$ 821,671</u>	<u>\$ 2,258,432</u>	<u>\$ 2,091,516</u>

27. Net income in this period

(1) Interest income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest income from cash in banks	\$ 4,696	\$ 13,126	\$ 29,308	\$ 27,341
Others	<u>2,804</u>	<u>2,190</u>	<u>8,202</u>	<u>5,283</u>
	<u>\$ 7,500</u>	<u>\$ 15,316</u>	<u>\$ 37,510</u>	<u>\$ 32,624</u>

(2) Other income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Income from cash dividends	\$ 40,472	\$ 30,005	\$ 44,994	\$ 51,111
Others	<u>1,114</u>	<u>593</u>	<u>4,033</u>	<u>1,456</u>
	<u>\$ 41,586</u>	<u>\$ 30,598</u>	<u>\$ 49,027</u>	<u>\$ 52,567</u>

(3) Other profits and losses

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net gain (loss) on financial assets				
Financial assets at fair value through profit or loss (Note 7)	( \$ 68,246 )	( \$ 12,415 )	( \$ 18,583 )	\$ 82,668
Foreign exchange gains (losses) – net	( 41,563 )	65,148	69,462	94,114
Other losses	( <u>21</u> )	( <u>22</u> )	( <u>628</u> )	( <u>411</u> )
	<u>( \$ 109,830 )</u>	<u>\$ 52,711</u>	<u>\$ 50,251</u>	<u>\$ 176,371</u>

(4) Financial costs

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest of convertible corporate bonds	\$ 5,391	\$ 1,108	\$ 16,005	\$ 1,108
Interest from bank borrowings	1,521	5,519	2,987	17,024
Interest on lease liabilities	<u>207</u>	<u>282</u>	<u>668</u>	<u>847</u>
	<u>\$ 7,119</u>	<u>\$ 6,909</u>	<u>\$ 19,660</u>	<u>\$ 18,979</u>

(5) Depreciation and amortization

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Summary of depreciation expenses by function				
Operating costs	\$ 7,452	\$ 8,756	\$ 24,055	\$ 26,992
Operating expenses	<u>8,761</u>	<u>8,816</u>	<u>26,340</u>	<u>26,325</u>
	<u>\$ 16,213</u>	<u>\$ 17,572</u>	<u>\$ 50,395</u>	<u>\$ 53,317</u>

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	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Summary of amortization expenses by function				
Operating costs	\$ 58	\$ 78	\$ 207	\$ 246
Operating expenses	<u>26,069</u>	<u>27,364</u>	<u>81,142</u>	<u>83,191</u>
	<u>\$ 26,127</u>	<u>\$ 27,442</u>	<u>\$ 81,349</u>	<u>\$ 83,437</u>
(6) Employee benefit expenses				
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	\$ 117,880	\$ 141,146	\$ 393,131	\$ 383,666
Retirement benefits (Note 24)				
Defined contribution pension plan	4,855	4,756	14,430	14,275
Defined benefit plan	495	516	1,485	1,549
Share-based payment Settlement of equity interests	<u>6</u>	<u>135</u>	<u>6</u>	<u>5,914</u>
Total employee benefit expenses	<u>\$ 123,236</u>	<u>\$ 146,553</u>	<u>\$ 409,052</u>	<u>\$ 405,404</u>
Summary by function				
Operating costs	\$ 20,494	\$ 20,814	\$ 60,304	\$ 57,547
Operating expenses	<u>102,742</u>	<u>125,739</u>	<u>348,748</u>	<u>347,857</u>
	<u>\$ 123,236</u>	<u>\$ 146,553</u>	<u>\$ 409,052</u>	<u>\$ 405,404</u>
(7) Remuneration for employees and directors				

The Company, as per the Articles of Incorporation, allocates 11%~15% of net income before tax before the remuneration to employees and directors is deducted for the year as remuneration to employees and no more than 4% as the remuneration to employees and directors, respectively. The estimated remuneration to employees and directors during the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 is as follows:

Estimate percentage

	January 1 to September 30, 2024	January 1 to September 30, 2023
Remuneration for employees	12%	12%
Remuneration for directors	3%	3%

Amount

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Remuneration for employees	<u>\$ 2,353</u>	<u>\$ 14,860</u>	<u>\$ 31,622</u>	<u>\$ 31,954</u>
Remuneration for directors	<u>\$ 588</u>	<u>\$ 3,715</u>	<u>\$ 7,905</u>	<u>\$ 7,989</u>

If there is a change in the amount after the annual consolidated financial statements are approved and released, the change will be accounted for as a change in accounting estimate and will be recorded an adjustment in the following year.

The 2023 and 2022 remuneration to employees and directors resolved by the Board of Directors on February 26, 2024 and February 24, 2023, respectively, is as follows:

	2023		2022	
	Cash	Stock	Cash	Stock
Remuneration for employees	<u>\$ 33,329</u>	<u>\$ -</u>	<u>\$ 27,732</u>	<u>\$ -</u>
Remuneration for directors	<u>\$ 8,332</u>	<u>\$ -</u>	<u>\$ 6,933</u>	<u>\$ -</u>

There is no difference between the amounts of remuneration paid out to employees and directors for 2023 and 2022 and the amounts recognized in the 2023 and 2022 consolidated financial statements.

For information on remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

## 28. Income tax

### (1) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Income tax expenses in the current period				
Generated during the period	\$ 14,947	\$ 25,469	\$ 46,235	\$ 47,808
Surtax on undistributed earnings	-	-	-	17
Adjustment to the prior years	<u>-</u>	<u>-</u>	<u>( 3,208 )</u>	<u>( 14,559 )</u>
	14,947	25,469	43,027	33,266
Deferred tax				
Generated during the period	( 12,475 )	( 505 )	( 8,018 )	( 3,102 )
Adjustment to the prior years	<u>-</u>	<u>( 282 )</u>	<u>-</u>	<u>( 282 )</u>
Income tax recognized in profit or loss	<u>\$ 2,472</u>	<u>\$ 24,682</u>	<u>\$ 35,009</u>	<u>\$ 29,882</u>

### (2) The state of income tax assessment

The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2022.

Yingquan Investment Co., Ltd.'s profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2022.

Sentelic Corporation's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2021.

29. Earnings per shares

Unit: NTD per share

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Basic earnings per share	<u>\$ 0.08</u>	<u>\$ 0.46</u>	<u>\$ 1.09</u>	<u>\$ 1.07</u>
Diluted earnings per share	<u>\$ 0.08</u>	<u>\$ 0.45</u>	<u>\$ 1.05</u>	<u>\$ 1.06</u>

The net income in this period and weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net profits for the period

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net income used to calculate basic earnings per share	\$ 14,826	\$ 81,388	\$ 191,846	\$ 189,823
Impact of potential common stock with dilutive effect:				
After-tax interest of convertible corporate bonds	<u>-</u>	<u>887</u>	<u>12,804</u>	<u>887</u>
Net income used to calculate diluted earnings per share	<u>\$ 14,826</u>	<u>\$ 82,275</u>	<u>\$ 204,650</u>	<u>\$ 190,710</u>

Number of Shares

Unit: Thousand shares

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Weighted average number of shares of common stock used to calculate basic earnings per share	175,501	177,051	176,314	176,939
Impact of potential common stock with dilutive effect:				
Corporate bonds converted	-	3,712	18,301	1,251
Remuneration for employees	<u>500</u>	<u>473</u>	<u>596</u>	<u>583</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>176,001</u>	<u>181,236</u>	<u>195,211</u>	<u>178,773</u>

If the Group may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

30. Share-based payment

Restricted stock awards

The shareholders' meeting of the subsidiary, Sentelic Corporation resolved, on May 24, 2019, to issue 800 thousand shares of restricted stock awards in the amount of

NT\$8,000 thousand free of charge and grant them to employees at the Company who have been employed on the day. The above resolution was filed to the FSC and enforced on October 4, 2019, and the restricted stock awards were issued with the approval of the board of directors on July 31, 2020. The record date for the capital increase through the restricted stock awards was August 10, 2020, and the fair value of the shares on the grant date was NT\$39.50 per share. After employees were granted the awards, they could vest 40% of them if they have worked for one full year from the grant date; if they have worked for two full years from the grant date, they could vest another 30% of them; if they have worked for three full years from the grant date, they could vest the remaining 30%. From the grant date to the reporting date, 78 thousand shares of the awards became invalid due to employees' resignation or failure to meet the vesting conditions during the vesting period. The cancellation procedure has been completed after the resolution was adopted by the Board of Directors. In addition, the vesting period for the restricted stock awards issued by the subsidiary, Sentelic Corporation, has ended, and there are no restricted stock awards in circulation.

The movements in the accounts related to the above restricted stock awards are aggregated as follows:

	Common stock	Capital surplus - restricted stock awards	Capital surplus - stock issuance premium	Other equity - Unearned employee compensation
Balance at January 1, 2023	\$ 7,368	\$ 5,555	\$ 15,346	( \$ 1,501 )
Cost of share-based remuneration recognized	( 150 )	150	-	1,744
Vested restricted stock awards	-	( 5,948 )	5,948	-
Adjustment for changes in turnover rate	-	243	-	( 243 )
Balance at September 30, 2023	<u>\$ 7,218</u>	<u>\$ -</u>	<u>\$ 21,294</u>	<u>\$ -</u>

The restricted rights of employees' unvested restricted stock awards are as follows:

- (1) Employees shall not sell, transfer, donate, pledge, dispose of the awards or in other means except for inheritance after being granted before vesting them.
- (2) The rights to attend, make proposals, speak, and vote at shareholders' meetings shall be handled in accordance with the trust custody agreements.
- (3) In addition to the provisions of the trust custody agreements in the preceding paragraph, the rights attached to the restricted stock awards granted to employees according to these rules are the same as ordinary shares issued by the Company except for the right to subscribe for new shares in cash capital increase and the right to receive stock or cash dividends before the vesting conditions are met.
- (4) After employees are granted restricted stock awards, they should deliver the awards to the trust immediately and shall not require the trustee to return said awards for any reason or in any method before meeting the vesting conditions.

- (5) From the Company's book closure date for stock dividends, book closure date for cash dividends, book closure date for cash capital increase and share subscription, book closure period for the shareholders' meeting stipulated in Article 165, paragraph 3 of the Company Act, or other legal book closure periods that occur as per facts through the record date of rights distribution, employees who meet the vesting conditions during this period still do not have the right to vote, subscribe for shares, receive stock or cash dividends with their vested awards.

The costs of remuneration for the three and nine months ended September 30, 2023 recognized by the Group for the restricted stock shares plan of subsidiary Sentelic Corporation were NTD (355) thousand, and NTD 1,744 thousand, respectively.

### 31. Capital Risk Management

The Group manages its capital to ensure that the Group's enterprises are able to operate sustainability while maximizing the return to shareholders through the optimization of the debt and equity balance. There has been no change in the Group's overall strategy.

The Group's capital structure consists of the Group's equity attributable to the owners of the Company (i.e. share capital, capital surplus, retained earnings, and other equity).

### 32. Financial instruments

- (1) Fair value information – Financial instruments that are not measured at fair value

#### September 30, 2024

	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost - convertible corporate bonds	<u>\$ 1,057,014</u>	<u>\$ 1,290,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,290,513</u>

#### December 31, 2023

	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost - convertible corporate bonds	<u>\$ 1,041,009</u>	<u>\$ 1,347,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,347,830</u>

#### September 30, 2023

	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost - convertible corporate bonds	<u>\$ 1,035,738</u>	<u>\$ 1,294,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,294,150</u>

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic listed stocks	\$ 636,239	\$ -	\$ -	\$ 636,239
Domestic unlisted stocks	-	-	760	760
Fund beneficiary certificates	448,013	-	-	448,013
Privately offered funds	-	-	92,721	92,721
	<u>\$ 1,084,252</u>	<u>\$ -</u>	<u>\$ 93,481</u>	<u>\$ 1,177,733</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment				
- Domestic listed stocks	\$ 585,935	\$ -	\$ -	\$ 585,935
- Domestic non-listed stocks	-	-	39,963	39,963
- Foreign non-listed stocks	-	-	30,810	30,810
	<u>\$ 585,935</u>	<u>\$ -</u>	<u>\$ 70,773</u>	<u>\$ 656,708</u>
<u>Financial liabilities Measured at Fair Value Through Profit or Loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,540</u>	<u>\$ -</u>	<u>\$ 1,540</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic listed stocks	\$ 335,314	\$ -	\$ -	\$ 335,314
Domestic unlisted stocks	-	-	451	451
Fund beneficiary certificates	174,119	-	-	174,119
Privately offered funds	-	-	80,212	80,212
	<u>\$ 509,433</u>	<u>\$ -</u>	<u>\$ 80,663</u>	<u>\$ 590,096</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment				
- Domestic listed stocks	\$ 468,486	\$ -	\$ -	\$ 468,486
- Domestic non-listed stocks	-	-	38,189	38,189
- Foreign non-listed stocks	-	-	29,885	29,885
	<u>\$ 468,486</u>	<u>\$ -</u>	<u>\$ 68,074</u>	<u>\$ 536,560</u>
<u>Financial liabilities Measured at Fair Value Through Profit or Loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 110</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed stocks	\$ 252,901	\$ -	\$ -	\$ 252,901
Fund beneficiary certificates	14,099	-	-	14,099
Privately offered funds	-	-	74,088	74,088
	<u>\$ 267,000</u>	<u>\$ -</u>	<u>\$ 74,088</u>	<u>\$ 341,088</u>

Financial assets measured at  
fair value through other  
comprehensive income

Equity investment				
- Domestic listed stocks	\$ 292,427	\$ -	\$ -	\$ 292,427
- Domestic non-listed stocks	-	-	37,759	37,759
- Foreign non-listed stocks	-	-	31,414	31,414
	<u>\$ 292,427</u>	<u>\$ -</u>	<u>\$ 69,173</u>	<u>\$ 361,600</u>

Financial liabilities  
Measured at Fair Value  
Through Profit or Loss

Derivatives	\$ -	\$ 1,870	\$ -	\$ 1,870
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There were no transfers between Level 1 and Level 2 fair values during the nine months ended September 30, 2024 and 2023.

2. Reconciliation of financial instruments measured at fair value in Level 3

January 1 to September 30, 2024

Financial assets	Equity instruments		Total
	Measured at fair values through profit and/or loss	Financial assets measured at fair value through other comprehensive income	
Balance, beginning of year	\$ 80,663	\$ 68,074	\$ 148,737
Allocation of income	( 772 )	-	( 772 )
Disposal	( 1,460 )	-	( 1,460 )
Recognized in profit or loss (other gains and losses)	15,050	-	15,050
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	2,699	2,699
Balance, end of period	<u>\$ 93,481</u>	<u>\$ 70,773</u>	<u>\$ 164,254</u>

January 1 to September 30, 2023

Financial assets	Equity instruments		Total
	Measured at fair values through profit and/or loss	Financial assets measured at fair value through other comprehensive income	
Balance, beginning of year	\$ 71,098	\$ 62,528	\$ 133,626
Purchase	12,718	-	12,718
Allocation of income	( 505 )	-	( 505 )
Recognized in profit or loss (other gains and losses)	( 9,223 )	-	( 9,223 )
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	6,645	6,645
Balance, end of period	<u>\$ 74,088</u>	<u>\$ 69,173</u>	<u>\$ 143,261</u>

3. Valuation techniques and input values for Level 3 fair value measurement

The aggregate value of the individual assets and individual liabilities in the investments in domestic unlisted equity was evaluated in the asset method to reflect the overall value of an enterprise or business.

(3) Types of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Measured at fair values through profit and/or loss			
Mandatorily at fair value through profit	\$ 1,177,733	\$ 590,096	\$ 341,088
Financial assets at amortized cost (Note 1)	1,972,897	2,479,808	2,645,866
Financial assets at fair value through other comprehensive income - investments in equity instruments	656,708	536,560	361,600
<u>Financial liabilities</u>			
Measured at fair values through profit and/or loss			
Held for trading	1,540	110	1,870
Measured at amortize cost (Note 2)	1,789,298	1,499,829	1,513,138



Note 1: The balance includes financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, and guarantee deposits paid.

Note 2: The balance includes financial liabilities at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, corporate bonds payable, and guarantee deposits received.

(4) Purpose and policy of financial risk management

The Group's financial management department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations by analyzing the internal risk reports of exposures according to the level and breadth of the risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department reports regularly to the Group's Board of Directors.

1. Market Risk

The main financial risks to the Group's operating activities are the risk of foreign exchange rate fluctuations (see (1) below) and the risk of changes in interest rates (see (2) below).

There have been no changes in the Group's exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

Some of the Group's cash inflows and outflows are denominated in foreign currencies with the effect of natural hedging; the Group's management of the exchange rate risk aims to hedge rather than making profits.

Refer to Note 35 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items in non-functional currencies that have been eliminated in the consolidated financial statements) on the balance sheet date.

Sensitivity analysis

The Group is mainly affected by the fluctuations in the exchange rates of USD.

The table below illustrates the Group's sensitivity analysis when the NTD (the functional currency) increases and decreases by 1% against each relevant foreign currency. In the sensitivity analysis, the outstanding monetary items in foreign currencies were taken into account, the end-of-period translation was adjusted by 1% change in exchange rates. The positive numbers in the following table represent the increase in net profits before tax if the New Taiwan dollar weakens by 1% against the respective currencies, and the negative numbers for the same amount

represent the decrease in net profits before tax if the NT dollar strengthens by 1% against the respective currencies.

	Impact of USD	
	January 1 to September 30, 2024	January 1 to September 30, 2023
Profit or loss	<u>\$ 9,714</u>	<u>\$ 18,113</u>

The Group's sensitivity to the USD decreased in this period, mainly due to the increase in its foreign currency liabilities.

The management believes that the sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures.

(2) Interest rate risk

Interest rate exposures arise as entities under the Group hold assets and liabilities at both fixed and floating rates.

The carrying amount of financial assets and liabilities of the Group under interest rate exposure on balance sheet date is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
With fair value interest rate risk			
– Financial assets	\$ 565,384	\$ 1,116,840	\$ 1,220,119
– Financial liabilities	1,095,805	1,089,869	1,089,829
With cash flow interest rate risk			
– Financial assets	359,815	411,864	388,034
– Financial liabilities	313,485	150,000	169,120

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of assets at floating rates is based on the assumption that the amount of assets outstanding at the balance sheet date was outstanding throughout the reporting period.

If the annual rate of interest increased/decreased by 1%, with all other variables remaining unchanged, the Group's net income before tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$347 thousand and NT\$1,642 thousand, respectively, mainly due to the Group's exposure to the risk of the net assets at floating interest rates.

The Group's sensitivity to interest rates decreased in this period, mainly due to the increase in the financial liabilities at floating interest rates.

(3) Other price risks

The Group is exposed to the equity price risk due to the listed equity securities held. The equity investments are not held for trading and are strategic investments. The Group is not actively trading these equity securities. The Group's equity price risk is mainly concentrated in the equity instruments in the electronic industry traded in stock exchanges and over-the-counter markets in Taiwan.

Sensitivity analysis

The sensitivity analysis below was performed based on the securities price exposure on the balance sheet date.

If the securities price increased/decreased by 1%, the profit or loss before tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$11,777 thousand and NT\$3,411 thousand respectively, mainly due to increase/decrease in the Group's financial assets at fair value through profit or loss.

If the securities price increased/decreased by 1%, the other comprehensive before tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$6,567 thousand and NT\$3,616 thousand respectively, mainly due to increase/decrease in the Group's financial assets at fair value through other comprehensive income.

The Group's sensitivity to price risk increased in this period, mainly due to the increase in the Group's investment in financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in consolidated balance sheets.

To mitigate credit risk, the Group has formulated credit and accounts receivable management measures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the Group's management believes that the Group's credit risk is significantly reduced.

The Group has a wide range of clients across different industries and geographical regions for accounts receivables. The Group continuously evaluates the financial position of clients with accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. When the transaction counterparties are affiliates, the Group defines them as transaction counterparties with similar characteristics.

### 3. Liquidity Risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Group's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

Bank loans are a source of liquidity for the Group. Please refer to the description of (2) financing facilities below for the Group's bank financing facilities undrawn as of September 30, 2024, December 31, 2023, and September 30, 2023.

#### (1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Group can be required to make repayment. Therefore, bank borrowings that the Group may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

##### September 30, 2024

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
No interest-bearing liabilities	\$ 246,592	\$ 164,323	\$ 7,440	\$ 4	\$ 418,359
Floating rate instruments	69,436	-	35,000	-	104,436
Fixed rate instruments	40,987	-	1,225,076	-	1,266,063
Lease liability	1,771	2,659	10,398	25,169	39,997
	<u>\$ 358,786</u>	<u>\$ 166,982</u>	<u>\$ 1,277,914</u>	<u>\$ 25,173</u>	<u>\$ 1,828,855</u>

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Fixed rate instruments	<u>\$ 1,266,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liability	<u>\$ 14,828</u>	<u>\$ 12,708</u>	<u>\$ 9,342</u>	<u>\$ 3,119</u>

### December 31, 2023

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
No interest-bearing liabilities	\$ 197,407	\$ 103,066	\$ 7,903	\$ 4	\$ 308,380
Floating rate instruments	100,000	50,000	-	-	150,000
Fixed rate instruments	-	-	-	1,041,009	1,041,009
Lease liability	<u>1,632</u>	<u>3,264</u>	<u>13,248</u>	<u>32,434</u>	<u>50,578</u>
	<u>\$ 299,039</u>	<u>\$ 156,330</u>	<u>\$ 21,151</u>	<u>\$1,073,447</u>	<u>\$1,549,967</u>

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Fixed rate instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,041,009</u>	<u>\$ -</u>
Lease liability	<u>\$ 18,144</u>	<u>\$ 12,930</u>	<u>\$ 11,616</u>	<u>\$ 7,888</u>

### September 30, 2023

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
No interest-bearing liabilities	\$ 171,602	\$ 128,641	\$ 7,593	\$ 4	\$ 307,840
Floating rate instruments	100,000	-	69,120	-	169,120
Fixed rate instruments	-	-	-	1,035,738	1,035,738
Lease liability	<u>1,797</u>	<u>3,565</u>	<u>14,867</u>	<u>39,489</u>	<u>59,718</u>
	<u>\$ 273,399</u>	<u>\$ 132,206</u>	<u>\$ 91,580</u>	<u>\$1,075,231</u>	<u>\$1,572,416</u>

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–2 years	2–3 years	Over 3 years
Fixed rate instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035,738</u>	<u>\$ -</u>
Lease liability	<u>\$ 20,229</u>	<u>\$ 13,666</u>	<u>\$ 12,168</u>	<u>\$ 13,655</u>

## (2) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank overdraft facility			
- Borrowing facilities used	\$ 35,000	\$ 150,000	\$ 169,120
- Borrowing facilities unused	<u>1,250,000</u>	<u>750,000</u>	<u>1,030,880</u>
	<u>\$ 1,285,000</u>	<u>\$ 900,000</u>	<u>\$ 1,200,000</u>
Secured bank overdraft facility			
- Borrowing facilities used	\$ 278,485	\$ -	\$ -
- Borrowing facilities unused	<u>961,265</u>	<u>1,688,120</u>	<u>1,735,220</u>
	<u>\$ 1,239,750</u>	<u>\$ 1,688,120</u>	<u>\$ 1,735,220</u>

## 33. Related Party Transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are the Company's related parties) were all eliminated upon consolidation, so they are not disclosed in this note. Except for those disclosed in other notes, transactions between the Group and other related parties are as follows.

(1) Remuneration for key management

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	\$ 8,483	\$ 10,223	\$ 31,415	\$ 33,259
Share-based payment	1	( 470 )	1	792
Retirement benefits	226	277	709	822
	<u>\$ 8,710</u>	<u>\$ 10,030</u>	<u>\$ 32,125</u>	<u>\$ 34,873</u>

The remuneration for directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

34. Pledged Assets

The assets below have been pledged as collateral to suppliers as payment for purchases or for financing or borrowings from banks and to customs:

	September 30, 2024	December 31, 2023	September 30, 2023
Certificates of deposit pledged (under financial assets at amortized cost - non-current)	\$ 10,405	\$ 10,401	\$ 10,401
Fund beneficiary certificates pledged (under financial assets at fair value through profit or loss - current)	448,013	-	-
Property, plant, and equipment	139,858	141,420	141,941
	<u>\$ 598,276</u>	<u>\$ 151,821</u>	<u>\$ 152,342</u>

35. Information on foreign currency assets and liabilities with significant effect:

The information below is aggregated and presented in foreign currencies other than the functional currencies of the entities under the Group. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

	September 30, 2024		
	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 49,378	31.65(USD: NTD)	<u>\$ 1,562,814</u>
<u>Non-monetary items</u>			
USD	973	31.65(USD: NTD)	<u>\$ 30,795</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	17,919	31.65(USD: NTD)	\$ 567,136
USD	767	7.01(USD: RMB)	24,276
			<u>\$ 591,412</u>

December 31, 2023			
	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 63,179	30.70(USD: NTD)	<u>\$ 1,939,595</u>
<u>Non-monetary items</u>			
USD	973	30.70(USD: NTD)	<u>\$ 29,871</u>
 <u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	6,066	30.70(USD: NTD)	\$ 186,226
USD	959	7.09(USD: RMB)	<u>29,441</u>
			<u>\$ 215,667</u>
 September 30, 2023			
	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 62,776	32.27(USD: NTD)	<u>\$ 2,025,782</u>
<u>Non-monetary items</u>			
USD	973	32.27(USD: NTD)	<u>\$ 31,399</u>
 <u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	5,897	32.27(USD: NTD)	\$ 190,296
USD	751	7.18(USD: RMB)	<u>24,235</u>
			<u>\$ 214,531</u>

The Group is mainly exposed to the foreign currency exchange rate risk of USD and RMB. The following information is presented in aggregate for the functional currencies of the individual entity holding the foreign currencies, and the exchange rates disclosed are the rates at which those functional currencies are translated into the presenting currency. Foreign currency translation gains and losses (realized and unrealized) with significant effect are as follows:

Functional currency	July 1 to September 30, 2024		July 1 to September 30, 2023	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
NTD	1 (NTD: NTD)	( \$ 41,935 )	1 (NTD: NTD)	\$ 65,251
RMB	4.53 (RMB: NTD)	<u>373</u> ( \$ 41,562 )	4.41 (RMB: NTD)	( <u>103</u> ) <u>\$ 65,148</u>
Functional currency	January 1 to September 30, 2024		January 1 to September 30, 2023	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
NTD	1 (NTD: NTD)	\$ 70,172	1 (NTD: NTD)	\$ 95,345
RMB	4.5 (RMB: NTD)	( <u>710</u> ) <u>\$ 69,462</u>	4.41 (RMB: NTD)	( <u>1,231</u> ) <u>\$ 94,114</u>

36. Additional Disclosures

(1) Information on Material Transactions and (2) Information on Investees:

1. The Loaning of Funds: None.
2. Endorsements and guarantees for others: None.
3. Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures): Table 1.
4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT\$300 million or 20% of the Paid-in Capital: None.
5. Acquisition of Individual Property at Costs of at Least NT\$300 million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs 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: None.
8. Receivables from Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: None.
9. Trading in Derivative Instruments: Note 7.
10. Business Relations and Important Transactions between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 2.
11. Information on Investees: Table 3.

(3) Information on investment in Mainland China:

1. Information on investees in Mainland China, including the name, main business and products, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the Mainland China area: Table 4.
2. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: Table 5.
  - (1) The amount and percentage of purchases and the related ending balance and percentage of payables.
  - (2) The amount and percentage of sales and the related ending balance and percentage of receivables.
  - (3) The amount of property transactions and the amount of resulting gains or losses.
  - (4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.



- (5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
- (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on Major Shareholders: The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held: Table 6.

37. Segment Information

The Group's information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The financial reporting information is measured on the same basis as that for these consolidated financial statements. The Group's reportable segments are its self-owned product segment and product agency segment.

(1) Revenue and operating results of segments

	Segment revenues			
	January 1 to September 30, 2024		January 1 to September 30, 2023	
	External revenue	Inter-segment revenues	External revenue	Inter-segment revenues
Self-owned product segment	\$ 1,528,788	\$ -	\$ 1,356,954	\$ -
Product agency segment	<u>729,644</u>	<u>62,789</u>	<u>734,562</u>	<u>58,250</u>
	<u>\$ 2,258,432</u>	<u>\$ 62,789</u>	<u>\$ 2,091,516</u>	<u>\$ 58,250</u>

	Segment profits or losses	
	January 1 to September 30, 2024	January 1 to September 30, 2023
Self-owned product segment	\$100,396	( \$ 21,351 )
Product agency segment	<u>21,396</u>	( <u>456</u> )
Total reportable segments' profit	121,792	( 21,807 )
Inter-segment profit eliminated	( <u>11</u> )	( <u>6</u> )
	121,781	( 21,813 )
Unallocated amount:		
Non-operating income and expenses	<u>117,128</u>	<u>242,583</u>
Net profit before taxation	<u>\$238,909</u>	<u>\$220,770</u>

Segments' profit refers to the profit earned by each segment, excluding non-operating income and expenses that should be allocated. This measure is provided to the chief operating decision maker to allocate resources to segments and to measure their performance.

(2) Segments' total assets

Segments' assets	September 30, 2024	December 31, 2023	September 30, 2023
Self-owned product segment	\$ 5,616,034	\$ 5,571,450	\$ 5,481,992
Product agency segment	<u>371,548</u>	<u>280,513</u>	<u>314,481</u>
Total segment assets	5,987,582	5,851,963	5,796,473
Unallocated assets	<u>-</u>	<u>-</u>	<u>-</u>
Total consolidated assets	<u>\$ 5,987,582</u>	<u>\$ 5,851,963</u>	<u>\$ 5,796,473</u>

All assets are allocated to reportable segments. Assets shared by reportable segments are allocated on the basis of income earned by each reportable segment.

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Marketable securities held at the end of the period  
September 30, 2024

Table 1

Unit: In thousand NTD and thousand shares, unless otherwise specified

Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	4,354	\$ 254,709	-	\$ 254,709	\$ -
	Quanta Computer Inc.	—	Financial assets at fair value through profit or loss - current	170	44,880	-	44,880	-
	Sunonwealth Electric Machine Industry Co., Ltd.	—	Financial assets at fair value through profit or loss - current	430	39,732	-	39,732	-
	Quanta Storage Inc.	—	Financial assets at fair value through profit or loss - current	200	20,900	-	20,900	-
	Speed Tech Corporation	—	Financial assets at fair value through profit or loss - current	100	4,990	-	4,990	-
	Qisda Corporation	—	Financial assets at fair value through profit or loss - current	100	3,750	-	3,750	-
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	3,640	142,506	-	142,506	-
	Aerospace Industrial Development Corporation	—	Financial assets at fair value through other comprehensive income - current	1,460	70,372	-	70,372	-
	United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,000	53,800	-	53,800	-
	Richwave Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	180	34,830	-	34,830	-
	Zilltek Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	70	23,520	-	23,520	-
	Delta Electronics, Inc.	—	Financial assets at fair value through other comprehensive income - current	55	20,928	-	20,928	-
	Unimicron Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	130	18,720	-	18,720	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	10	9,570	-	9,570	-
	MediaTek Inc.	—	Financial assets at fair value through other comprehensive income - current	5	5,875	-	5,875	-
	Cheng Uei Precision Industry Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	90	5,787	-	5,787	-
	Fositek Corp.	—	Financial assets at fair value through other comprehensive income - current	5	4,125	-	4,125	-

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Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	Auras Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	5	\$ 3,360	-	\$ 3,360	\$ -
	Chroma ATE Inc.	—	Financial assets at fair value through other comprehensive income - current	5	1,867	-	1,867	-
	North-Star International Petech Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	13	858	-	858	-
	Coremate Technical Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	161	-	2%	-	-
	Silicongear Corporation	—	Financial assets at fair value through other comprehensive income - non-current	1	-	-	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	36	-	Preferred Series B	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	7	-	Preferred Series C	-	-
	AETAS TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive income - non-current	3	-	Preferred Series D	-	-
	<u>Privately offered funds</u>							
	Zoyi Venture Capital Co., Ltd.	—	Financial assets at fair value through profit or loss – non-current	-	92,771	-	92,771	-
Weltrend International Co., (BVI) Ltd.	<u>Stock</u>							
	Sunonwealth Electric Machine Industry Co., Ltd.	—	Financial assets at fair value through profit or loss - current	800	73,920	-	73,920	-
	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	219	12,812	-	12,812	-
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	2,370	92,786	-	92,786	-
	Keron Holding Corpratin	—	Financial assets at fair value through other comprehensive income - non-current	201	30,810	Preferred Series A-2	30,810	-
	IDILL INTERNATIONAL., INC.	—	Financial assets at fair value through other comprehensive income - non-current	250	-	-	-	-
	<u>Funds</u>							
	LOAD ABBETT SHORT DUR USD ACC	—	Financial assets at fair value through profit or loss - current	289	115,140	-	115,140	115,140
	JPM INCOME UAS ACC	—	Financial assets at fair value through profit or loss - current	19	84,701	-	84,701	84,701
	JPM GLOBAL CORE EQ USD ACC	—	Financial assets at fair value through profit or loss - current	14	60,316	-	60,316	60,316
	JPM USD LIQUIDITY LVNAV	—	Financial assets at fair value through profit or loss - current	1,516	47,972	-	47,972	47,972

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Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
Weltrend International Co., (BVI) Ltd.	MFS GLB OPPORTUNISTIC USD ACC	—	Financial assets at fair value through profit or loss - current	90	\$ 34,876	-	\$ 34,876	\$ 34,876
	GS JPM EQ PARTNERS JPY P ACC	—	Financial assets at fair value through profit or loss - current	6	36,043	-	36,043	36,043
	BNY MELLON GLOBAL CREDIT FUND	—	Financial assets at fair value through profit or loss - current	984	35,216	-	35,216	35,216
	ARCUS JAPAN JPY ACC	—	Financial assets at fair value through profit or loss - current	12	33,749	-	33,749	33,749
Yingquan Investment Co., Ltd.	<u>Stock</u> Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	2,024	118,404	-	118,404	-
	Sunonwealth Electric Machine Industry Co., Ltd.	—	Financial assets at fair value through profit or loss - current	520	48,048	-	48,048	-
	China Metal Products Co., Ltd.	—	Financial assets at fair value through profit or loss - current	360	14,094	-	14,094	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	50	47,850	-	47,850	-
	Merry Electronics Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	233	30,351	-	30,351	-
	United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income - current	350	18,830	-	18,830	-
	GOTRUSTID Inc. Taiwan Branch	—	Financial assets at fair value through profit or loss – non-current	500	760	3%	760	-
	Anqing Innovation Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	3,114	20,800	6%	20,800	-
	Chongyou Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	655	14,827	9%	14,827	-
	Baycom Opto-Electronics Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	401	4,336	1%	4,336	-
Sentelic Corporation	<u>Funds</u> Lavod Corporation	—	Financial assets at fair value through profit or loss – non-current	252	-	8%	-	-

Note 1: The securities listed are restricted for use as they are pledged for borrowings.

Note 2: Lavod Corporation's shares held have all been recognized in impairment.

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Business relationships, significant transactions and amounts between parent company and subsidiaries and among subsidiaries.  
For the Nine Months Ended September 30, 2024

Table 2

Unit: NT\$ thousand

No.	Trader name	Counterparty	Relations with trader (Note 4)	Transactions			
				Account	Amount	Trading conditions	As a percentage of consolidated total revenue or total assets
0	The Company	Dongguan Prosil Electronics Co., Ltd. Yingquan Investment Co., Ltd. Sentelic Corporation	1 2 2	Net operating income	\$ 62,789	Note 1	3%
				Accounts receivable	24,263	Note 2	-
				Rental incomes	11	Note 1	-
				Sales revenue	2,506	Note 1	-
				Other income	810	Note 1	-
1	Dongguan Prosil Electronics Co., Ltd.	The Company Sentelic Corporation	3 4	Other receivables	95	Note 3	-
				Other income	1,222	Note 1	-
				Other income	2,477	Note 1	-
2	Sentelic Corporation	The Company	5	Other receivables	214	Note 3	-
				Sales revenue	546	Note 1	-
				Accounts receivable	166	Note 3	-

Note 1: It is based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

Note 2: It is mainly net 90 days at the end of each month for collection (payment).

Note 3: It is mainly net 30 days at the end of each month for collection (payment).

Note 4: 1 represents the transactions from parent company to sub-subsidiary.

2 represents the transactions from parent company to subsidiary.

3 represents the transactions from sub-subsidiary to parent company.

4 represents the transactions from sub-subsidiary to subsidiary.

5 represents the transactions from subsidiary to parent company.

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Information on the investee, location, etc. (excluding investees in China)  
For the Nine Months Ended September 30, 2024

Table 3

Unit: NT\$ thousand

Investor name	Investee	Location	Principal business	Original investment amount		Holding, end of period			Profits (losses) of the investee for the period	Investment incomes (losses) recognized in the period	Remarks
				End of the period	End of last year	Number of Shares (in thousands)	Percentage (%)	Carrying amount			
The Company	Weltrend International Co., (BVI) Ltd.	British Virgin Islands	Investment	\$ 265,000	\$ 265,000	8,164	100	\$ 515,705	\$ 15,066	\$ 15,066	Note 1
	Yingquan Investment Co., Ltd.	Taiwan	Investment	241,486	241,486	32,416	98	356,355	886	871	Note 2
	Sentelic Corporation	Taiwan	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	1,117,120	1,117,120	15,324	51	1,015,187	67,747	12,574	Note 1 and 4
Sentelic Corporation	Sentelic Holding Co., Ltd.	Republic of Mauritius.	Investment	18,782	18,782	625	100	23	-	-	Note 1 and 5

Note 1: It was calculated based on the financial report for the same period reviewed by a CPA.

Note 2: It was calculated based on the financial report for the same period not reviewed by a CPA.

Note 3: Please refer to Table 4 for the relevant information on the investees in Mainland China.

Note 4: Investment income (losses) recognized in this period is based on financial information before inter-company transactions were eliminated and recognized after adjustments based on the effect of the acquisition method.

Note 5: On November 4, 2024, the Board of Directors approved the dissolution and liquidation of the subsidiary, Sentelic Holding Co., Ltd.

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Information on investment in Mainland China  
For the Nine Months Ended September 30, 2024

Table 4Unit: In thousand NTD, unless otherwise specified

Names of investees in Mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period	Shareholding in direct or indirect investment	Investment income (loss) recognized in this period (Note 2)	Book value of investments at the end of the period	Investment income remitted back as of the end of the period
					Outward remittance	Recover						
Dongguan Prosil Electronics Co., Ltd.	Import and export of electronic components and general import and export	RMB 8,048 thousand ( USD 1,200 thousand )	Note 1	USD 1,200 thousand ( \$ 37,980 )	\$ -	\$ -	USD 1,200 thousand ( \$ 37,980 )	( \$ 157 )	100%	( \$ 157 )	\$ 26,413	\$ -

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for Mainland China as stipulated by the Investment Commission, MOEA
USD 1,200 thousand (\$37,980)	USD 1,200 thousand (\$37,980)	\$2,015,702

Note 1: The Company invests in Weltrend International Co., (BVI) Ltd. and then invests in companies through Mainland China through said company. The investments have been approved by the Investment Commission, Ministry of Economic Affairs. The investment amount approved is USD 1,200 thousand.

Note 2: It was calculated based on the investees’ financial reports for the same period not reviewed by a CPA.

Note 3: The amounts in foreign currencies were converted at USD exchange rate on September 30, 2024.



Weltrend Semiconductor, Inc. and Its Subsidiaries

Major Transactions with Investees in Mainland China Through Direct or Indirect Investment Through a Third Region, and the Prices, Payment Terms, Unrealized Gains or Losses, and Other Relevant Information  
For the Nine Months Ended September 30, 2024

Table 5Unit: NT\$ thousand

Names of investees in Mainland China	Type of transaction	Purchase or sale		Transaction conditions (Note)	Notes and accounts receivable (payable)		Unrealized gain or loss	Remarks
		Amount	Percentage		Amount	Percentage		
Dongguan Prosil Electronics Co., Ltd.	Operating revenues	\$ 62,789	3%	—	\$ 24,263	2%	\$ -	—

Note: Sales with related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

Weltrend Semiconductor, Inc. and Its Subsidiaries  
Information on major shareholders  
September 30, 2024

Table 6

Information on major shareholders	Shares	
	Number of shares held (shares)	Shareholding percentage
The Group has no shareholders holding more than 5% of the shares individually.	-	-

Note: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.