

**MICROELECTRONICS TECHNOLOGY,
INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

MICROELECTRONICS TECHNOLOGY INC.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Microelectronics Technology Inc.

Representative:

March 12, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICROELECTRONICS TECHNOLOGY, INC.

Opinion

We have audited the accompanying consolidated balance sheets of Microelectronics Technology Inc. and subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Intangible assets - assessment of goodwill impairment

Description

As of December 31, 2024, goodwill amounted to NT\$285,914 thousand. The group estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. Please refer to Notes 4(17), 5(2) and 6(10) for details. The estimation of future cash flows involves various assumptions, which may have significant effects on the estimation of recoverable amount. Thus, it has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Assessed the valuation model has been properly adopted.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects. Compared the financial forecast for the future cash flows are in agreement with the budget of the Group.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and compared with historical data, economic and industry forecast. Evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.

Allowance for inventory valuation losses

Description

As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses amounted to NT\$1,580,758 thousand and NT\$277,256 thousand, respectively. Please refer to Notes 4(13), 5(2) and 6(6) for details. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses.

Other matter

In Note 12(4) of the consolidated financial statements, as of December 31, 2024, MICROELECTRONICS TECHNOLOGY, INC. had an accumulated deficit of NT\$2,769,313 thousand, which exceeds half of the paid-in capital. Additionally, the debt ratio and current ratio were 79% and 91%, respectively. MICROELECTRONICS TECHNOLOGY, INC. has presented a improvement plan for future operations.

We have audited and expressed an unmodified opinion on the parent company only financial statements of Microelectronics Technology Inc. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting

Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	587,755	15	\$	978,354	18
1110	Financial assets at fair value through profit or loss - current	6(2)		-	-		14,707	-
1136	Financial assets at amortised cost - current	6(4) and 8		15,318	-		32,215	1
1150	Notes receivable	6(5)		9,914	-		378	-
1170	Accounts receivable, net	6(5)		186,507	5		652,453	12
1180	Accounts receivable - related parties	6(5) and 7		22,736	1		22,759	-
1200	Other receivables			6,966	-		12,212	-
1210	Other receivables - related parties	7		405	-		399	-
130X	Inventories	6(6)		1,303,502	33		1,764,515	32
1410	Prepayments			50,540	1		51,801	1
11XX	Total current assets			2,183,643	55		3,529,793	64
Non-current assets								
1510	Financial assets at fair value through profit or loss-non-current	6(2)		105,173	3		97,540	2
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)		151,102	4		150,151	3
1600	Property, plant and equipment	6(7) and 8		474,723	12		576,849	11
1755	Right-of-use assets	6(8) and 7		325,694	8		395,585	7
1780	Intangible assets	6(9)(10)		314,405	8		308,455	6
1840	Deferred income tax assets	6(30)		394,784	10		409,126	7
1900	Other non-current assets	7		11,569	-		10,902	-
15XX	Total non-current assets			1,777,450	45		1,948,608	36
1XXX	Total Assets		\$	3,961,093	100	\$	5,478,401	100

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MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current Liabilities						
2100	Short-term borrowings	6(11)	\$ 1,204,033	30	\$ 1,558,107	28
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	-	-
2130	Current contract liabilities	6(23)	63,429	2	11,555	-
2150	Notes payable		1,200	-	-	-
2170	Accounts payable		474,727	12	387,944	7
2180	Accounts payable - related parties	7	21,406	-	3,943	-
2200	Other payables	6(13)	150,082	4	221,850	4
2220	Other payables to related parties		17,055	-	2,011	-
2230	Current income tax liabilities		1,439	-	1,917	-
2250	Provisions for liabilities - current	6(18)	25,720	1	35,292	1
2280	Current lease liabilities	7	148,854	4	97,508	2
2320	Long-term liabilities, current portion	6(16) and 8	273,134	7	456,124	8
2399	Other current liabilities		7,771	-	33,472	1
21XX	Total current liabilities		2,388,850	60	2,809,723	51
Non-current liabilities						
2530	Corporate bonds payable	6(16)	250,000	6	-	-
2540	Long-term loans	6(16) and 8	52,282	1	252,534	5
2550	Provisions for liabilities - non-current	6(18)	845	-	3,786	-
2570	Deferred income tax liabilities	6(30)	126,656	3	110,570	2
2580	Non-current lease liabilities	7	253,271	7	324,744	6
2600	Other non-current liabilities	6(16)	75,680	2	95,025	2
25XX	Total non-current liabilities		758,734	19	786,659	15
2XXX	Total Liabilities		3,147,584	79	3,596,382	66
Equity						
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Share capital-common stock		2,520,283	64	2,520,283	46
	Equity, Security Token Offer					
	Capital Reserves	6(20)				
3200	Capital surplus		1,091,896	27	1,091,896	20
	Retained Earnings	6(21)				
3310	Legal reserve		24,972	1	24,972	-
3320	Special reserve		193,426	5	193,426	4
3350	Accumulated deficit		(2,769,313)	(70)	(1,636,605)	(30)
	Other Equity Interest	6(22)				
3400	Other equity interest		(247,755)	(6)	(311,953)	(6)
31XX	Equity attributable to owners of the parent		813,509	21	1,882,019	34
3XXX	Total equity		813,509	21	1,882,019	34
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total Liabilities and Equity		\$ 3,961,093	100	\$ 5,478,401	100

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23) and 7	\$ 1,669,989	100	\$ 3,353,797	100
5000	Operating costs	6(6)(28) and 7	(1,807,829)	(108)	(2,920,279)	(87)
5900	Gross profit		(137,840)	(8)	433,518	13
	Operating expenses	6(29)(29) and 7				
6100	Selling expenses		(70,665)	(4)	(123,038)	(4)
6200	General and administrative expenses		(119,361)	(7)	(139,736)	(4)
6300	Research and development expenses		(527,591)	(32)	(682,354)	(20)
6450	Loss on expected credit impairment		(226,768)	(14)	(14,973)	(1)
6000	Total operating expenses		(944,385)	(57)	(960,101)	(29)
6900	Operating loss		(1,082,225)	(65)	(526,583)	(16)
	Non-operating income and expenses					
7100	Interest income	6(24)	9,697	1	9,890	-
7010	Other income	6(25)	16,383	1	25,806	1
7020	Other gains and losses	6(26)	3,528	-	18,233	-
7050	Finance costs	6(27) and 7	(71,506)	(4)	(81,204)	(2)
7000	Total non-operating income and expenses		(41,898)	(2)	(27,275)	(1)
7900	Loss before income tax		(1,124,123)	(67)	(553,858)	(17)
7950	Income tax expense	6(30)	(22,049)	(2)	(65,900)	(2)
8200	Loss for the year		(\$ 1,146,172)	(69)	(\$ 619,758)	(19)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	(Gain) loss on remeasurements of defined benefit plans	6(16)	\$ 13,464	1	(\$ 7,671)	-
8316	Unrealised (loss) gain from financial assets measured at fair value through other comprehensive income	6(3)(22)	(7,505)	-	42,245	1
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(22)	89,630	5	(15,206)	-
8399	Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss	6(22)(30)	(17,927)	(1)	3,041	-
8300	Total other comprehensive income for the year		\$ 77,662	5	\$ 22,409	1
8500	Total comprehensive loss for the year		(\$ 1,068,510)	(64)	(\$ 597,349)	(18)
	Loss attributable to:					
8610	Owners of the parent		(\$ 1,146,172)	(69)	(\$ 619,758)	(19)
	Comprehensive loss attributable to:					
8710	Owners of the parent		(\$ 1,068,510)	(64)	(\$ 597,349)	(18)
	Loss per share (in dollars)	6(31)				
9750	Basic		(\$ 4.55)		(\$ 2.60)	
9850	Diluted		(\$ 4.55)		(\$ 2.60)	

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Retained earnings				Other equity interest			
			Capital surplus, additional paid- in capital			Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Notes	Share capital- common stock		Legal reserve	Special reserve				
<u>2023</u>									
Balance at January 1, 2023		\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604
Loss for the period		-	-	-	-	(619,758)	-	-	(619,758)
Other comprehensive income (loss) for the period	6(3)(22)	-	-	-	-	(7,671)	(12,165)	42,245	22,409
Total comprehensive income (loss)		-	-	-	-	(627,429)	(12,165)	42,245	(597,349)
Cash capital increase	6(19)	140,000	257,977	-	-	-	-	-	397,977
Share-based payment transactions	6(17)	-	3,727	-	-	-	-	-	3,727
Capital surplus-other		-	60	-	-	-	-	-	60
Balance at December 31, 2023		\$ 2,520,283	\$ 1,091,896	\$ 24,972	\$ 193,426	(\$ 1,636,605)	(\$ 86,128)	(\$ 225,825)	\$ 1,882,019
<u>2024</u>									
Balance at January 1, 2024		\$ 2,520,283	\$ 1,091,896	\$ 24,972	\$ 193,426	(\$ 1,636,605)	(\$ 86,128)	(\$ 225,825)	\$ 1,882,019
Loss for the period		-	-	-	-	(1,146,172)	-	-	(1,146,172)
Other comprehensive income (loss) for the period	6(3)(22)	-	-	-	-	13,464	71,703	(7,505)	77,662
Total comprehensive income (loss)		-	-	-	-	(1,132,708)	71,703	(7,505)	(1,068,510)
Balance at December 31, 2024		\$ 2,520,283	\$ 1,091,896	\$ 24,972	\$ 193,426	(\$ 2,769,313)	(\$ 14,425)	(\$ 233,330)	\$ 813,509

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 1,124,123)	(\$ 553,858)
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on expected credit impairment		226,768	14,973
Depreciation	6(7)(8)(28)	187,503	194,509
Amortization	6(9)(28)	33,588	37,220
Net gain on financial assets at fair value through profit or loss	6(2)(26)	(7,239)	(15,305)
Net gain on financial liabilities at fair value through profit or loss	6(12)(26)	-	(220)
Interest income	6(24)	(9,697)	(9,890)
Dividend income	6(25)	(3,247)	(2,256)
Interest expense	6(27)	71,506	81,204
Compensation cost of share-based payment	6(17)	-	3,727
Gain on disposal of property, plant and equipment	6(26)	(14,666)	(5,573)
Loss on disposal of intangible assets	6(26)	142	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(9,536)	285
Accounts receivable		237,421	218,052
Accounts receivable-related parties		25,217	9,468
Other receivables		5,231	6,332
Other receivables-related parties		(6)	-
Inventories		492,255	563,618
Prepayments		3,185	23,398
Changes in operating liabilities			
Contract liabilities-current		51,873	(34,614)
Notes payable		1,200	-
Accounts payable		81,402	(553,128)
Accounts payable-related parties		18,220	(2,896)
Other payables		(76,664)	(85,555)
Other payables to related		15,044	2,011
Provisions for liabilities		(12,754)	11,140
Other current liabilities		(32,635)	6,454
Other non-current liabilities		(7,329)	(17,939)
Cash inflow (outflow) generated from operations		152,659	(108,843)
Interest received		10,003	9,461
Dividend received		3,247	2,256
Interest paid		(69,482)	(83,576)
Income taxes paid		(8,145)	(16,792)
Net cash flows from (used in) operating activities		88,282	(197,494)

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MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 17,915	\$ 4,237
Capital reduction of financial assets measured at fair value through profit or loss and return of shares		3,004	-
Increase in financial assets at amortized cost		18,615	2,479
Acquisition of financial assets at fair value through profit or loss		-	(42,887)
Acquisition of property, plant and equipment	6(32)	(12,217)	(60,337)
Proceeds from disposal of property, plant and equipment		38,876	6,626
Acquisition of intangible assets	6(9)	(30,109)	(31,710)
Increase in guarantee deposits paid		(580)	(151)
Net cash flows from (used in) investing activities		35,504	(121,743)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(33)	1,267,168	3,101,133
Decrease in short-term borrowings	6(33)	(1,629,115)	(3,098,725)
Increase in long-term borrowings	6(33)	173,300	118,788
Decrease in long-term borrowings	6(33)	(556,124)	(278,471)
Repayment of principal portion of lease liabilities	6(33)	(28,431)	(65,868)
Issuance of corporate bonds		250,000	-
Cash capital increase	6(19)	-	397,977
Net cash flows (used in) from financing activities		(523,202)	174,834
Effects due to changes in exchange rate		8,817	(1,644)
Net decrease in cash and cash equivalents		(390,599)	(146,047)
Cash and cash equivalents at beginning of year	6(1)	978,354	1,124,401
Cash and cash equivalents at end of year	6(1)	\$ 587,755	\$ 978,354

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Microelectronics Technology Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, manufacture and sales of terrestrial microwave, satellite communication system products, and related customized products.

On January 1, 2011, the Company merged with the subsidiary, Global PCS Inc.. Under the merger, the Company was the surviving company while Global PCS Inc. was the dissolved company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets and liabilities at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2024	December 31, 2023
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	Note 1	100.00	100.00
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	Note 1	100.00	100.00
Sasson International Holding, Inc.	Jupiter Network Corp. (Jupiter)	Note 1	100.00	100.00
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	Note 2	100.00	100.00
Welltop Technology Co., Ltd.	RadioComp ApS	Note 2	100.00	100.00
Jupiter Network Corp. (Jupiter)	Jupiter Technology (Wuxi) Inc.	Note 3	100.00	100.00

Note 1: Main operating activity is investments in the manufacturing and trading business.

Note 2: Research, development, design, manufacture and sales of personal wireless communication device, components of subsystem and system and wireless microwave communication system and equipment of electronic system.

Note 3: Main operating activities are design of satellite and microwave communication system equipment and its components, sales of self-made products and providing related technical services.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 40 years
Machinery and equipment	1 ~ 6 years
Office equipment	2 ~ 6 years
Transportation equipment	5 years
Leasehold improvements	1 ~ 3 years

(15) Leasing arrangements (lessor) — lease receivables/ operating leases

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payments are comprised of fixed payments.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising including the amount of the initial measurement of lease liability and any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

- A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.
- B. Goodwill arises in a business combination accounted for by applying the acquisition method and subsequently measured at the amount of cost less accumulated impairment loss.
- C. Acquired special technologies are amortised on a straight-line basis over their estimated useful lives of 5 years.

(17) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amount of goodwill will be assessed periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Provisions

Provision are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. Deferred tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(28) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(30) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells terrestrial microwave, satellite, and related customized products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 90 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Technical services on product development

- (a) The Group provides technical services on product development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense (mainly arisen from sales commissions) when incurred although the Group expects to recover those costs.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (including goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

The Group estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. Please refer to Note 6(9) (10) for the information on goodwill impairment. As of December 31, 2024, the Group's property, plant and equipment, right-of-use assets and intangible assets (including goodwill) amounted to \$474,723, \$325,694 and \$314,405, respectively.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2024, the Group recognised deferred tax assets amounting to \$394,784.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

As of December 31, 2024, the carrying amount of inventories was \$1,303,502.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 324	\$ 184
Checking accounts and demand deposits	562,346	877,750
Time deposits	<u>25,085</u>	<u>100,420</u>
	<u>\$ 587,755</u>	<u>\$ 978,354</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Information on restricted cash reclassified as 'Financial assets at amortized cost' is provided in Note 6(4).

(2) Financial assets at fair value through profit or loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Limited partnership	\$ -	\$ 14,963
Unlisted stocks	37,336	34,967
Valuation adjustments	(37,336)	(35,223)
	<u>\$ -</u>	<u>\$ 14,707</u>
Non-current items :		
Financial assets mandatorily measured at fair value through profit or loss		
Limited partnership	\$ 76,080	\$ 79,084
Valuation adjustments	17,445	13,414
Net exchange differences	11,648	5,042
	<u>\$ 105,173</u>	<u>\$ 97,540</u>

Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 4,031	\$ 14,551
Unlisted stocks	-	4,237
Limited partnership	3,208	(256)
Derivative instruments	-	(3,227)
	<u>\$ 7,239</u>	<u>\$ 15,305</u>

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current items :		
Equity instruments		
Unlisted stocks	\$ 394,683	\$ 371,229
Valuation adjustments	(233,331)	(225,825)
Net exchange differences	(10,250)	4,747
	<u>\$ 151,102</u>	<u>\$ 150,151</u>

- A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$151,102 and \$150,151 as at December 31, 2024 and 2023, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 7,505)	\$ 42,245

(4) Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits	\$ 15,318	\$ 32,215

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31,	
	2024	2023
Interest income	\$ 1,802	\$ 1,697

B. As of December 31, 2024 and 2023, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$15,318 and \$32,215, respectively.

C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

(5) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 9,914	\$ 378
Accounts receivable	\$ 448,826	\$ 684,731
Accounts receivable - related party	22,736	22,759
Less: Allowance for uncollectible accounts	(262,319)	(32,278)
	<u>\$ 209,243</u>	<u>\$ 675,212</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 154,194	\$ 9,914	\$ 200,978	\$ 378
Up to 90 days	47,726	-	175,024	-
91 to 180 days	580	-	1,099	-
181-365 days	6,745	-	298,847	-
Over 365 days	262,317	-	31,542	-
	<u>\$ 471,562</u>	<u>\$ 9,914</u>	<u>\$ 707,490</u>	<u>\$ 378</u>

The above ageing analysis was based on past due date. As of December 31, 2024, the subsequent collection of past-due accounts receivable amounted to \$45,196.

- B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$929,069.
- C. As of December 31, 2024 and 2023, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$9,914 and \$378, respectively. As of December 31, 2024 and 2023, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$209,243 and \$675,212, respectively.
- D. Information relating to credit risk of accounts and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2024		
	Cost	Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	Book value
Raw materials	\$ 697,899	(\$ 86,329)	\$ 611,570
Work in progress	379,972	(132,620)	247,352
Finished goods	502,887	(58,307)	444,580
	<u>\$ 1,580,758</u>	<u>(\$ 277,256)</u>	<u>\$ 1,303,502</u>

	December 31, 2023		
	Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories		
	Cost		Book value
Raw materials	\$ 930,029	(\$ 49,797)	\$ 880,232
Work in progress	399,335	(28,313)	371,022
Finished goods	508,351	(7,820)	500,531
Inventory in transit	12,730	-	12,730
	<u>\$ 1,850,445</u>	<u>(\$ 85,930)</u>	<u>\$ 1,764,515</u>

The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2024	2023
Cost of goods sold	\$ 1,518,066	\$ 2,862,018
Idle capacity	69,196	-
Loss on decline in market value	220,567	58,261
Recognised as selling and R&D expenses	10,946	14,897
	<u>\$ 1,818,775</u>	<u>\$ 2,935,176</u>

The Group recognised inventories in cost of goods sold because these inventories were written down from cost to net realisable value for the years ended December 31, 2024 and 2023 and due to loss on decline in market value.

(7) Property, plant and equipment

Details of property, plant and equipment for its own use are as follows:

	2024						
	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 433,108	\$ 1,182,313	\$ 113,955	\$ 2,298	\$ 26,871	\$ 5,692	\$ 1,764,237
Accumulated depreciation and impairment	(154,888)	(905,981)	(101,970)	(2,298)	(22,251)	-	(1,187,388)
	<u>\$ 278,220</u>	<u>\$ 276,332</u>	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 5,692</u>	<u>\$ 576,849</u>
At January 1	\$ 278,220	\$ 276,332	\$ 11,985	\$ -	\$ 4,620	\$ 5,692	\$ 576,849
Additions	-	3,329	5,090	-	1,503	(1,851)	8,071
Reclassifications	-	8,565	-	-	-	-	8,565
Disposals	-	(24,159)	(51)	-	-	-	(24,210)
Depreciation expense	(14,241)	(88,377)	(6,244)	-	(3,153)	-	(112,015)
Net exchange differences	14,284	2,577	441	-	50	111	17,463
At Decmber 31	<u>\$ 278,263</u>	<u>\$ 178,267</u>	<u>\$ 11,221</u>	<u>\$ -</u>	<u>\$ 3,020</u>	<u>\$ 3,952</u>	<u>\$ 474,723</u>
At December 31							
Cost	\$ 455,648	\$ 1,047,983	\$ 119,197	\$ 2,435	\$ 28,815	\$ 3,952	\$ 1,658,030
Accumulated depreciation and impairment	(177,385)	(869,716)	(107,976)	(2,435)	(25,795)	-	(1,183,307)
	<u>\$ 278,263</u>	<u>\$ 178,267</u>	<u>\$ 11,221</u>	<u>\$ -</u>	<u>\$ 3,020</u>	<u>\$ 3,952</u>	<u>\$ 474,723</u>

2023

	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 440,613	\$ 1,205,237	\$ 115,592	\$ 2,298	\$ 31,819	\$ 26,049	\$ 1,821,608
Accumulated depreciation and impairment	(141,960)	(899,084)	(98,212)	(2,298)	(22,682)	-	(1,164,236)
	<u>\$ 298,653</u>	<u>\$ 306,153</u>	<u>\$ 17,380</u>	<u>\$ -</u>	<u>\$ 9,137</u>	<u>\$ 26,049</u>	<u>\$ 657,372</u>
At January 1	\$ 298,653	\$ 306,153	\$ 17,380	\$ -	\$ 9,137	\$ 26,049	\$ 657,372
Additions	-	44,755	3,589	-	961	4,119	53,424
Reclassifications	-	17,544	-	-	-	(24,426)	(6,882)
Disposals	-	(268)	-	-	(785)	-	(1,053)
Depreciation expense	(15,684)	(92,520)	(8,966)	-	(4,697)	-	(121,867)
Net exchange differences	(4,749)	668	(18)	-	4	(50)	(4,145)
At Decmber 31	<u>\$ 278,220</u>	<u>\$ 276,332</u>	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 5,692</u>	<u>\$ 576,849</u>
At Decmber 31							
Cost	\$ 433,108	\$ 1,182,313	\$ 113,955	\$ 2,298	\$ 26,871	\$ 5,692	\$ 1,764,237
Accumulated depreciation and impairment	(154,888)	(905,981)	(101,970)	(2,298)	(22,251)	-	(1,187,388)
	<u>\$ 278,220</u>	<u>\$ 276,332</u>	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 5,692</u>	<u>\$ 576,849</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements — lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2024	December 31, 2023
Land	\$ 25,283	\$ 24,743
Buildings	300,411	370,842
	<u>\$ 325,694</u>	<u>\$ 395,585</u>
	Depreciation charge	
	2024	2023
Land	\$ 737	\$ 723
Buildings	74,751	71,919
	<u>\$ 75,488</u>	<u>\$ 72,642</u>

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$0 and \$26,750, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 9,111	\$ 9,486
Expense on short-term lease contracts	21,555	12,628
Expense on leases of low-value assets	231	455

E. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$47,653 and \$88,437, respectively.

(9) Intangible assets

2024				
	Goodwill	Acquired special technology	Computer software	Total
At January 1				
Cost	\$ 383,503	\$ 404,895	\$ 599,278	\$ 1,387,676
Accumulated depreciation	(106,616)	(404,895)	(567,710)	(1,079,221)
	<u>\$ 276,887</u>	<u>\$ -</u>	<u>\$ 31,568</u>	<u>\$ 308,455</u>
At January 1	\$ 276,887	\$ -	\$ 31,568	\$ 308,455
Additions	-	-	30,109	30,109
Disposals	-	-	(142)	(142)
Amortisation charge	-	-	(33,588)	(33,588)
Net exchange differences	9,027	-	544	9,571
At December 31	<u>\$ 285,914</u>	<u>\$ -</u>	<u>\$ 28,491</u>	<u>\$ 314,405</u>
At December 31				
Cost	\$ 383,503	\$ 404,895	\$ 641,466	\$ 1,429,864
Accumulated amortisation	(97,589)	(404,895)	(612,975)	(1,115,459)
	<u>\$ 285,914</u>	<u>\$ -</u>	<u>\$ 28,491</u>	<u>\$ 314,405</u>
2023				
	Goodwill	Acquired special technology	Computer software	Total
At January 1				
Cost	\$ 383,503	\$ 404,895	\$ 595,125	\$ 1,383,523
Accumulated depreciation	(106,594)	(404,895)	(558,279)	(1,069,768)
	<u>\$ 276,909</u>	<u>\$ -</u>	<u>\$ 36,846</u>	<u>\$ 313,755</u>
At January 1	\$ 276,909	\$ -	\$ 36,846	\$ 313,755
Additions	-	-	31,710	31,710
Amortisation charge	-	-	(37,220)	(37,220)
Net exchange differences	(22)	-	232	210
At December 31	<u>\$ 276,887</u>	<u>\$ -</u>	<u>\$ 31,568</u>	<u>\$ 308,455</u>
At December 31				
Cost	\$ 383,503	\$ 404,895	\$ 599,278	\$ 1,387,676
Accumulated depreciation	(106,616)	(404,895)	(567,710)	(1,079,221)
	<u>\$ 276,887</u>	<u>\$ -</u>	<u>\$ 31,568</u>	<u>\$ 308,455</u>

A. Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2024	2023
Operating costs	\$ 4,839	\$ 6,081
General and administrative expenses	662	981
Research and development expenses	28,087	30,158
	<u>\$ 33,588</u>	<u>\$ 37,220</u>

B. Impairment information about the intangible assets is provided in Note 6(10).

(10) Impairment of non-financial assets

The recoverable amount of goodwill was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets- approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	December 31, 2024			December 31, 2023		
	Up to 1 year	2 ~ 5 years	Over 6 years	Up to 1 year	2 ~ 5 years	Over 6 years
Operating revenue growth	(24%)	33%	0%	20%	5%	0%
Gross margin	27%	37%	35%	25%	22%	22%
Discount rate	9.30%	9.30%	9.30%	11.49%	11.49%	11.49%

A. Operating revenue growth rate: took into consideration the estimated operation and sales plans.

B. Gross margin: calculated based on the historical data and took into consideration the estimated operation and sales plans.

C. Discount rate: the discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Borrowings for material purchase	\$ 133,787	5.23%~6.04%	None
Export financing	195,246	3%~6.01%	None
Unsecured borrowings	875,000	2.14%~3.23%	None
	<u>\$ 1,204,033</u>		

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Borrowings for material purchase	\$ 391,093	4.95%~6.81%	None
Export financing	148,114	3.7%~6.27%	None
Unsecured borrowings	1,018,900	1.86%~2.86%	None
	<u>\$ 1,558,107</u>		

1. For key performance indicators of bank borrowings, according to the credit contract, the Company is required to maintain the agreed deposit amount in the quarterly consolidated financial statements during the credit term. If the agreed deposit amount is not met, the borrowing interest rate will be raised. The Group's consolidated financial statements for the years ended December 31, 2024 and 2023 all comply with the relevant restrictions.
2. For the years ended December 31, 2024 and 2023, the Group recognized interest expense in profit or loss amounting to \$52,327 and \$58,061, respectively, due to the short-term borrowings.

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	<u>\$ -</u>	<u>\$ -</u>

- A. For the years ended December 31, 2024 and 2023, the Group recognized net gain (loss) on financial liabilities held for trading amounting to \$0 and \$220, respectively.
- B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:
December 31, 2024 and December 31, 2023 : None.
- C. The Group entered into forward foreign exchange contracts and foreign exchange swap transactions to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(13) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Employee bonus payable	\$ 64,064	\$ 128,099
Payables for miscellaneous purchases	21,522	23,023
Payables for machinery and equipment	8,104	12,127
Accrued export expenses	2,503	8,370
Payables for technical assistance	4,971	5,118
Insurance expense payable	5,055	5,515
Payables for consulting service fees	7,047	5,163
Others	36,816	36,446
	<u>\$ 150,082</u>	<u>\$ 223,861</u>

(14) Bonds payable

	<u>December 31, 2024</u>
Bonds payable	<u>\$ 250,000</u>

The terms of the unsecured corporate bonds issued by the Group are as follows:

The Group issued first domestic unsecured corporate bonds through private placement for \$250,000 with 3% coupon rate over ten years in 2024. The circulation period is from November 15, 2024 ~ November 15, 2034.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Long-term bank borrowings				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable in equal monthly from March 15, 2022.	1.675%	None	\$ 58,068
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable in equal monthly from April 15, 2023.	1.625%	None	31,093
The Shanghai Commercial & Savings Bank	Borrowings period is from September 23, 2023 to September 23, 2027; interest is repayable monthly; principle is repaid and borrowed every	1.775%	None	43,300
Mega Bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	1.820%	Equipment	162,955
Other borrowings				
Robina Finance & Leasing	Borrowing period is from December 31, 2024 to December 31, 2026; interest is repayable monthly.	3.794%	Note 1	\$ 30,000
				325,416
Less: Current portion				(273,134)
				<u>\$ 52,282</u>

Note 1: The Group issued promissory notes amounting to \$31,200 as security for the inventory sale and repurchase arrangement.

Note 2: For key performance indicators of bank borrowings, according to the medium and long-term credit contract, the Group is required to maintain the agreed current ratio, debt ratio and bank deposit amount in the annual and semi-annual consolidated financial statements during the credit period. If the agreed financial ratios are not met or the bank deposits are lower than the agreed amount, the borrowing interest rate will be raised.

The Group's consolidated financial statements for the years ended December 31, 2024 and 2023 all complied with the relevant restrictions.

Note 3: Details of the collateral for long-term borrowings are provided in Note 8. The coupon rate is 4%.

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable in equal monthly from March 15, 2022.	1.550%	None	\$ 109,997
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable in equal monthly from April 15, 2023.	1.500%	None	181,411
Mega Bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	1.695%	None	288,850
The Shanghai Commercial & Savings Bank	Borrowings period is from September 23, 2023 to September 23, 2027; interest is repayable monthly; principle is repaid and borrowed every 180 days.	1.650%	None	100,000
Chailease Finance Co., Ltd.	Borrowing period is from June 28, 2022 to June 27, 2024; interest is repayable monthly; principal is repayable monthly from July 28, 2022.	4.165%	Note 1	\$ 28,400
				708,658
Less: Current portion				(456,124)
				<u>\$ 252,534</u>

Note 1: The Group issued promissory notes amounting to \$154,344 as security for the inventory sale and repurchase arrangement. The coupon rate is 2%.

Note 2: For key performance indicators of bank borrowings, according to the medium and long-term credit contract, the Group is required to maintain the agreed current ratio, debt ratio and bank deposit amount in the annual and semi-annual consolidated financial statements during the credit period. If the agreed financial ratios are not met or the bank deposits are lower than the agreed amount, the borrowing interest rate will be raised. The Group's consolidated financial statements for the years ended December 31, 2024 and 2023 all complied with the relevant restrictions.

- A. For the years ended December 31, 2024 and 2023, the Group recognized interest expense in profit or loss amounting to \$9,102 and \$13,657, respectively, due to the long-term borrowings.
- B. On January 1, 2019, Ministry of Economic Affairs, R.O.C. ("MOEA") implemented the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" and companies are subsidized with preferential interest loans, 0.5% of loan interest is subsidized by the National Development Fund, Executive Yuan, for qualified investment projects. The Group has obtained the approval from the MOEA to extend the loan qualification to December 31, 2023 and signed loan agreements with financial institutions during December 2019 to August 2022 with the line of credit amounting to \$1.09 billion and terms from five to six years. As of December 31, 2024 and 2023, the undrawn facility amounted to NT\$ 0 million and NT\$7.5 million, respectively. Funding from these borrowings were used to invest in machineries, equipment and broaden the Company's working capital.

C. Details of the collateral for long-term borrowings are provided in Note 8.

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 156,753	\$ 169,727
Fair value of plan assets	(100,886)	(93,067)
Net defined benefit liability	55,867	76,660
Accumulated unadjusted amount	-	-
Net liabilities recognised in the balance sheet	<u>\$ 55,867</u>	<u>\$ 76,660</u>

(c) Movements in net defined benefit liabilities are as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 169,727	(\$ 93,067)	76,660
Current service cost	125	-	125
Interest (expense) income	2,037	(1,117)	920
	<u>171,889</u>	<u>(94,184)</u>	<u>77,705</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(11,718)	(11,718)
Change in financial assumptions	(4,169)	-	(4,169)
Experience adjustments	2,423	-	2,423
	<u>(1,746)</u>	<u>(11,718)</u>	<u>(13,464)</u>
Pension fund contribution	-	(8,374)	(8,374)
Paid pension	(13,390)	13,390	-
At December 31	<u>\$ 156,753</u>	<u>(\$ 100,886)</u>	<u>\$ 55,867</u>

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 225,716	(\$ 138,788)	\$ 86,928
Current service cost	535	-	535
Interest (expense) income	2,709	(1,665)	1,044
	<u>228,960</u>	<u>(140,453)</u>	<u>88,507</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(679)	(679)
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	-	-
Experience adjustments	8,350	-	8,350
	<u>8,350</u>	<u>(679)</u>	<u>7,671</u>
Pension fund contribution	-	(3,188)	(3,188)
Paid pension	(67,583)	51,253	(16,330)
At December 31	<u>\$ 169,727</u>	<u>(\$ 93,067)</u>	<u>\$ 76,660</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or

foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2024	2023
Discount rate	1.60%	1.20%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit	(\$ 2,519)	\$ 2,585	\$ 2,179	(\$ 2,136)
December 31, 2023				
Effect on present value of defined benefit	(\$ 3,085)	\$ 3,173	\$ 2,717	(\$ 2,659)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 amount to \$2,490.

(g) As of December 31, 2024, the weighted average duration of the retirement plan is 7 years.

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiary, Jupiter Technology (Wuxi) Inc., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 16%. Other than the monthly contributions, the Company has no further obligations.
- (c) The Subsidiary, RadioComp ApS, accrued pension costs based on a certain appropriate rate of total salaries.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023 were \$33,688 and \$42,907, respectively.

(17) Share-based payment

- A. For the year ended December 31, 2024, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.11.23	449 (thousand shares)	NA	Vested immediately

- B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model or other. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption in 2023	2023.11.23	\$36.8 dollars	\$28.5 dollars	31.17%	0.019 years	0%	1.10%	\$8.3 dollars

C. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31	
	2024	2023
Equity-settled	\$ -	\$ 3,727

(18) Provisions

A. Warranties on sales-related products

	2024	2023
Balance at January 1	\$ 39,078	\$ 28,018
Additional provisions	2,758	11,975
Used during the period	(512)	(835)
Unused amounts reversed	(15,000)	-
Exchange difference	241	(80)
Balance at December 31	\$ 26,565	\$ 39,078

The Group gives warranties on sales-related products. Provision for warranty is estimated based on historical warranty data of uninterruptible power supply and solar energy products.

B. Analysis of total provisions:

	December 31, 2024	December 31, 2023
Current	\$ 25,720	\$ 35,292
Non-current	\$ 845	\$ 3,786

(19) Share capital

As of December 31, 2024, the Company's authorized capital was \$7,000,000, consisting of 0.7 billion shares of ordinary stock (including 50 million shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was \$2,520,283 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	(Unit: In thousand shares)	
	2024	2023
At January 1	252,028	238,028
Cash capital increase	-	14,000
At December 31	252,028	252,028

A. For the future development plan by capital needs, on May 2, 2024, the Company's Board of Directors resolved the private placement of ordinary shares under a limit of 38,000 thousand shares. The private placement of ordinary shares is approved by the shareholders on June 13, 2024.

B. On August 9, 2023, the Board of Directors of the Company resolved to increase capital amounting to \$399 million by issuing 14,000 thousand shares at \$28.5 (in dollars) per share. The effective date of the capital increase was on December 15, 2023. The registration for the issuance of new shares has been completed on December 22, 2023.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversal of a special reserve in accordance with related laws, the Company shall appropriate dividends to preferred stock. The Board of Directors should present the distribution of the remaining earnings along with accumulated unappropriated earnings for the approval of the shareholders to distribute dividends to shareholders.
- B. As the Company is in the growth stage, considered the entire environment and nature of industry as well as future capital needs and long-term financial plans in order to ensure subsequent operation and stable development. Based on the Company's future budget of capital expenditure and demand of capital, the Company appropriated no less than 30% of distributable earnings to shareholders' dividends, but if the distributable earnings is lower than 5% of paid-in capital, no dividends will be distributed. Cash dividend has a first priority when distributing shareholders' dividends, and the ratio is 30~100% of current total dividends. Remaining dividend can be distributed in the form of stocks. The appropriation of retained earnings will be proposed by the Board of Directors every year, and will be approved by the shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The Company incurred operating losses for the years ended December 31, 2024 and 2023, and thus had no earnings for distribution.

F. On June 13, 2024, the shareholder's meeting had resolved not to distribute dividends from 2023 earnings.

(22) Other equity items

	2024		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	(\$ 225,825)	(\$ 86,128)	(\$ 311,953)
The Company's effect	3,739	-	3,739
Effects of associate accounted for under equity method	(11,244)	89,630	78,386
Tax effects of associate accounted for under equity method	-	(17,927)	(17,927)
At December 31	(\$ 233,330)	(\$ 14,425)	(\$ 247,755)

	2023		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	(\$ 268,070)	(\$ 73,963)	(\$ 342,033)
The Company's effect	2,335	-	2,335
Effects of associate accounted for under equity method	39,910	(15,206)	24,704
Tax effects of associate accounted for under equity method	-	3,041	3,041
At December 31	(\$ 225,825)	(\$ 86,128)	(\$ 311,953)

(23) Operating revenue

	Years ended December 31	
	2024	2023
Revenue from contracts with customers	\$ 1,669,989	\$ 3,353,797

A. Disaggregation of revenue from contracts with customers

The Group derives revenue in the following major geographical regions:

	Year ended December 31, 2024			
	USA	Mainland China	Other areas	Total
Revenue from external customer contracts	\$ 876,224	\$ 76,610	\$ 717,155	\$ 1,669,989
Revenue from internal customer contracts	\$ -	\$ 41,973	\$ 595,259	\$ 637,232
	Year ended December 31, 2023			
	USA	Mainland China	Other areas	Total
Revenue from external customer contracts	\$ 1,552,438	\$ 88,509	\$ 1,712,850	\$ 3,353,797
Revenue from internal customer contracts	\$ -	\$ 85,304	\$ 1,444,888	\$ 1,530,192

B. Contract liabilities from customers

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Contract liabilities-			
Product sales contracts	\$ 63,429	\$ 11,555	\$ 46,168

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Years ended December 31	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 8,401	\$ 10,428

Changes in contract liabilities are mainly from the timing difference between performance obligations satisfied and customers' payment.

(24) Interest income

	Years ended December 31	
	2024	2023
Interest income from bank deposits	\$ 9,697	\$ 9,890

(25) Other income

	Years ended December 31	
	2024	2023
Dividend income	\$ 3,247	\$ 2,256
Other income, others	13,136	23,550
	\$ 16,383	\$ 25,806

For the year ended December 31, 2024, the Group recognised government grant income of \$7,981 for the subsidiaries from the Ministry of Economic Affairs under the ‘Low Earth Orbit (LEO) Radio Frequency Front End (RFFE) Solution Development Plan’.

(26) Other gains and losses

	Years ended December 31	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 14,666	\$ 5,573
Loss on disposals of intangible asset	(142)	-
Currency exchange (losses) gains	(6,173)	269
Gains on financial assets (liabilities) at fair value through profit or loss	7,239	15,525
Compensation losses	(8,173)	-
Miscellaneous disbursements	(3,889)	(3,134)
	<u>\$ 3,528</u>	<u>\$ 18,233</u>

(27) Finance costs

	Years ended December 31	
	2024	2023
Interest expense on bond	\$ 966	\$ -
Interest expense	61,429	71,718
Interest expense of lease liability	9,111	9,486
	<u>\$ 71,506</u>	<u>\$ 81,204</u>

(28) Expenses by nature

	Years ended December 31	
	2024	2023
Employee benefit expense	\$ 634,556	\$ 989,519
Depreciation charges on property, plant and equipment and right-of-use assets	187,503	194,509
Amortisation	33,588	37,220
	<u>\$ 855,647</u>	<u>\$ 1,221,248</u>

(29) Employee benefit expense

	Years ended December 31	
	2024	2023
Salary expenses	\$ 541,117	\$ 839,544
Labour and health insurance fees	47,523	73,035
Pension costs	34,733	44,486
Other personnel expenses	11,183	32,454
	<u>\$ 634,556</u>	<u>\$ 989,519</u>

A. According to the Articles of Incorporation of the Company, the ratio of distributable profit of the current year shall not be lower than 7% for employees’ compensation in the form of stocks/cash, and employees must be working for the Company. The current year's earnings, if any, shall not be higher than 1% for directors’ remuneration. Appropriation of employees’ compensation and

directors' remuneration shall be submitted to the shareholders' meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated to employees' compensation and directors' remuneration based on the abovementioned ratios.

- B. For the years ended December 31, 2024 and 2023, there were no employees' compensation accrued due to accumulated deficit.

For 2023, there were no employees' compensation and directors' remuneration resolved by the Board of Directors.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 647	\$ 5,511
Tax of foreign source income withheld at source	6,527	7,653
Prior year income tax overestimation	(424)	(996)
Total current tax	6,750	12,168
Deferred tax:		
Origination and reversal of deferred tax assets	4,296	16,965
Impact of tax losses	11,003	36,767
Total deferred tax	15,299	53,732
Income tax expense	\$ 22,049	\$ 65,900

- (b) The income tax (charge)/credit relating to components of other comprehensive income (loss) is as follows:

	Years ended December 31	
	2024	2023
Currency translation differences	\$ 17,927	(\$ 3,041)

- (c) The income tax charged/(credited) to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	(\$ 229,804)	(\$ 105,020)
Tax exempt income by tax regulation	(23)	(13)
Expenses disallowed by tax regulation	130,755	-
Origination of temporary differences tax assets/Change in assessment of realisation of deferred tax assets	114,594	163,280
Tax of foreign source income withheld at source	6,527	7,653
Income tax expense	\$ 22,049	\$ 65,900

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2024				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	At December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory valuation losses	\$ 17,617	(\$ 954)	\$ -	\$ 99	\$ 16,762
Unrealised warranty cost of after-sale service	8,048	(17)	-	60	8,091
Unrealised loss from doubtful accounts	2,995	-	-	-	2,995
Unrealised pension	15,333	-	-	-	15,333
Exchange differences on foreign financial statements	934	-	(934)	-	-
Others	11,914	(4,232)	-	528	8,210
-Tax losses	352,285	(11,003)	-	2,111	343,393
Subtotal	\$ 409,126	(\$ 16,206)	(\$ 934)	\$ 2,798	\$ 394,784
Deferred income tax liabilities:					
Unrealised gain on long-term investments	(\$ 91,428)	\$ -	\$ -	\$ -	(\$ 91,428)
Unrealised exchange gain	(18,628)	-	-	-	(18,628)
Exchange differences on foreign financial statements	-	-	(16,993)	-	(16,993)
Others	(514)	907	-	-	393
Subtotal	(\$ 110,570)	\$ 907	(\$ 16,993)	\$ -	(\$ 126,656)
Total	\$ 298,556	(\$ 15,299)	(\$ 17,927)	\$ 2,798	\$ 268,128

	2023				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	At December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory valuation losses	\$ 16,239	\$ 1,413	\$ -	(\$ 35)	\$ 17,617
Unrealised warranty cost of after-sale service	5,854	2,214	-	(20)	8,048
Unrealised loss from doubtful accounts	-	2,995	-	-	2,995
Unrealised pension	17,387	(2,054)	-	-	15,333
Exchange differences on foreign financial statements	-	-	934	-	934
Others	11,796	310	-	(192)	11,914
-Tax losses	389,606	(36,767)	-	(554)	352,285
Subtotal	\$ 440,882	(\$ 31,889)	\$ 934	(\$ 801)	\$ 409,126
Deferred income tax liabilities:					
Unrealised gain on long-term investments	(\$ 65,805)	(\$ 25,623)	\$ -	\$ -	(\$ 91,428)
Unrealised exchange gain	(19,674)	1,046	-	-	(18,628)
Unrealised gain of the valuation on financial assets	-	534	-	-	534
Unrealised gain from doubtful accounts	(2,156)	2,156	-	-	-
Exchange differences on foreign financial statements	(2,107)	-	2,107	-	-
Others	(1,083)	44	-	(9)	(1,048)
Subtotal	(\$ 90,825)	(\$ 21,843)	\$ 2,107	(\$ 9)	(\$ 110,570)
Total	\$ 350,057	(\$ 53,732)	\$ 3,041	(\$ 810)	\$ 298,556

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

(1)Microelectronics Technology, Inc.

December 31, 2024					
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2015	\$ 240,322	\$ 210,609	\$ 210,609	2025	
2019	103,552	103,552	-	2029	
2020	218,752	218,752	-	2030	
2021	462,497	462,497	-	2031	
2022	7,715	7,715	7,715	2032	
2023	604,262	604,262	-	2033	
2024	653,777	653,777	653,777	2034	
		<u>\$ 2,261,164</u>	<u>\$ 872,101</u>		

December 31, 2023					
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2014	\$ 407,486	\$ 407,486	\$ 407,486	2024	
2015	240,322	210,609	-	2025	
2019	103,552	103,552	-	2029	
2020	218,752	218,752	-	2030	
2021	462,497	462,497	-	2031	
2022	7,618	7,618	7,618	2032	
2023	604,262	604,262	-	2033	
		<u>\$ 2,014,776</u>	<u>\$ 415,104</u>		

(2)Jupiter Technology (Wuxi) Inc.

December 31, 2024					
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2021	\$ 120,688	\$ 120,688	\$ -	2026	
2023	2,736	2,736	-	2028	
2024	138,897	138,897	-	2029	
		<u>\$ 262,321</u>	<u>\$ -</u>		

December 31, 2023					
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2018	\$ 17,211	\$ 10,934	\$ -	2023	
2021	120,688	120,688	-	2026	
		<u>\$ 131,622</u>	<u>\$ -</u>		

E. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(31) Losses per share

Year ended December 31, 2024			
	Amount after tax	The number of ordinary shares outstanding at the end of the period (share in thousands)	Losses per share (in dollars)
<u>Basic/Diluted losses per share</u>			
Loss attributable to the parent	<u>(\$ 1,146,172)</u>	<u>252,028</u>	<u>(\$ 4.55)</u>

	Year ended December 31, 2023		
	Amount after tax	The number of ordinary shares outstanding at the end of the period (share in thousands)	Losses per share (in dollars)
<u>Basic/Diluted losses per share</u>			
Loss attributable to the parent	(\$ 619,758)	238,680	(\$ 2.60)

(32) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2024	2023
Purchase of property, plant and equipment	\$ 8,071	\$ 53,424
Add: Opening balance of payable on equipment	12,127	30,158
Ending balance of prepayment for equipment	-	-
Less: Ending balance of payable on equipment	(8,104)	(12,127)
Opening balance of prepayment for equipment	-	(11,078)
Effect of exchange rate changes	123	(40)
Cash paid during the period	\$ 12,217	\$ 60,337

(33) Changes in liabilities from financing activities

	Lease liabilities	Short-term borrowings	Long-term borrowings	Bonds payable	Total
January 1, 2024	\$ 422,252	\$ 1,558,107	\$ 708,658	\$ -	\$ 2,689,017
Changes in cash flow from financing activities	(24,398)	(361,947)	(382,824)	250,000	(769,169)
Impact of changes in foreign exchange rate	4,701	7,873	-	-	12,574
Changes in other non-cash items	(430)	-	(418)	-	(848)
December 31, 2024	<u>\$ 402,125</u>	<u>\$ 1,204,033</u>	<u>\$ 325,416</u>	<u>\$ 250,000</u>	<u>\$ 1,931,574</u>

	Lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2023	\$ 461,212	\$ 1,558,915	\$ 870,465	\$ 2,890,592
Changes in cash flow from financing activities	(65,868)	2,408	(159,683)	(223,143)
Impact of changes in foreign exchange rate	157	(3,216)	-	(3,059)
Changes in other non-cash items	26,751	-	(2,124)	24,627
December 31, 2023	<u>\$ 422,252</u>	<u>\$ 1,558,107</u>	<u>\$ 708,658</u>	<u>\$ 2,689,017</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cybertan Technology Inc.	Entities with significant influence to the Group (Note)
IQE Taiwan Corporation	Substantive related party

Note: As Cybertan Technology Inc. transferred the Company's certain shares, it was discharged of a director in January 2025 in accordance with the laws. From the date of discharge, it lost its influence over the Group and was no longer a related party of the Group.

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Cybertan Technology Inc.	\$ <u>50,817</u>	\$ <u>151,793</u>

The sales prices are based on mutual agreement, and no similar transactions can be compared with. The credit terms are 30 days from invoice date for the related parties. For third parties, credit terms are 30~90 days from invoice date or after monthly billings.

B. Purchases

	<u>Years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods:		
Cybertan Technology Inc.	\$ <u>19,898</u>	\$ <u>28,711</u>

The transaction price and payment condition of purchased goods were available to third parties. The payment terms were 60 days after the invoice date, the regular payment term was 30~90 days after monthly billing.

C. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
Entities with significant influence to the Group	\$ <u>22,736</u>	\$ <u>22,759</u>
Other receivables:		
Entities with significant influence to the Group	<u>405</u>	<u>399</u>
	\$ <u>23,141</u>	\$ <u>23,158</u>

D. Payables to related parties

	December 31, 2024	December 31, 2023
Accounts payable:		
Entities with significant influence to the Group	\$ 21,406	\$ 3,943
Other payables:		
Cybertan Technology Inc.	17,055	2,011
	<u>\$ 38,461</u>	<u>\$ 5,954</u>

E. Lease transactions — lessee

(a) The Group leases buildings from Cybertan Technology Inc.. Rental contracts are typically made for periods of 3 years. Rents are paid at the end of year.

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2024	December 31, 2023
Cybertan Technology Inc.	<u>\$ 334,913</u>	<u>\$ 345,343</u>

(ii) Interest expense

	Years ended December 31	
	2024	2023
Cybertan Technology Inc.	<u>\$ 7,642</u>	<u>\$ 7,665</u>

(c) As of December 31, 2024 and 2023, guarantee deposits paid (shown as ‘Other non-current assets’) to entities with significant influence to the Group all amounted to \$5,765.

(3) Key management compensation

	Years ended December 31	
	2024	2023
Salaries and other short-term employee benefits	\$ 36,309	\$ 38,817
Post-employment benefits	3,565	1,263
	<u>\$ 39,874</u>	<u>\$ 40,080</u>

8. PLEGDED ASSETS

The Group’s assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Time deposits (shown as ‘Financial assets at amortised cost-current’)	\$ 569	\$ 542	Guarantee for business card
			Guarantee for long-term borrowings
Equipment	115,409	-	
	<u>\$ 115,978</u>	<u>\$ 542</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

On January 8, 2025, the Group's shareholders' extraordinary general meeting had resolved to issue a domestic unsecured convertible bonds through private placement for \$700,000 with a par value of \$100 per bond. The issuance information related to the convertible bonds through private placement is still pending for discussions with the creditors.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On January 8, 2025, the Company's shareholders' extraordinary general meeting had resolved to issue a domestic unsecured convertible bonds through private placement for \$700,000 with a par value of \$100 per bond. The issuance information related to the convertible bonds through private placement is still pending for discussions with the creditors.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 105,173	\$ 112,247
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	151,102	150,151
Available-for-sale financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	587,755	978,354
Financial assets at amortised cost	15,318	32,215
Notes receivable	9,914	378
Accounts receivable (including related party transactions)	209,243	675,212
Other receivables (including related party transactions)	7,371	12,611
Guarantee deposits paid	9,569	8,902
	<u>\$ 1,095,445</u>	<u>\$ 1,970,070</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,204,033	\$ 1,558,107
Accounts payable (including related party transactions)	496,133	391,887
Bonds payable (including current portion)	250,000	-
Other payables (including related party transactions)	167,137	223,861
Long-term borrowings (including current portion)	325,416	708,658
	<u>\$ 2,442,719</u>	<u>\$ 2,882,513</u>
Lease liability	<u>\$ 402,125</u>	<u>\$ 422,252</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreignexchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position

and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(12)).

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group uses forward foreign exchange contracts or other derivative products, transacted with Company treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange and cross currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, USD, and EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024			
(Foreign currency: functional currency)	Foreign currency		
	amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 16,406	32.79	\$ 537,953
RMB:NTD	21	4.56	96
EUR:NTD	11	34.14	376
USD:RMB	2,140	7.19	70,171
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 29,159	32.79	\$ 956,124
RMB:NTD	569	4.56	2,595
EUR:NTD	12	34.14	410
USD:RMB	1,440	7.19	47,218

December 31, 2023			
(Foreign currency: functional currency)	Foreign currency		
	amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 27,632	30.71	\$ 848,579
RMB:NTD	323	4.34	1,402
EUR:NTD	34	33.98	1,155
USD:RMB	5,739	7.08	176,216
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 29,676	30.71	\$ 911,350
RMB:NTD	333	4.34	1,445
EUR:NTD	1,102	33.98	37,446
USD:RMB	5,940	7.08	182,388

- v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023 amounted to (\$6,173) and \$269, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2024				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,380	\$ -
RMB:NTD	1%		1	-
EUR:NTD	1%		4	-
USD:RMB	1%		702	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	9,561)	\$ -
RMB:NTD	1%	(	26)	-
EUR:NTD	1%	(	4)	-
USD:RMB	1%	(	472)	-

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,486	\$ -
RMB:NTD	1%		14	-
EUR:NTD	1%		12	-
USD:RMB	1%		1,762	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	9,113)	\$ -
RMB:NTD	1%	(	14)	-
EUR:NTD	1%	(	374)	-
USD:RMB	1%	(	1,824)	-

Price risk

- i. The Group's equity securities and beneficiary certificates, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities and beneficiary certificates, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with

the limits set by the Group.

- ii. The Group's investments in equity securities and beneficiary certificates comprise shares issued by the overseas and domestic companies. The prices of equity securities and beneficiary certificates would change due to the change of the future value of investee companies. If the prices of these equity securities and beneficiary certificates had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$1,052 and \$1,122, respectively, as a result of gains/losses on equity and beneficiary certificates securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,511 and \$1,502, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with optimized credit ratings are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilization of credit limits is regularly monitored.
- iii. Impairment assessment of credit risk on financial assets at amortized cost is as follows:
 - (i) The Group adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) In line with credit risk management procedure, when the counterparty is unable to pay the past-due payables, the default has occurred.
 - (iii) The Group used the forecast ability to adjust historical and timely information and considered credit rating of issue banks to assess the default possibility of accounts and notes receivable.
 - (iv) The Group's financial assets at amortized cost are including time deposits deposited in banks and restricted time deposits. Such banks all have optimized credit rating, no past

due has occurred, and no significant changes in the entire economic environment, therefore no credit loss is expected and the impact to the financial statement is remote.

iv. Impairment assessment of credit risk on accounts and notes receivable is as follows:

- (i) The Group classifies customers' accounts and notes receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- (ii) The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of December 31, 2024, and 2023, the provision matrix is as follows:

Group						
	Not past due	90 days past due	91-180 days past due	181-365 days past due	Over 365 days past due	Total
<u>December 31, 2024</u>						
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-12%	100%	
Total book value	\$ 164,107	\$ 47,727	\$ 580	\$ 6,745	\$ 33,668	\$ 252,827
Loss allowance	\$ -	\$ -	\$ -	\$ 2	\$ 33,668	\$ 33,670
Individual						
	Not past due	90 days past due	91-180 days past due	181-365 days past due	Over 365 days past due(B)	Total
<u>December 31, 2024</u>						
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-12%	100%	
Total book value	\$ -	\$ -	\$ -	\$ -	\$ 228,649	\$ 228,649
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ 228,649	\$ 228,649
Group						
	Not past due	90 days past due	91-180 days past due	181-365 days past due	Over 365 days past due(A)	Total
<u>December 31, 2023</u>						
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-13%	100%	
Total book value	\$ 174,489	\$ 175,024	\$ 1,099	\$ -	\$ 31,531	\$ 382,143
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ 31,531	\$ 31,531
Individual						
	Not past due	90 days past due	91-180 days past due	181-365 days past due	Over 365 days past due(B)	Total
<u>December 31, 2023</u>						
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-13%	100%	
Total book value	\$ 26,867	\$ -	\$ -	\$ 298,847	\$ 11	\$ 325,725
Loss allowance	\$ -	\$ -	\$ -	\$ 736	\$ 11	\$ 747

- (iii) Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	2024	2023
At January 1	\$ 32,278	\$ 17,309
Provision for impairment loss	226,768	14,973
Effect of exchange rate changes	3,273	(4)
At December 31	\$ 262,319	\$ 32,278

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- (c) Liquidity risk
- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
 - ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
 - iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 528,417	\$ 492,753
Expiring beyond one year	<u>-</u>	<u>-</u>
	<u>\$ 528,417</u>	<u>\$ 492,753</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2024</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 1,043,173	\$ 168,818	\$ -	\$ -	\$ -	\$1,211,991
Accounts payable	485,568	10,565	-	-	-	496,133
Other payables	167,137	-	-	-	-	167,137
Long-term borrowings	130,077	146,005	72,906	-	-	348,988
Lease liability	98,655	63,173	85,249	172,065	-	419,142
<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 1,389,698	\$ 180,632	\$ -	\$ -	\$ -	\$1,570,330
Accounts payable	376,488	15,399	-	-	-	391,887
Other payables	223,861	-	-	-	-	223,861
Long-term borrowings	198,938	264,969	217,688	57,600	-	739,195
Lease liability	50,999	60,152	99,061	237,781	-	447,993

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's derivative instruments and emerging stocks are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortized cost, other financial assets, short-term borrowings, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ -	\$ -
Beneficiary certificates	-	-	105,173	105,173
Equity securities	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	151,102	151,102
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,275</u>	<u>\$ 256,275</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 97,540	\$ 97,540
Equity securities	14,707	-	-	14,707
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	150,151	150,151
	<u>\$ 14,707</u>	<u>\$ -</u>	<u>\$ 247,691</u>	<u>\$ 262,398</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- ii. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), listed shares use the closing price as its market quoted price.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	2024		
	Beneficiary certificates	Equity securities	Total
At January 1	\$ 97,540	\$ 150,151	\$ 247,691
Loss recognised in profit or loss	4,031	-	4,031
Loss recognised in other comprehensive loss	-	(7,506)	(7,506)
Capital reduction and return	(3,004)	-	(3,004)
Net exchange differences	6,606	8,457	15,063
At December 31	<u>\$ 105,173</u>	<u>\$ 151,102</u>	<u>\$ 256,275</u>

	2023		
	Beneficiary certificates	Equity securities	Total
At January 1	\$ 55,626	\$ 108,109	\$ 163,735
Additions	27,232	-	27,232
Loss recognised in profit or loss	14,551	-	14,551
Loss recognised in other comprehensive income	-	42,245	42,245
Net exchange differences	131	(203)	(72)
At December 31	<u>\$ 97,540</u>	<u>\$ 150,151</u>	<u>\$ 247,691</u>

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 18,427	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	-	Discounted cash flow	Long-term pre- tax operating margin	Not applicable	The higher the long- term pre-tax operating margin, the higher the fair value
Venture capital shares	132,675	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Limited partnership investment:					
Venture capital limited partnership	\$ 105,173	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 14,688	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	-	Discounted cash flow	Long-term pre- tax operating margin	Not applicable	The higher the long- term pre-tax operating margin, the higher the fair value
Venture capital shares	135,463	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Limited partnership investment:					
Venture capital limited partnership	\$ 97,540	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 789	(\$ 789)
	P/B ratio	±10%	-	-	1,843	(1,843)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,632</u>	<u>(\$ 2,632)</u>
			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 629	(\$ 629)
	P/B ratio	±10%	-	-	1,469	(1,469)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,098</u>	<u>(\$ 2,098)</u>

(4) Future business and operational plan

The Group continues to enhance its research and development technologies and competitive advantages in the fields of satellite communication and terrestrial microwave communication, and establishes long-term relationships with strategic partners to create win-win strategies. In response, the Company implemented various adjustments, including operational transformation, cost reduction measures, the introduction of new products, and enhancements in R&D capabilities. The Group plans to adopt the following measures to continuously improve its operational situation and address challenges:

A. Operational plan:

The Group obtained preliminary results in its operations of O-RAN 5G in 2024, cooperatively promoting the innovative development of Open Radio Access Network (Open RAN) with customers. In addition, the Group received US\$35 million in funding approximately from the U.S. National Telecommunications and Information Administration (NTIA) to promote open and interoperable wireless network. The development of customer premise equipment products for low-earth orbit satellite is also a key item that the Company devotes the resources in. As the global emphasis on space technology continues to increase, Taiwan's development in the field of satellite gradually gains the attention. The self-produced low-earth orbit communication satellite is a significant step toward building the space industry. In 2024, the Company obtained the bid for the

“RF Chain and Phase Array Antenna Architecture and Implementation Development Project” from the Taiwan Space Agency (TASA) for its phased array antenna products used in Ka-band satellite payload. Through the in-depth collaboration with TASA, the Company looks forward to further enhancing Taiwan’s technological competitiveness in the space industry and providing more competitive solutions for the international market.

B. Operations management:

The Group continues to invest in research and development expenditures and maintains a trend of certain extent of growth according to project requirements. Administrative and selling expenses will be reduced by managing personnel costs to save on operating costs.

C. Fund raising:

For the future development and improve the Company’s financial structure, the Company’s shareholders’ extraordinary general meetings had resolved to issue domestic unsecured convertible bonds through private placement to ensure sufficient working capital on January 8, 2025.

The Group assesses that the implementation of the abovementioned plans will effectively increase operating income, reduce operating costs and improve the financial structure.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period: Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company’s paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative financial instruments undertaken during the reporting periods: Please refer to Note 6(2) (12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker, which is the General Manager, that are used to make strategic decisions and the Group was identified as a single reportable segment.

(2) Measurement of segment information

The Group's General Manager assesses the performance of the operating segments based on the pre-tax net income (loss).

(3) Information about segment profit or loss, assets and liabilities

	Years ended December 31,	
	2024	2023
Revenue from external customers	\$ 1,669,989	\$ 3,353,797
Inter-segment revenue	\$ 637,232	\$ 1,530,192
Total segment revenue	\$ 2,307,221	\$ 4,883,989
Segment loss	(\$ 1,124,123)	(\$ 553,858)
Segment assets	\$ 3,961,093	\$ 5,478,401
Segment liabilities	\$ 3,147,584	\$ 3,596,382

(4) Reconciliation for segment income (loss)

Total measurement of segment income is consistent with the operating income shown in the Group's financial statements. Therefore, no reconciliation was needed.

(5) Information on products and services

Please refer to Note 6 (22) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Years ended December 31			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	\$ 876,224	\$ 68,591	\$ 1,552,438	\$ 91,015
Mainland China	76,610	404,578	88,509	415,820
Others	717,155	355,739	1,712,850	497,167
	<u>\$ 1,669,989</u>	<u>\$ 828,908</u>	<u>\$ 3,353,797</u>	<u>\$ 1,004,002</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue		Revenue
E customer	\$ 584,093	E customer	\$ 805,385
		N customer	663,059
		L customer	586,784

Microelectronics Technology, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Microelectronics Technology, Inc.	Stocks - Taiwan Aerospace Corporation	None	Financial assets at fair value through other comprehensive income	648,576	\$ 18,427	0.48%	\$ 18,427	
Sasson International Holding, Inc.	Stocks - Firetide, Inc.	None	Financial assets at fair value through profit or loss	1,333,360	-	2.24%	-	
Sasson International Holding, Inc.	Stocks - Taicom Capital Ltd.	None	Financial assets at fair value through other comprehensive income	20,000	132,675	Note	132,675	
Sasson International Holding, Inc.	Stocks - New Edge Signal Solutions LCC	None	Financial assets at fair value through other comprehensive income	1,355,663	-	12.45%	-	
Sasson International Holding, Inc.	Stocks - Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	205,432	-	0.02%	-	
Sasson International Holding, Inc.	Beneficiary certificates - CDIB-Innolux Limited Partnership	None	Financial assets at fair value through profit or loss	-	105,173	6.99%	105,173	

Note: Holding of 10,000 ordinary shares and 10,000 preference shares for 11.43% and 16.67% ownership, respectively.

Microelectronics Technology, Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	Indirect subsidiary of the Company	Purchases	\$ 240,265	18%	60 days	Not applicable	Not applicable	(\$ 87,917)	(16%)	
Jupiter Technology (wuxi), Inc.	Microelectronics Technology, Inc.	Parent Company	Sales	(240,265)	(59%)	60 days	Not applicable	Not applicable	87,917	87%	

Microelectronics Technology, Inc. and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Purchases and processing overhead	\$ 240,265	Same as those to the third parties	14.39%
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Accounts payable	87,917	Payment term is 60 days from invoice	2.22%
0	Microelectronics Technology, Inc.	MTI Laboratory, Inc.	1	Research and development expenses	195,598	Same as those to the third parties	11.71%
0	Microelectronics Technology, Inc.	MTI Laboratory, Inc.	1	Accrued expense	151,730	Based on the mutual agreement	3.83%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Research and development expenses	157,862	Same as those to the third parties	9.45%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Accrued expense	57,134	Based on the mutual agreement	1.44%

Note 1: The information of transactions between the Company and the subsidiaries should be noted in “Number” column.

- (1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

- (1) The Company to the consolidated subsidiary.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 4: Only transaction amounts over \$10 million were disclosed and if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it was not required to be disclosed separately.

Microelectronics Technology, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Note
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	British Virgin Is.	Investment management	\$ 908,778	\$ 908,778	3,920	100	\$ 1,414,518	(\$ 69,221)	(\$ 168,956)	Note 1
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	British Virgin Is.	Investment management	256,838	240,543	7,834,000	100	399,374	1,055	1,055	Note 2
Sasson International Holding, Inc.	Jupiter Network Corp.	British Virgin Is.	Investment management	1,018,689	954,060	31,071,800	100	969,493	(135,901)	(135,901)	Note 2
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	U.S.A	Communications	49,178	46,058	1,500,000	100	176,832	(4,206)	(4,206)	Note 2
Welltop Technology Co., Ltd.	Radiocomp ApS	Denmark	Communications	154,155	144,375	1,527,944	100	217,828	5,412	5,412	Note 2

Note 1: Subsidiary of the Company.

Note 2: Indirect subsidiary of the Company.

Microelectronics Technology, Inc. and Subsidiaries
Information on investees in Mainland China
Year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024		Note
					Remitted to Mainland China	Remitted back to Taiwan								
Jupiter Technology (wuxi), Inc. (Note 1)	The manufacturing and sales of satellite and microwave communication system and related technical and consultation services	\$ 1,016,335	Through investing in an existing company in the third area, which then invested in the investee in Mainland China.	\$ 1,016,335	\$ -	\$ -	\$ 1,016,335	(\$ 135,901)	100	(\$ 135,901)	\$ 912,181	\$ -	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Microelectronics Technology, Inc.	\$ 1,146,491	\$ 1,278,877	\$ 488,105

Note 1: It was indirectly invested through Jupiter Network Corp.
Note 2: Investment profit or loss was recognised based on the financial statements that were reviewed by R.O.C. parent company’s CPA.

Microelectronics Technology, Inc. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing		Interest during the year ended	December 31, 2024	Others (Note)
	Amount	%	Amount	%	Balance	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate		
Jupiter Technology (wuxi), Inc.	(\$ 240,265)	(22%)	\$ -	0.0%	(\$ 87,917)	(18%)	\$ -	-	\$ -	\$ -	-	\$ -	\$ -

Note: It consisted of current liabilities amounting to \$3,232.

Microelectronics Technology, Inc. and Subsidiaries
Major shareholders information
December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Shares	No. of shares held	Ownership (%)
Cybertan Technology Inc.	28,830,756	11.43%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor’s separate account for the fund set by the trustee.
As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.