

**Keystone Microtech Corporation and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. 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. Hence, we do not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

KEYSTONE MICROTECH CORPORATION

By

LEE CHIHMIN
Chairman

March 14, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Keystone Microtech Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2024 are stated below:

Validity of Occurrence of Operating Revenue

Since the Group is listed on the Taipei Exchange, in order to meet shareholders' and external investors' expectations, the management may be under pressure to achieve the profit target. Furthermore, operating revenue is one of the important indicators to measure the Group's profitability and operating performance, and recognition of revenue is inherently at a higher risk. Among all the customers in 2024, operating revenue came from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant; the validity of its operating revenue will have a significant impact on the financial statements. Therefore, we identified whether these significant transactions actually occurred as a key audit matter. The accounting policies for the recognition of relevant revenue are disclosed in Note 4(11).

In response, we performed the following audit procedures:

1. We obtained an understanding of the internal control procedures related to the aforementioned operating revenue and assessed the operating effectiveness of the design and implementation of these internal controls.
2. We selected samples from the revenue sub-ledger from the customers mentioned above, verified them against the original sales orders, and inspected documents of customer qualifications and received payments to verify the occurrence of the transactions.

Other Matter

We have also audited the parent company only financial statements of Keystone Microtech Corporation as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chung Chen Chen and Chiang Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2025

Notice to Readers

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

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

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

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

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,231,014	40	\$ 1,307,168	51
Financial assets at amortized cost - current (Notes 4 and 7)	10,084	1	122,820	5
Trade receivables (Notes 4, 8 and 19)	345,647	11	279,895	11
Current tax assets (Note 21)	591	-	-	-
Inventories (Notes 4 and 9)	467,316	15	378,017	14
Prepayments (Note 14)	39,473	1	10,035	-
Total current assets	2,094,125	68	2,097,935	81
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 28)	899,943	30	439,793	17
Right-of-use assets (Notes 4 and 12)	10,588	-	8,851	-
Other intangible assets (Notes 4 and 13)	17,674	1	5,306	-
Deferred tax assets (Notes 4 and 21)	28,903	1	18,927	1
Other non-current assets (Notes 4 and 14)	9,684	-	9,928	1
Total non-current assets	966,792	32	482,805	19
TOTAL	\$ 3,060,917	100	\$ 2,580,740	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 19)	\$ 42,449	1	\$ 82,620	3
Notes payable (Note 15)	-	-	140	-
Trade payables (Note 15)	189,010	6	77,609	3
Other payables (Notes 16 and 24)	203,948	7	141,962	6
Current tax liabilities (Notes 4 and 21)	51,561	2	42,726	2
Lease liabilities - current (Notes 4 and 12)	5,768	-	6,100	-
Other current liabilities (Note 16)	1,198	-	1,138	-
Total current liabilities	493,934	16	352,295	14
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	15,167	1	3,078	-
Lease liabilities - non-current (Notes 4 and 12)	4,738	-	2,674	-
Total non-current liabilities	19,905	1	5,752	-
Total liabilities	513,839	17	358,047	14
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Ordinary shares	273,882	9	272,177	11
Capital surplus	366,444	12	323,750	12
Retained earnings				
Legal reserve	272,041	9	236,621	9
Special reserve	217	-	-	-
Unappropriated earnings	1,665,214	54	1,399,113	54
Total retained earnings	1,937,472	63	1,635,734	63
Other equity	(30,720)	(1)	(8,968)	-
Total equity attributable to owners of the Corporation	2,547,078	83	2,222,693	86
Total equity	2,547,078	83	2,222,693	86
TOTAL	\$ 3,060,917	100	\$ 2,580,740	100

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

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4 and 19)	\$ 1,736,083	100	\$ 1,410,225	100
OPERATING COSTS				
Cost of goods sold (Notes 9, 13 and 20)	<u>(815,867)</u>	<u>(47)</u>	<u>(704,626)</u>	<u>(50)</u>
GROSS PROFIT	<u>920,216</u>	<u>53</u>	<u>705,599</u>	<u>50</u>
OPERATING EXPENSES (Notes 13, 20 and 27)				
Selling and marketing expenses	(80,052)	(5)	(54,046)	(4)
General and administrative expenses	(92,190)	(5)	(58,659)	(4)
Research and development expenses	(248,474)	(14)	(166,118)	(12)
Expected credit loss (Note 8)	<u>(4,272)</u>	<u>-</u>	<u>(3,679)</u>	<u>-</u>
Total operating expenses	<u>(424,988)</u>	<u>(24)</u>	<u>(282,502)</u>	<u>(20)</u>
PROFIT FROM OPERATIONS	<u>495,228</u>	<u>29</u>	<u>423,097</u>	<u>30</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 20)				
Interest income	26,487	1	22,151	1
Other income	491	-	580	-
Other gains and losses	62,439	4	(2,661)	-
Finance costs	<u>(393)</u>	<u>-</u>	<u>(457)</u>	<u>-</u>
Total non-operating income and expenses	<u>89,024</u>	<u>5</u>	<u>19,613</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	584,252	34	442,710	31
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(104,430)</u>	<u>(6)</u>	<u>(88,508)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>479,822</u>	<u>28</u>	<u>354,202</u>	<u>25</u>

(Continued)

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 18)	\$ 1,840	-	\$ (217)	-
Other comprehensive income/(loss) for the year, net of income tax	<u>1,840</u>	<u>-</u>	<u>(217)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 481,662</u>	<u>28</u>	<u>\$ 353,985</u>	<u>25</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 17.69</u>		<u>\$ 13.07</u>	
Diluted	<u>\$ 17.44</u>		<u>\$ 12.95</u>	

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

(Concluded)

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

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

			Retained Earnings			Other Equity		
	Capital Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other	Total Equity
BALANCE AT JANUARY 1, 2023	\$ 272,257	\$ 325,166	\$ 195,976	\$ -	\$ 1,289,748	\$ -	\$ (21,938)	\$ 2,061,209
Appropriation of 2022 earnings (Note 18)								
Legal reserve	-	-	40,645	-	(40,645)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(204,192)	-	-	(204,192)
Share-based payment transactions (Notes 18 and 23)	(80)	(1,416)	-	-	-	-	13,187	11,691
Net profit for the year ended December 31, 2023	-	-	-	-	354,202	-	-	354,202
Other comprehensive loss for the year ended December 31, 2023 (Note 18)	-	-	-	-	-	(217)	-	(217)
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	354,202	(217)	-	353,985
BALANCE AT DECEMBER 31, 2023	272,177	323,750	236,621	-	1,399,113	(217)	(8,751)	2,222,693
Appropriation of 2023 earnings (Note 18)								
Legal reserve	-	-	35,420	-	(35,420)	-	-	-
Special reserve	-	-	-	217	(217)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(178,276)	-	-	(178,276)
Share-based payment transactions (Notes 18 and 23)	1,705	42,694	-	-	192	-	(23,592)	20,999
Net profit for the year ended December 31, 2024	-	-	-	-	479,822	-	-	479,822
Other comprehensive income for the year ended December 31, 2024 (Note 18)	-	-	-	-	-	1,840	-	1,840
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	479,822	1,840	-	481,662
BALANCE AT DECEMBER 31, 2024	\$ 273,882	\$ 366,444	\$ 272,041	\$ 217	\$ 1,665,214	\$ 1,623	\$ (32,343)	\$ 2,547,078

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

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 584,252	\$ 442,710
Adjustments for:		
Depreciation expense	55,841	56,381
Amortization expense	12,856	11,314
Expected credit loss recognized on trade receivables	4,272	3,679
Finance costs	393	457
Interest income	(26,487)	(22,151)
Compensation costs of employee share options	20,999	11,691
Write-downs of inventories	1,770	-
Net gain on foreign currency exchange	(50,980)	(1,137)
Gain arising from lease modifications	-	(32)
Changes in operating assets and liabilities		
Trade receivables	(69,027)	(69,718)
Inventories	(91,069)	162,438
Prepayments	(29,438)	(289)
Contract liabilities	(40,171)	(38,040)
Notes payable	(140)	140
Trade payables	109,687	(1,720)
Other payables	58,516	(69)
Other current liabilities	60	76
Cash generated from operations	541,334	555,730
Interest received	26,487	22,151
Interest paid	(393)	(457)
Income tax paid	(94,023)	(85,475)
Net cash generated from operating activities	473,405	491,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(10,084)	(116,280)
Proceeds from sale of financial assets at amortized cost	116,280	-
Payments for property, plant and equipment	(500,385)	(18,275)
Increase in refundable deposits	(1,641)	(2,528)
Decrease in refundable deposits	1,400	3,157
Payments for intangible assets	(25,048)	(8,818)
Increase in prepayments for equipment	(3,135)	(5,683)
Net cash used in investing activities	(422,613)	(148,427)

(Continued)

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

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

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (8,518)	\$ (8,282)
Cash dividends	<u>(178,276)</u>	<u>(204,192)</u>
Net cash used in financing activities	<u>(186,794)</u>	<u>(212,474)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>59,848</u>	<u>(5,485)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(76,154)	125,563
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,307,168</u>	<u>1,181,605</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,231,014</u>	<u>\$ 1,307,168</u>

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

(Concluded)

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Keystone Microtech Corporation (the “Company”), which was established under the Company Law on September 2006, is engaged in the manufacture and sale of various circuit testing solutions for semiconductors, including IC front-end test solutions (probe cards and substrates), IC back-end test solutions (load boards and burn-in boards) and other related testing boards.

The Company’s shares have been listed on the Taipei Exchange since April 2019.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 10, 2025.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively, the “Group”).

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

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

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

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

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

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

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

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Historical costs are generally determined by the fair value of the payment for asset acquisition.

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 10, Tables 4 and 5 for detailed information of subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

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

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified as financial assets at amortized cost.

Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables and refundable deposit).

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of semiconductor testing boards and related components. Sales of semiconductor testing boards and related components are recognized as revenue after the goods are delivered to the customer's specific location and qualified, which is when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

l. Leases

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

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

n. Share-based payment arrangements

Employee share options granted to employees

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

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

Restricted shares for employees granted to employees

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

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 164	\$ -
Checking accounts and demand deposits	903,000	880,118
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>327,850</u>	<u>427,050</u>
	<u>\$ 1,231,014</u>	<u>\$ 1,307,168</u>

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

	December 31	
	2024	2023
Demand deposits	0.001%-4.880%	0.001%-5.000%

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 10,084</u>	<u>\$ 122,820</u>

The market interest rates intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

	December 31	
	2024	2023
Time deposits with original maturities of more than 3 months	5.000%	4.350%

8. TRADE RECEIVABLES

	December 31	
	2024	2023
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 357,000	\$ 286,976
Less: Allowance for impairment loss	<u>(11,353)</u>	<u>(7,081)</u>
	<u>\$ 345,647</u>	<u>\$ 279,895</u>

Trade Receivables

The average credit period of sales of goods is 30 to 120 days after the end of the month.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix approach considering past experiences, current market conditions, and forward-looking information. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2024

		Past Due							
	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.22%	0.97%	2.97%	4.20%	6.47%	12.38%	32.20%	100%	
Gross carrying amount	\$ 259,124	\$ 31,748	\$ 4,709	\$ 24,198	\$ 14,407	\$ 11,849	\$ 5,954	\$ 5,011	\$ 357,000
Loss allowance (Lifetime ECLs)	<u>(562)</u>	<u>(308)</u>	<u>(140)</u>	<u>(1,017)</u>	<u>(931)</u>	<u>(1,467)</u>	<u>(1,917)</u>	<u>(5,011)</u>	<u>(11,353)</u>
Amortized cost	<u>\$ 258,562</u>	<u>\$ 31,440</u>	<u>\$ 4,569</u>	<u>\$ 23,181</u>	<u>\$ 13,476</u>	<u>\$ 10,382</u>	<u>\$ 4,037</u>	<u>\$ -</u>	<u>\$ 345,647</u>

December 31, 2023

		Past Due							
	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.07%	0.38%	1.18%	2.14%	3.80%	8.25%	21.83%	100%	
Gross carrying amount	\$ 212,578	\$ 22,281	\$ 2,326	\$ 17,712	\$ 20,557	\$ 2,728	\$ 4,306	\$ 4,488	\$ 286,976
Loss allowance (Lifetime ECLs)	<u>(155)</u>	<u>(85)</u>	<u>(27)</u>	<u>(379)</u>	<u>(782)</u>	<u>(225)</u>	<u>(940)</u>	<u>(4,488)</u>	<u>(7,081)</u>
Amortized cost	<u>\$ 212,423</u>	<u>\$ 22,196</u>	<u>\$ 2,299</u>	<u>\$ 17,333</u>	<u>\$ 19,775</u>	<u>\$ 2,503</u>	<u>\$ 3,366</u>	<u>\$ -</u>	<u>\$ 279,895</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 7,081	\$ 3,402
Add: Net remeasurement of loss allowance	<u>4,272</u>	<u>3,679</u>
Balance at December 31	<u>\$ 11,353</u>	<u>\$ 7,081</u>

9. INVENTORIES

	December 31	
	2024	2023
Finished goods (including storage inventories awaiting acceptance)	\$ 330,023	\$ 297,778
Work in progress	22,913	-
Semi-finished goods	40,830	9,941
Raw materials	<u>73,550</u>	<u>70,298</u>
	<u>\$ 467,316</u>	<u>\$ 378,017</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	\$ 814,097	\$ 704,626
Inventory write-downs	<u>1,770</u>	<u>-</u>
	<u>\$ 815,867</u>	<u>\$ 704,626</u>

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2024	2023	
The Company	KEYSTONE MICROTECH International Ltd	General investment business	100	100	1
	KSMT USA CORPORATION	Technical consulting service and marketing	100	-	2
KEYSTONE MICROTECH International Ltd	SHANGHAI XINCHEG TECHNOLOGY CO., LTD	Sales of semiconductor test components and provision of technical consulting and technical services	100	100	3

Note 1: On June 13, 2024 and March 23, 2023, respectively, the Company participated in a cash capital increase of US\$2,000 thousand and US\$600 thousand in KEYSTONE MICROTECH International Ltd.

Note 2: On March 8, 2024, the Company participated in a cash capital increase of US\$1,000 thousand in KSMT USA CORPORATION.

Note 3: On June 13, 2024 and March 24, 2023, respectively, KEYSTONE MICROTECH International Ltd. participated in a cash capital increase of US\$1,956 thousand and US\$590 thousand in SHANGHAI XINCHEG TECHNOLOGY CO., LTD

11. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Office Equipment	Transportation	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2024	\$ 217,232	\$ 176,530	\$ 231,792	\$ 33,652	\$ 500	\$ 1,898	\$ -	\$ 661,604
Additions	225,530	202,245	15,942	2,340	-	4,624	53,000	503,681
Disposals	-	-	(16,844)	(997)	-	-	-	(17,841)
Reclassified (Note)	-	-	3,646	-	-	-	-	3,646
Net effect of foreign currency exchange differences	-	-	83	10	-	42	-	135
Balance at December 31, 2024	<u>\$ 442,762</u>	<u>\$ 378,775</u>	<u>\$ 234,619</u>	<u>\$ 35,005</u>	<u>\$ 500</u>	<u>\$ 6,564</u>	<u>\$ 53,000</u>	<u>\$ 1,151,225</u>
Accumulated depreciation								
Balance at January 1, 2024	\$ -	\$ 38,759	\$ 151,991	\$ 28,752	\$ 500	\$ 1,809	\$ -	\$ 221,811
Depreciation expense	-	8,223	34,807	3,879	-	395	-	47,304
Disposals	-	-	(16,844)	(997)	-	-	-	(17,841)
Net effect of foreign currency exchange differences	-	-	2	3	-	3	-	8
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 46,982</u>	<u>\$ 169,956</u>	<u>\$ 31,637</u>	<u>\$ 500</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 251,282</u>
Carrying amount at December 31, 2024	<u>\$ 442,762</u>	<u>\$ 331,793</u>	<u>\$ 64,663</u>	<u>\$ 3,368</u>	<u>\$ -</u>	<u>\$ 4,357</u>	<u>\$ 53,000</u>	<u>\$ 899,943</u>
Cost								
Balance at January 1, 2023	\$ 217,232	\$ 168,635	\$ 212,897	\$ 31,969	\$ 500	\$ 1,898	\$ -	\$ 633,131
Additions	-	6,123	8,082	2,151	-	-	-	16,356
Disposals	-	(95)	-	(468)	-	-	-	(563)
Reclassified (Note)	-	1,867	10,813	-	-	-	-	12,680
Balance at December 31, 2023	<u>\$ 217,232</u>	<u>\$ 176,530</u>	<u>\$ 231,792</u>	<u>\$ 33,652</u>	<u>\$ 500</u>	<u>\$ 1,898</u>	<u>\$ -</u>	<u>\$ 661,604</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Office Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 30,918	\$ 116,609	\$ 24,538	\$ 500	\$ 1,551	\$ -	\$ 174,116
Depreciation expense	-	7,936	35,382	4,682	-	258	-	48,258
Disposals	-	(95)	-	(468)	-	-	-	(563)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 38,759</u>	<u>\$ 151,991</u>	<u>\$ 28,752</u>	<u>\$ 500</u>	<u>\$ 1,809</u>	<u>\$ -</u>	<u>\$ 221,811</u>
Carrying amount at December 31, 2023	<u>\$ 217,232</u>	<u>\$ 137,771</u>	<u>\$ 79,801</u>	<u>\$ 4,900</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ 439,793</u>

(Concluded)

Note: Reclassified from prepayments for equipment to property, plant and equipment.

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2024 and 2023.

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

Buildings	
Main buildings	50 years
Construction appurtenance	1-20 years
Machinery and equipment	1-10 years
Office equipment	1-6 years
Transportation	5 years
Other equipment	3 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Carrying amount</u>		
Buildings	\$ 6,926	\$ 4,693
Transportation equipment	<u>3,662</u>	<u>4,158</u>
	<u>\$ 10,588</u>	<u>\$ 8,851</u>
	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 10,184</u>	<u>\$ 11,103</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 5,279	\$ 4,301
Transportation equipment	<u>3,258</u>	<u>3,822</u>
	<u>\$ 8,537</u>	<u>\$ 8,123</u>

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	<u>\$ 5,768</u>	<u>\$ 6,100</u>
Non-current	<u>\$ 4,738</u>	<u>\$ 2,674</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	2.366%-4.300%	2.366%-4.300%
Transportation equipment	2.366%-3.119%	2.366%-2.992%

c. Material lease-in activities and terms

The Group leases buildings for the use of offices with lease term of 24 to 42 months. The Group does not have bargain purchase options to acquire buildings at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

The Group also leases transportation equipment for use in operations with lease term of 36 months. The Group does not have bargain purchase options to acquire vehicles at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 835</u>	<u>\$ 128</u>
Expenses relating to low-value asset leases	<u>\$ 520</u>	<u>\$ 492</u>
Total cash outflow for leases	<u>\$ (10,266)</u>	<u>\$ (9,359)</u>

The Group leases certain buildings which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

As of December 31, 2024 and 2023, the amount of short-term lease commitments for which the recognition exemption was applied was \$2,716 thousand and \$110 thousand, respectively.

13. OTHER INTANGIBLE ASSETS

Computer Software

Cost

Balance at January 1, 2024	\$ 45,946
Additions	25,222
Disposal	(13,523)
Net effect of foreign currency exchange differences	<u>3</u>
Balance at December 31, 2024	<u>\$ 57,648</u>

Accumulated amortization and impairment

Balance at January 1, 2024	\$ 40,640
Amortization expense	12,856
Disposal	(13,523)
Net effect of foreign currency exchange differences	<u>1</u>
Balance at December 31, 2024	<u>\$ 39,974</u>
Carrying amount at December 31, 2024	<u>\$ 17,674</u>

Cost

Balance at January 1, 2023	\$ 97,810
Additions	7,574
Disposal	<u>(59,438)</u>
Balance at December 31, 2023	<u>\$ 45,946</u>

Accumulated amortization and impairment

Balance at January 1, 2023	\$ 88,764
Amortization expense	11,314
Disposal	<u>(59,438)</u>
Balance at December 31, 2023	<u>\$ 40,640</u>
Carrying amount at December 31, 2023	<u>\$ 5,306</u>

The computer software is amortized on a straight-line basis over their estimated useful lives of 1 to 6 years.

For the Year Ended December 31

	<u>2024</u>	<u>2023</u>
An analysis of amortization by function		
Operating costs	\$ 516	\$ 593
General and administrative expenses	1,608	1,973
Research and development expenses	<u>10,732</u>	<u>8,748</u>
	<u>\$ 12,856</u>	<u>\$ 11,314</u>

14. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Prepayments	\$ <u>39,473</u>	\$ <u>10,035</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 5,215	\$ 5,725
Refundable deposits	<u>4,469</u>	<u>4,203</u>
	\$ <u>9,684</u>	\$ <u>9,928</u>

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2024	2023
<u>Notes payable</u>		
Operating	\$ <u>-</u>	\$ <u>140</u>
<u>Trade payables</u>		
Operating	\$ <u>189,010</u>	\$ <u>77,609</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	December 31	
	2024	2023
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 182,017	\$ 124,194
Payables for insurance	4,810	4,369
Payables for purchases of equipment	3,375	79
Payables for pensions	3,296	3,037
Payables for services	2,773	-
Payables for shipping expenses	1,685	1,484
Payables for business tax	-	4,659
Payables for purchases of computer software	174	-
Others	<u>5,818</u>	<u>4,140</u>
	\$ <u>203,948</u>	\$ <u>141,962</u>
Other liabilities		
Receipts under custody	\$ <u>1,198</u>	\$ <u>1,138</u>

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Group has a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

18. EQUITY

a. Share capital

	December 31	
	2024	2023
Number of shares authorized (in thousands)	<u>36,000</u>	<u>36,000</u>
Shares authorized	<u>\$ 360,000</u>	<u>\$ 360,000</u>
Number of shares issued and fully paid (in thousands)	<u>27,388</u>	<u>27,218</u>
Shares issued	<u>\$ 273,882</u>	<u>\$ 272,177</u>

The change in the Company's share capital was mainly due to the issuance or withdrawal of restricted shares plan for employees.

On June 26, 2023, the shareholders approved the issuance of restricted shares plan for employees consisting of 180 thousand shares, with a par value of NT\$10. The subscription base date of April 22, 2024 was determined by the board of directors on April 9, 2024.

On March 4, 2024, August 5, 2024 and August 7, 2023, respectively, the board of directors approved the withdrawal of restricted shares. The Company withdrew \$80 thousand, \$15 thousand and \$80 thousand, respectively, 8 thousand shares, 2 thousand shares and 8 thousand shares, respectively, with a par value of \$10, with March 4, 2024, August 5, 2024 and August 7, 2023, respectively, as the effective date of reduction. The aforesaid cancellation of the new shares restricting employees' rights has been approved by the Ministry of Economic Affairs (MOEA).

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2024	27,218	\$ 272,177
Issued employee restricted shares	180	1,800
Retirement of recognized employee restricted shares	<u>(10)</u>	<u>(95)</u>
Balance at December 31, 2024	<u>27,388</u>	<u>\$ 273,882</u>
Balance at January 1, 2023	27,226	\$ 272,257
Issued employee restricted shares	<u>(8)</u>	<u>(80)</u>
Balance at December 31, 2023	<u>27,218</u>	<u>\$ 272,177</u>

b. Capital surplus

	December 31	
	2024	2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Premium from issuance ordinary shares	\$ 277,535	\$ 277,535
Treasury share transactions	6,923	6,923
Premium from converting employee share option	1,682	1,682
Premium from employee restricted shares	11,948	7,013
<u>May be used to offset a deficit (Note 2)</u>		
Disgorgement exercise	12,476	12,476
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>55,880</u>	<u>18,121</u>
	<u>\$ 366,444</u>	<u>\$ 323,750</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital limited to a certain percentage of the Company's capital surplus and to once a year.

Note 2: Such capital surplus arises from when the right of disgorgement is exercised that may be used to offset a deficit.

A reconciliation of the capital surplus was as follows:

	Premium from Issuance Ordinary Shares	Treasury Share Transactions	Premium from Converting Employee Share Option	Premium from Employee Restricted Shares	Disgorgement Exercise	Employee Restricted Shares	Total
Balance at January 1, 2024	\$ 277,535	\$ 6,923	\$ 1,682	\$ 7,013	\$ 12,476	\$ 18,121	\$ 323,750
Issued employee restricted shares	-	-	-	-	-	44,937	44,937
Vested employee restricted shares	-	-	-	4,935	-	(4,935)	-
Retirement of recognized employee restricted shares	-	-	-	-	-	(2,243)	(2,243)
Balance at December 31, 2024	<u>\$ 277,535</u>	<u>\$ 6,923</u>	<u>\$ 1,682</u>	<u>\$ 11,948</u>	<u>\$ 12,476</u>	<u>\$ 55,880</u>	<u>\$ 366,444</u>
Balance at January 1, 2023	\$ 277,535	\$ 6,923	\$ 1,682	\$ -	\$ 12,476	\$ 26,550	\$ 325,166
Vested employee restricted shares	-	-	-	7,013	-	(7,013)	-
Retirement of recognized employee restricted shares	-	-	-	-	-	(1,416)	(1,416)
Balance at December 31, 2023	<u>\$ 277,535</u>	<u>\$ 6,923</u>	<u>\$ 1,682</u>	<u>\$ 7,013</u>	<u>\$ 12,476</u>	<u>\$ 18,121</u>	<u>\$ 323,750</u>

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profits shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless accumulated legal capital reserves have already reached the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to employees' compensation and remuneration of directors in Note 20 (f) for details.

As set forth in the Articles, the Company's policy on the distribution of dividends to shareholders is subject to the Company's current and future investment environment, future investment plans, financial structure and operating performance, with the interests of shareholders taken into account. The distribution of dividends shall not be less than 20% of the current total earnings (not including accumulated undistributed earnings) unless the current total earnings (not including unappropriated earnings) is less than 10% of the Company's paid-in capital. Dividends may be distributed in cash or shares, and cash dividends shall not be less than 10% of the total dividends distributed to shareholders in the current year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve can be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meeting on June 3, 2024 and June 26, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 35,420	\$ 40,645
Special reserve	\$ 217	\$ -
Cash dividends	\$ 178,276	\$ 204,192
Cash dividends per share (NT\$)	\$ 6.51	\$ 7.50

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 10, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 47,982
Reversal of special reserve	\$ (217)
Cash dividends	\$ 273,882
Cash dividends per share (NT\$)	\$ 10.00

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on June 9, 2025.

The appropriations of earnings of the Company and its subsidiaries were based on the Articles of each company, and there was no situation of restrictions by the amendments.

d. Other equity

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (217)	\$ -
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>1,840</u>	<u>(217)</u>
Other comprehensive income recognized for the year	<u>1,840</u>	<u>(217)</u>
Balance at December 31	<u>\$ 1,623</u>	<u>\$ (217)</u>

2) Unearned employee benefits

In the shareholders' meetings on June 26, 2023 and August 2, 2021, respectively, the shareholders approved the issuance of restricted shares to employees (refer to Note 23).

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (8,751)	\$ (21,938)
Issuance of shares	(46,737)	-
Share-based payment expenses recognized	20,807	11,691
Adjustment for retired restricted employee shares (Note)	<u>2,338</u>	<u>1,496</u>
Balance at December 31	<u>\$ (32,343)</u>	<u>\$ (8,751)</u>

Note: Deducted from the compensation cost of restricted shares.

19. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 1,736,083</u>	<u>\$ 1,410,225</u>

a. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Trade receivables (Note 8)	<u>\$ 345,647</u>	<u>\$ 279,895</u>	<u>\$ 214,902</u>
Contract liabilities - current			
Sale of goods	<u>\$ 42,449</u>	<u>\$ 82,620</u>	<u>\$ 120,660</u>

The change in contract liabilities is mainly due to the difference between the point at which the performance obligation is satisfied and the point at which the customer pays.

Revenue recognized in the current reporting period from contract liabilities at the beginning of the year was as follows:

	For the Year Ended December 31	
	2024	2023
Contract liabilities at the beginning of the year		
Sale of goods	\$ <u>82,620</u>	\$ <u>114,727</u>

b. Disaggregation of revenue

The Group is a single significant operating segment, and all revenues are from sale of goods.

20. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 23,371	\$ 21,641
Financial assets at amortized cost	3,064	456
Others	<u>52</u>	<u>54</u>
	<u>\$ 26,487</u>	<u>\$ 22,151</u>

b. Other gains and (losses)

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gains (losses)	\$ 62,697	\$ (2,478)
Gain arising from lease modifications	-	32
Others	<u>(258)</u>	<u>(215)</u>
	<u>\$ 62,439</u>	<u>\$ (2,661)</u>

c. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on lease liabilities	\$ <u>393</u>	\$ <u>457</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 34,597	\$ 35,134
Operating expenses	<u>21,244</u>	<u>21,247</u>
	<u>\$ 55,841</u>	<u>\$ 56,381</u>
An analysis of amortization by function		
Operating costs	\$ 516	\$ 593
Operating expenses	<u>12,340</u>	<u>10,721</u>
	<u>\$ 12,856</u>	<u>\$ 11,314</u>

Refer to Note 13 for information relating to the line items in which any amortization of intangible assets is included.

e. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term benefits	\$ 360,307	\$ 276,675
Post-employment benefits		
Defined contribution plans	12,690	11,343
Other employee benefits	41,907	35,611
Equity-settled share-based payments	<u>20,999</u>	<u>11,691</u>
Total employee benefits expense	<u>\$ 435,903</u>	<u>\$ 335,320</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 179,898	\$ 170,994
Operating expenses	<u>256,005</u>	<u>164,326</u>
	<u>\$ 435,903</u>	<u>\$ 335,320</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates no less than 10% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 10, 2025 and March 4, 2024, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	13.40%	10.57%
Remuneration of directors	0.30%	0.34%

Amount

	For the Year Ended December 31			
	2024		2023	
	Cash	Shares	Cash	Shares
Compensation of employees	<u>\$ 91,470</u>	<u>\$ -</u>	<u>\$ 52,500</u>	<u>\$ -</u>
Remuneration of directors	<u>\$ 2,050</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ -</u>

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

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

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

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 69,006	\$ 15,571
Foreign exchange losses	<u>(6,309)</u>	<u>(18,049)</u>
Net gains (losses)	<u>\$ 62,697</u>	<u>\$ (2,478)</u>

21. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current period	\$ 104,981	\$ 85,534
Income tax on unappropriated earnings	-	6,883
Adjustments for prior year	<u>(2,706)</u>	<u>(632)</u>
	<u>102,275</u>	<u>91,785</u>
Deferred tax		
In respect of the current period	<u>2,155</u>	<u>(3,277)</u>
Income tax expense recognized in profit or loss	<u>\$ 104,430</u>	<u>\$ 88,508</u>

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

	For the Year Ended December 31	
	2024	2023
Profit before tax	\$ 584,252	\$ 442,710
Income tax expense calculated at the statutory rate	\$ 112,312	\$ 88,542
Income tax on unappropriated earnings	-	6,883
Unrecognized loss carryforwards	824	-
Adjustments to prior years tax	(2,706)	(632)
Deductible research expense in current period	(6,000)	(6,285)
Income tax expense recognized in profit or loss	\$ 104,430	\$ 88,508

The applicable tax rate used by the entity in ROC was 20%. The applicable tax rate for subsidiary established in mainland China within the Group was 25%. The tax amounts generated from other jurisdictions within the merged company are calculated based on the tax rates applicable in each jurisdiction.

b. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	\$ 591	\$ -
Current tax liabilities		
Income tax payable	\$ 51,561	\$ 42,726

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Exchange Differences on Translation	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on write-down of inventories	\$ 16,566	\$ 322	\$ -	\$ 16,888
Loss on allowance of accounts receivables	842	679	-	1,521
Share of loss of subsidiaries	1,519	4,251	-	5,770
Loss carryforwards	-	4,682	42	4,724
	\$ 18,927	\$ 9,934	\$ 42	\$ 28,903

(Continued)

	Opening Balance	Recognized in Profit or Loss	Exchange Differences on Translation	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	<u>\$ 3,078</u>	<u>\$ 12,089</u>	<u>\$ -</u>	<u>\$ 15,167</u> (Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Exchange Differences on Translation	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on write-down of inventories	\$ 17,143	\$ (577)	\$ -	\$ 16,566
Loss on allowance of accounts receivables	244	598	-	842
Share of loss of subsidiaries	<u>-</u>	<u>1,519</u>	<u>-</u>	<u>1,519</u>
	<u>\$ 17,387</u>	<u>\$ 1,540</u>	<u>-</u>	<u>\$ 18,927</u>

Deferred tax liabilities

Temporary differences				
Unrealized exchange gains	<u>\$ 4,815</u>	<u>\$ (1,737)</u>	<u>-</u>	<u>\$ 3,078</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2024	2023
Loss carryforwards		
Expiry in 2028	\$ -	\$ 7,444
Without expiration date	<u>2,760</u>	<u>-</u>
	<u>\$ 2,760</u>	<u>\$ 7,444</u>

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

Unused Amount	Expiry Year
\$ 7,831	2028
23,664	2029
<u>2,760</u>	Without expiration date
<u>\$ 34,255</u>	

f. Income tax assessments

The Company's income tax returns through 2022 have been assessed by the tax authorities. As of December 31, 2024, the Group has no unsettled tax litigation.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	<u>\$ 17.69</u>	<u>\$ 13.07</u>
Diluted earnings per share	<u>\$ 17.44</u>	<u>\$ 12.95</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Year Ended December 31	
	2024	2023
Net profit for the period	<u>\$ 479,822</u>	<u>\$ 354,202</u>

Number of Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	27,125	27,092
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	244	219
Restricted employee share options	<u>138</u>	<u>49</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>27,507</u>	<u>27,360</u>

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

23. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARE PLAN FOR EMPLOYEES

The restricted share plan for employees in each year are as follows:

Unit: New Taiwan Dollars

	2023 Plan	2021 Plan
Shareholders resolved date	June 26, 2023	August 2, 2021
Board of directors resolved date	April 9, 2024	July 21, 2022
Capital increase date	April 22, 2024	July 27, 2022
Actual shares of issued	180 thousand shares	150 thousand shares
Fair value which using the market-price - based method	\$288.5	\$187.0

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- a. The employees who acquire the restricted shares (including share dividends) under the Regulation but have not met the vesting conditions should provide the shares to the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.
- b. In addition to the restrictions stipulated in the custody of the preceding paragraph, the employees who acquire the restricted shares (including share dividends) under the Regulation but have not met the vesting conditions except occurrence of inheritance due to this Regulation shall not sell, mortgage, transfer, donate, pledge or, in any other way, dispose of these shares (including share dividends).
- c. Employees who acquire the restricted shares but have not met the vesting conditions have other rights the same as those of ordinary shareholders of the Company, including but not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.
- d. The attendance proposals, speeches, voting rights and other equity-related matters at the shareholders' meeting of the Company are delegated to trust custody agencies before the vesting conditions are met.
- e. During the vested period, if the Company handles capital reduction not due to statutory capital reduction, the new shares with restricted employee rights shall be cancelled according to the capital reduction ratio. If the Company is handling cash capital reduction, the cash returned by the Company must be delivered to the trust and can only be delivered to the employees after the vested conditions are met. However, if the employees do not meet the vested conditions, the Company will recover such cash.

The vesting conditions of restricted shares are lift restrictions according to the following timeline and the proportion of restricted shares granted to the employees:

- a. Still employed after one-year anniversary of the grant can obtain the following proportion of shares: 25%.
- b. Still employed after two-year anniversary of the grant can obtain the following proportion of shares: 25%.
- c. Still employed after three-year anniversary of the grant can obtain the following proportion of shares: 25%.
- d. Still employed after four-year anniversary of the grant can obtain the following proportion of shares: 25%.

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares (including share dividends).

Information on the restricted share plan for employees was as follows:

Number of Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2024	2023
Balance at January 1	105	150
Issuance of shares	180	-
Vested shares	(30)	(37)
Forfeited (Note)	<u>(19)</u>	<u>(8)</u>
Balance at December 31	<u>236</u>	<u>105</u>

Note: The forfeited shares were the shares that were withdrawn due to the vesting conditions not being met.

Refer to Note 20 for the compensation costs of the above restricted share for employees recognized by the Company.

24. CASH FLOWS INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the statements of cash flows for the years ended December 31, 2024 and 2023:

- 1) As of December 31, 2024 and 2023, the unsettled payments for purchases of property, plant and equipment were \$3,375 thousand and \$79 thousand, respectively, and were recorded as other payables in the consolidated financial statements.
- 2) As of December 31, 2024 and 2023, the unsettled payments for purchases of intangible assets were \$174 thousand and \$0 thousand, respectively, and were recorded as other payables in the financial statements.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2024

	Opening Balance	Cash Flows	Non-cash Changes				Others	Closing Balance
			New Leases	Lease Modifications	Interest Expense	Exchange Rate Impact		
Lease liabilities	<u>\$ 8,774</u>	<u>\$ (8,518)</u>	<u>\$ 10,184</u>	<u>\$ -</u>	<u>\$ 393</u>	<u>\$ 66</u>	<u>\$ (393)</u>	<u>\$ 10,506</u>

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes				Others	Closing Balance
			New Leases	Lease Modifications	Interest Expense	Exchange Rate Impact		
Lease liabilities	<u>\$ 7,161</u>	<u>\$ (8,282)</u>	<u>\$ 11,103</u>	<u>\$ (1,243)</u>	<u>\$ 457</u>	<u>\$ 35</u>	<u>\$ (457)</u>	<u>\$ 8,774</u>

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities of the Group will be able to continue as going concerns while considering operating risks and maximizing the returns to shareholders through the optimization of the debt and equity balance. There were no significant changes in the Group's overall strategy.

The capital structure of the Group consists of equity of the Group (comprising share capital, capital reserve and retained earnings).

The Group is not subject to any externally imposed capital requirements.

Under the recommendations of the key management, to balance the overall capital structure, the Group may distribute dividends and adjust the number of new shares issued.

26. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,591,214	\$ 1,714,086
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	202,835	83,452

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, trade receivables and refundable deposits (included in other non-current assets).

- 2) The balances include financial liabilities at amortized cost, which comprise notes payable, trade payables and other payables (not including payables for salaries and bonuses, insurance, pensions and business tax).

c. Financial risk management objectives and policies

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

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the fluctuations in the USD and the RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currencies of the entities of the Group against the relevant foreign currencies (the USD and RMB). A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the functional currencies of the entities of the Group weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currencies of the entities of the Group against the relevant foreign currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Profit or loss	\$ 4,853	\$ 6,075	\$ 3,652	\$ 4,234

The above impact on profit and loss was mainly attributable to the exposure on USD and RMB bank deposits, receivables, payables at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly because of a decrease in USD bank deposits. The Group's sensitivity to the RMB decreased during the current period mainly because of a decrease in RMB bank deposits.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	December 31	
	2024	2023
Interest rate risk on fair value		
Financial assets	\$ 337,934	\$ 549,870
Financial liabilities	10,506	8,774
Interest rate risk on cash flow		
Financial assets	899,676	878,578

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Group's non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$8,997 thousand and \$8,786 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits.

The Group's sensitivity to interest rates increased during the current period mainly because of the increased in floating-rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation pertaining to financial assets recognized in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties.

The Group's concentration of credit risk of 68% and 81% of total amounts of trade receivables as of December 31, 2024 and 2023, respectively, was attributable to the Group's ten largest customers.

3) Liquidity risk

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

Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

December 31, 2024

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-interest bearing	\$ 200,681	\$ 2,154	\$ -	\$ -
Lease liabilities	<u>1,682</u>	<u>4,371</u>	<u>4,890</u>	<u>-</u>
	<u>\$ 202,363</u>	<u>\$ 6,525</u>	<u>\$ 4,890</u>	<u>\$ -</u>

December 31, 2023

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-interest bearing	\$ 81,991	\$ 1,461	\$ -	\$ -
Lease liabilities	<u>1,887</u>	<u>4,431</u>	<u>2,715</u>	<u>-</u>
	<u>\$ 83,878</u>	<u>\$ 5,892</u>	<u>\$ 2,715</u>	<u>\$ -</u>

27. TRANSACTIONS WITH RELATED PARTIES

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

Remuneration of Key Management Personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	<u>\$ 40,907</u>	<u>\$ 36,867</u>

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

28. UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group as of the end of the reporting period were as follows:

Unrecognized commitments are as follows:

	December 31	
	2024	2023
Acquisition of property, plant and equipment	\$ <u>9,761</u>	\$ <u>7,301</u>

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,471	32.785 (USD:NTD)	\$ 540,001
USD	956	7.188 (USD:RMB)	31,349
RMB	88,318	4.561 (RMB:NTD)	402,803
<u>Financial liabilities</u>			
Monetary items			
USD	2,638	32.785 (USD:NTD)	86,499
RMB	2,967	4.561 (RMB:NTD)	13,530

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 20,807	30.705 (USD:NTD)	\$ 638,889
USD	190	7.083 (USD:RMB)	5,389
RMB	97,858	4.327 (RMB:NTD)	423,433
<u>Financial liabilities</u>			
Monetary items			
USD	1,211	30.705 (USD:NTD)	37,191

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

	For the Year Ended December 31			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.112 (USD:NTD)	\$ 57,212	31.155 (USD:NTD)	\$ (62)
RMB	4.510 (RMB:NTD)	<u>5,568</u>	4.396 (RMB:NTD)	<u>(2,313)</u>
		<u>\$ 62,780</u>		<u>\$ (2,375)</u>

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

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

b. Information on investees: Table 4

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 6
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7
- e. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the listed particulars for the affiliates:
 - 1) Subsidiaries' company names, relationships to the controlling company, nature of business, and the controlling company's shareholding or capital proportion: Note 10
 - 2) Variation of subsidiaries which are included in the current consolidated financial statements: Note 10
 - 3) Subsidiaries' company names, shareholding or capital proportion and the reasons that they are not listed on the consolidated financial statements: None
 - 4) The adjustments and the ways to manage when the controlling company and a subsidiary have different fiscal year start/end dates: None
 - 5) The adjustments when the controlling company and a subsidiary have different accounting policies: None
 - 6) Operating risk such as exchange risk for an overseas subsidiary: None
 - 7) Retained earnings allocation of each subsidiary restricted by regulations or contracts: Note 18
 - 8) Consolidated amortization methods and expirations: None
 - 9) Others: None
- f. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the below-listed for the controlling company and subordinate company respectively:
 - 1) Information about accommodations of funds or endorsements: None

- 2) Information about derivative instrument transactions: None
 - 3) Significant contingencies: None
 - 4) Significant events after the reporting period: None
 - 5) Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding situation of the securities: Tables 4 and 5
 - 6) Others: None
- g. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: None

31. SEGMENT INFORMATION

a. Financial information

The Group is mainly an important operating department engaged in the manufacture and sale of various circuit testing solutions for semiconductors, including IC front-end test solutions (probe cards and substrates), IC back-end test solutions (load boards and burn-in boards) and other related testing boards. The financial report is the measurement basis for the chief operating decision maker of the Group to allocate resources and evaluate performance, thus reporting single-related segment operating information is not necessary.

b. Geographical information

The Group's major operating department is located in Taiwan; therefore, reporting non-current assets is not necessary. The Group's revenue information from external customers by location is shown below.

	For the Year Ended December 31	
	2024	2023
Taiwan	\$ 1,192,675	\$ 752,503
Others	<u>543,408</u>	<u>657,722</u>
	<u>\$ 1,736,083</u>	<u>\$ 1,410,225</u>

c. Information on major customers

The information on customers who contributed 10% or more to the Group's revenue is as follows:

	For the Year Ended December 31	
	2024	2023
Customer B	NA*	\$ 141,246

* Revenue amount did not reach 10 % of the Group's revenue.

TABLE 1

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Notes 1 and 2)
Keystone Microtech Corporation	Number of shares KEYSTONE MICROTECH International Ltd	Equity	KEYSTONE MICROTECH International Ltd	Subsidiaries	600	\$ 18,251	2,000	\$ 64,792	-	\$ -	\$ -	\$ -	2,600	\$ 57,324
KEYSTONE MICROTECH International Ltd	SHANGHAI XINCHENG TECHNOLOGY CO., LTD	Equity	SHANGHAI XINCHENG TECHNOLOGY CO., LTD	Subsidiaries	-	17,947	-	63,356	-	-	-	-	-	55,551

Note 1: The difference is due to the investment accounted for using the equity method and exchange differences on translation of the financial statements of foreign operations.

Note 2: The transactions have been eliminated in the consolidated financial statements.

TABLE 2

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Keystone Microtech Corporation	Land and buildings	March 15, 2024	\$ 433,750	\$ 433,750	Madison Asset Management Corp.	Non-related-party transactions	-	-	-	\$ -	Real estate valuation report	Based on the Company's long-term operational needs and expansion of production capacity	-

TABLE 3

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Keystone Microtech Corporation	SHANGHAI XINCHENG TECHNOLOGY CO., LTD	1	Sales	\$ 23,179	300 days after the end of the month	1.34
		SHANGHAI XINCHENG TECHNOLOGY CO., LTD	1	Trade receivables	23,697	300 days after the end of the month	0.77
		SHANGHAI XINCHENG TECHNOLOGY CO., LTD	1	Assets for sale	4,900	120 days after the end of the month acceptance	0.16
		SHANGHAI XINCHENG TECHNOLOGY CO., LTD	1	Other receivables	5,197	120 days after the end of the month	0.17
		SHANGHAI XINCHENG TECHNOLOGY CO., LTD	1	Purchases	2,063	300 days after the end of the month	0.12
		SHANGHAI XINCHENG TECHNOLOGY CO., LTD	1	Trade payables	1,476	300 days after the end of the month	0.05
		KSMT USA CORPORATION	1	Equity investments	31,496	Capital increase	1.03
		KSMT USA CORPORATION	1	Services	6,671	60 days after the end of the month	0.38
		KSMT USA CORPORATION	1	Other payables	3,812	60 days after the end of the month	0.12
		KEYSTONE MICROTECH International Ltd	1	Equity investments	64,792	Capital increase	2.12
1	KEYSTONE MICROTECH International Ltd	SHANGHAI XINCHENG TECHNOLOGY CO., LTD	3	Equity investments	63,356	Capital increase	2.07

Intercompany relationships:

- a. Keystone Microtech Corporation is engaged in the manufacture and sale of various circuit testing solutions for semiconductors, and other related testing boards.
- b. KSMT USA CORPORATION is engaged in technical consulting service and marketing.
- c. KEYSTONE MICROTECH International Ltd SAMOA is engaged in general investment business.
- d. SHANGHAI XINCHENG TECHNOLOGY CO., LTD is engaged in selling of semiconductor test components and provision of technical consulting and technical services.

Note 1: Intercompany transactions information between parent company and subsidiaries are noted within the number column as follows:

- a. “0” for the parent company.
- b. Subsidiaries are numbered from “1”.

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

- a. “1” represents transactions from parent company to subsidiaries.
- b. “2” represents transactions from subsidiaries to parent company.
- c. “3” represents transactions between subsidiaries.

Note 3: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: The transactions information between intercompany relationship have been eliminated during the preparation of these consolidated financial statements.

TABLE 4

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares (Thousand)	Percentage of Ownership	Carrying Amount			
The Company	KEYSTONE MICROTECH International Ltd	SAMOA	General investment business	\$ 83,043 (US\$ 2,600)	\$ 18,251 (US\$ 600)	2,600	100	\$ 57,324	\$ (18,517)	\$ (18,517)	Notes 1 and 2
	KSMT USA CORPORATION	California	Technical consulting service and marketing	31,496 (US\$ 1,000)	-	1,000	100	29,988	(2,740)	(2,740)	Notes 1 and 2

Note 1: The amount recognized was determined based on the financial statements which were audited and attested by certified public accountants engaged by the Company during the same period.

Note 2: The transactions have been eliminated in the consolidated financial statements.

Note 3: Refer to Table 5 for information on our mainland China investee companies.

Note 4: The mid-term highest holdings were the same as of December 31, 2024, and there is no impignorate condition happened.

TABLE 5

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
SHANGHAI XINCENG TECHNOLOGY CO., LTD	Sales of semiconductor test components and provision of technical consulting and technical services	\$ 81,303 (US\$ 2,546)	(b)	\$ 17,947 (US\$ 590)	\$ 63,356 (US\$ 1,956)	\$ -	\$ 81,303 (US\$ 2,546)	\$ (18,506)	100	\$ (18,506)	\$ 55,551	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$81,303 (US\$2,546 thousand) (Note 3)	\$82,739 (US\$2,590 thousand) (Notes 3 and 4)	\$1,528,247 (Note 4)

Note 1: Three methods of investment are the following:

- a. Direct investment.
- b. Reinvestment in China through a company located in a third region.
- c. Other methods.

Note 2: The amount recognized was determined based on the financial statements which were audited and attested by certified public accountants engaged by the Company during the same period.

Note 3: The amount was calculated by the actual outflow exchange rate from each time.

Note 4: According to the “Principle of Examination on Investment and Technical Cooperation on Mainland China” of the Investment Review Committee, MOEA, the upper limit of the investment amount is “60% of the net value”. (The consolidated equity as of December 31, 2024, was \$2,547,078 thousand × 60% = \$1,528,247 thousand.)

Note 5: The transactions have been eliminated in the consolidated financial statements.

Note 6: The relevant figures in this exhibit are presented in New Taiwan dollars, and those involving foreign currencies are translated into New Taiwan dollars using the exchange rates at the balance sheet date; the amounts for profit or loss are translated into New Taiwan dollars using the average exchange rates for current year.

Note 7: The mid-term highest capital contribution were the same as of December 31, 2024, and there is no impignorate condition happened.

KEYSTONE MICROTECH CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain	Note
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
SHANGHAI XINCHENG TECHNOLOGY CO., LTD	Purchases	\$ 2,063	0.32	Based on mutual agreement	300 days after the end of the month	30 to 120 days after the end of the month	\$ (1,476)	0.88	\$ -	-

2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain	Note
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
SHANGHAI XINCHENG TECHNOLOGY CO., LTD	Sale	\$ (23,179)	1.33	Based on mutual agreement	300 days after the end of the month	30 to 120 days after the end of the month	\$ 23,697	7.08	\$ -	-

3. The amount of property transactions and the amount of the resultant gains or losses.

Investee Company	Transaction Type	Disposal of Property, Plant and Equipment		Transaction Details			Other Notes/Accounts Receivable (Payable)		Unrealized Gain	Note
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
SHANGHAI XINCHENG TECHNOLOGY CO., LTD	Selling of equipment	\$ (4,900)	100.00	Based on mutual agreement	120 days after the end of the month acceptance	30 to 120 days after the end of the month acceptance	\$ 5,197	1.55	\$ -	-

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
5. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
6. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 7**KEYSTONE MICROTECH CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kuan Yi Investment Corporation	3,097,490	11.30

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.