

**FocalTech Systems Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024**

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

This is the translation of the financial statements. CPAs do not audit or review on this translation.

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders
FocalTech Systems Co., Ltd.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2025 and 2024, combined total assets of these non-significant subsidiaries were NT\$3,438,906 thousand and NT\$2,989,377 thousand, respectively, representing 20% and 16%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$1,101,491 thousand and NT\$1,112,058 thousand, respectively, representing 16% and 12%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2025 and 2024, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(38,532) thousand, NT\$79,372 thousand respectively, representing (17%) and 31% respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2025 and 2024, its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Huei-Min Huang and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 09, 2025

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FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2025 (Reviewed)		December 31, 2024 (Audited)		March 31, 2024 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 6,416,531	38	\$ 8,247,879	44	\$ 5,065,390	26
Financial assets at fair value through profit or loss - current (Note 7)	553,431	3	280,700	2	263,051	1
Financial assets at fair value through other comprehensive income (Note 8)	54,876	-	54,014	-	135,394	1
Accounts receivables, net (Note 10)	926,205	5	1,339,654	7	1,339,768	7
Inventories (Note 11)	3,322,664	19	2,573,928	14	2,810,805	15
Other financial assets (Note 9)	683,518	4	912,274	5	3,469,000	18
Other current assets	<u>280,732</u>	<u>2</u>	<u>271,013</u>	<u>1</u>	<u>300,112</u>	<u>2</u>
Total current assets	<u>12,237,957</u>	<u>71</u>	<u>13,679,462</u>	<u>73</u>	<u>13,383,520</u>	<u>70</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	454,195	3	415,826	2	388,955	2
Financial assets at fair value through other comprehensive income (Note 8)	9,796	-	9,767	-	52,379	-
Property, plant and equipment (Note 13)	2,594,499	15	2,529,675	14	2,464,315	13
Goodwill (Notes 14)	1,237,268	7	1,237,268	7	1,237,268	6
Other intangible assets (Note 15)	117,089	1	153,258	1	94,747	1
Deferred tax assets	176,662	1	165,739	1	179,443	1
Refundable deposits (Note 16)	312,337	2	459,603	2	1,372,949	7
Other non-current assets (Note 31)	<u>11,050</u>	<u>-</u>	<u>12,282</u>	<u>-</u>	<u>24,374</u>	<u>-</u>
Total non-current assets	<u>4,912,896</u>	<u>29</u>	<u>4,983,418</u>	<u>27</u>	<u>5,814,430</u>	<u>30</u>
TOTAL	<u>\$ 17,150,853</u>	<u>100</u>	<u>\$ 18,662,880</u>	<u>100</u>	<u>\$ 19,197,950</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 17)	\$ 1,103,687	6	\$ 935,802	5	\$ 1,192,552	6
Accounts payables (Note 18)	1,942,104	11	2,357,450	13	1,823,202	9
Other payables (Note 19)	1,737,248	10	2,019,653	11	1,481,457	8
Current tax liabilities	256,483	2	253,700	1	340,003	2
Current position of long-term loans (Note 17)	22,898	-	22,576	-	219,818	1
Other current liabilities (Note 23)	<u>172,720</u>	<u>1</u>	<u>209,387</u>	<u>1</u>	<u>102,286</u>	<u>1</u>
Total current liabilities	<u>5,235,140</u>	<u>30</u>	<u>5,798,568</u>	<u>31</u>	<u>5,159,318</u>	<u>27</u>
NON-CURRENT LIABILITIES						
Long-term loans (Note 17)	-	-	-	-	744,273	4
Deferred tax liabilities	217,109	1	217,109	1	218,652	1
Net defined benefit liabilities - non-current (Note 4)	10,689	-	10,817	-	13,834	-
Guarantee deposits received (Note 21)	<u>1,307,582</u>	<u>8</u>	<u>2,514,805</u>	<u>14</u>	<u>3,409,750</u>	<u>18</u>
Total non-current liabilities	<u>1,535,380</u>	<u>9</u>	<u>2,742,731</u>	<u>15</u>	<u>4,386,509</u>	<u>23</u>
Total liabilities	<u>6,770,520</u>	<u>39</u>	<u>8,541,299</u>	<u>46</u>	<u>9,545,827</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 22 and 27)						
Share capital						
Ordinary shares	2,191,418	13	2,192,168	12	2,178,390	12
Capital collected in advance	-	-	-	-	15,570	-
Total share capital	<u>2,191,418</u>	<u>13</u>	<u>2,192,168</u>	<u>12</u>	<u>2,193,960</u>	<u>12</u>
Capital surplus	<u>6,140,271</u>	<u>36</u>	<u>6,150,242</u>	<u>33</u>	<u>6,180,628</u>	<u>32</u>
Retained earnings						
Legal reserve	747,512	5	747,512	4	712,562	4
Undistributed earnings	<u>1,253,352</u>	<u>7</u>	<u>1,082,065</u>	<u>6</u>	<u>871,678</u>	<u>4</u>
Total retained earnings	<u>2,000,864</u>	<u>12</u>	<u>1,829,577</u>	<u>10</u>	<u>1,584,240</u>	<u>8</u>
Other equity	<u>218,894</u>	<u>1</u>	<u>112,201</u>	<u>-</u>	<u>(147,384)</u>	<u>(1)</u>
Treasury shares	<u>(171,491)</u>	<u>(1)</u>	<u>(163,060)</u>	<u>(1)</u>	<u>(163,060)</u>	<u>(1)</u>
Equity attributable to owners of the parent	<u>10,379,956</u>	<u>61</u>	<u>10,121,128</u>	<u>54</u>	<u>9,648,384</u>	<u>50</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>377</u>	<u>-</u>	<u>453</u>	<u>-</u>	<u>3,739</u>	<u>-</u>
Total equity	<u>10,380,333</u>	<u>61</u>	<u>10,121,581</u>	<u>54</u>	<u>9,652,123</u>	<u>50</u>
TOTAL	<u>\$ 17,150,853</u>	<u>100</u>	<u>\$ 18,662,880</u>	<u>100</u>	<u>\$ 19,197,950</u>	<u>100</u>

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

FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
REVENUE (Note 23)	\$ 2,992,570	100	\$ 3,560,521	100
COSTS OF SALES (Notes 11 and 24)	<u>(2,187,852)</u>	<u>(73)</u>	<u>(2,768,724)</u>	<u>(78)</u>
GROSS PROFIT	<u>804,718</u>	<u>27</u>	<u>791,797</u>	<u>22</u>
OPERATING EXPENSES (Notes 24, 28 and 30)				
Selling and marketing expenses	(130,042)	(4)	(122,410)	(3)
General and administrative expenses	(110,141)	(4)	(106,586)	(3)
Research and development expenses	<u>(514,209)</u>	<u>(17)</u>	<u>(554,852)</u>	<u>(16)</u>
Total operating expenses	<u>(754,392)</u>	<u>(25)</u>	<u>(783,848)</u>	<u>(22)</u>
OPERATING INCOME	<u>50,326</u>	<u>2</u>	<u>7,949</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(7,089)	-	(12,635)	-
Interest income	76,388	2	78,173	2
Gain (Loss) on financial assets and liabilities at fair value through profit or loss	24,908	1	879	-
Other gains and losses, net	16,544	-	15,439	-
Gain on foreign exchange	<u>(732)</u>	<u>-</u>	<u>21,557</u>	<u>1</u>
Total non-operating income and expenses	<u>110,019</u>	<u>3</u>	<u>103,413</u>	<u>3</u>
INCOME BEFORE INCOME TAX	160,345	5	111,362	3
INCOME TAX EXPENSE (Notes 4 and 25)	<u>10,861</u>	<u>1</u>	<u>175</u>	<u>-</u>
NET INCOME	<u>171,206</u>	<u>6</u>	<u>111,537</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences from translating the financial statements of foreign operations	56,502	2	145,191	4
Unrealized gain from debt instrument investments measured at fair value through other comprehensive loss	<u>581</u>	<u>-</u>	<u>1,494</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss	<u>57,083</u>	<u>2</u>	<u>146,685</u>	<u>4</u>

(Continued)

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	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
Total other comprehensive Income	<u>57,083</u>	<u>2</u>	<u>146,685</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 228,289</u>	<u>8</u>	<u>\$ 258,222</u>	<u>7</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 171,287	6	\$ 113,848	3
Non-controlling interests	<u>(81)</u>	<u>-</u>	<u>(2,311)</u>	<u>-</u>
	<u>\$ 171,206</u>	<u>6</u>	<u>\$ 111,537</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 228,365	8	\$ 260,510	7
Non-controlling interests	<u>(76)</u>	<u>-</u>	<u>(2,288)</u>	<u>-</u>
	<u>\$ 228,289</u>	<u>8</u>	<u>\$ 258,222</u>	<u>7</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.80</u>		<u>\$ 0.54</u>	
Diluted	<u>\$ 0.79</u>		<u>\$ 0.53</u>	

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

(Concluded)

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FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
	Share Capital		Retained Earnings			Other Equity			Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital collected in advance	Capital Surplus	Legal Reserve	Undistributed Earnings	Exchange Differences from Translating the Financial Statement of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unearned employee compensation				
BALANCE, JANUARY 1, 2024	\$ 2,178,900	\$ -	\$ 6,031,904	\$ 712,562	\$ 757,830	\$ 11,178	\$ (6,519)	\$ (214,722)	\$ (163,060)	\$ 9,308,073	\$ 6,027	\$ 9,314,100
Net income (loss) for the three months ended March 31, 2024	-	-	-	-	113,848	-	-	-	-	113,848	(2,311)	111,537
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	145,168	1,494	-	-	146,662	23	146,685
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	113,848	145,168	1,494	-	-	260,510	(2,288)	258,222
Compensation cost of employee share options	-	-	4,896	-	-	-	-	-	-	4,896	-	4,896
Issuance of restricted stock employees	-	15,570	150,118	-	-	-	-	(150,118)	-	15,570	-	15,570
Retirement of restricted stock employees	(510)	-	(6,189)	-	-	-	-	6,189	-	(510)	-	(510)
Compensation cost of restricted stock to employees	-	-	-	-	-	-	-	59,946	-	59,946	-	59,946
Other	-	-	(101)	-	-	-	-	-	-	(101)	-	(101)
BALANCE, MARCH 31, 2024	<u>\$ 2,178,390</u>	<u>\$ 15,570</u>	<u>\$ 6,180,628</u>	<u>\$ 712,562</u>	<u>\$ 871,678</u>	<u>\$ 156,346</u>	<u>\$ (5,025)</u>	<u>\$ (298,705)</u>	<u>\$ (163,060)</u>	<u>\$ 9,648,384</u>	<u>\$ 3,739</u>	<u>\$ 9,652,123</u>
BALANCE, JANUARY 1, 2025	\$ 2,192,168	\$ -	\$ 6,150,242	\$ 747,512	\$ 1,082,065	\$ 243,338	\$ (268)	\$ (130,869)	\$ (163,060)	\$10,121,128	\$ 453	\$10,121,581
Net income (loss) for the three months ended March 31, 2025	-	-	-	-	171,287	-	-	-	-	171,287	(81)	171,206
Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	56,497	581	-	-	57,078	5	57,083
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	171,287	56,497	581	-	-	228,365	(76)	228,289
Compensation cost of employee share options	-	-	1,649	-	-	-	-	-	-	1,649	-	1,649
Treasury shares buyback	-	-	-	-	-	-	-	-	(83,054)	(83,054)	-	(83,054)
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	74,623	74,623	-	74,623
Issuance of ordinary shares from exercise of employee share options	630	-	176	-	-	-	-	-	-	806	-	806
Retirement of restricted stock employees	(1,380)	-	(11,830)	-	-	-	-	11,830	-	(1,380)	-	(1,380)
Compensation cost of restricted stock to employees	-	-	-	-	-	-	-	37,785	-	37,785	-	37,785
Other	-	-	34	-	-	-	-	-	-	34	-	34
BALANCE, MARCH 31, 2025	<u>\$ 2,191,418</u>	<u>\$ -</u>	<u>\$ 6,140,271</u>	<u>\$ 747,512</u>	<u>\$ 1,253,352</u>	<u>\$ 299,835</u>	<u>\$ 313</u>	<u>\$ (81,254)</u>	<u>\$ (171,491)</u>	<u>\$10,379,956</u>	<u>\$ 377</u>	<u>\$10,380,333</u>

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

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FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31 (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 160,345	\$ 111,362
Adjustments for:		
Depreciation expenses	48,869	28,790
Amortization expenses	44,797	28,491
Net gain on financial assets at fair value through profit or loss	(24,908)	(879)
Finance costs	7,089	12,635
Interest income	(76,388)	(78,173)
Compensation cost of employee share options	1,649	4,896
Loss on disposal of property, plant and equipment	92	166
Gain on disposal of investments	(2,926)	(1,175)
Reversal gain on write-down of inventories	(70,251)	(83,412)
Unrealized (gain) loss on foreign exchange	5,255	21,700
Compensation cost of restricted stock to employees	37,785	59,946
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(277,642)	(17,155)
Accounts receivables	419,439	321,338
Inventories	(665,934)	(7,046)
Other current assets	(13,066)	(33,194)
Accounts payables	(423,811)	325,705
Other payables	(303,649)	(27,378)
Other current liabilities	(38,741)	21,156
Net defined benefit liabilities	(128)	(121)
Cash generated from operations	(1,172,124)	687,652
Interest paid	(6,982)	(12,424)
Income tax paid	(4,181)	(60,360)
Net cash (outflow) inflow from operating activities	<u>(1,183,287)</u>	<u>614,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(95,999)	(6,425)
Disposal of property, plant and equipment	73	-
Decrease in refundable deposits	147,343	485,021
Acquisition of intangible assets	(8,314)	(8,639)
Decrease (increase) in other financial assets	230,552	(606,001)
Decrease in other non-current assets	1,338	3,486
Interest received	<u>85,574</u>	<u>45,752</u>
Net cash inflow (outflow) from investing activities	<u>360,567</u>	<u>(86,806)</u>

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FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	\$ 153,207	\$ 292,123
Decrease in long-term loans	-	(1,770)
Decrease in guarantee deposits	(1,207,884)	(278,780)
Exercise of employee share options	806	-
Treasury shares buyback	(83,054)	-
Treasury shares transferred to employees	74,623	-
Issuance of restricted stock employees	-	15,570
Retirement of restricted stock employees	(1,380)	(510)
Other	<u>34</u>	<u>(101)</u>
Net cash (outflow) inflow from financing activities	<u>(1,063,648)</u>	<u>26,532</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>55,020</u>	<u>65,992</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,831,348)	620,586
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>8,247,879</u>	<u>4,444,804</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 6,416,531</u>	<u>\$ 5,065,390</u>

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

(Concluded)

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FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

FocalTech Systems Co., Ltd. (“FocalTech” or “the Company”), formerly named as Orise Technology Co., Ltd., was incorporated in the Republic of China (“ROC”) in January 2006. The Company’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since July 2007. On January 2, 2015, the Company acquired FocalTech Corporation, Ltd. through a share swap and renamed on January 27, 2015. This acquisition was comprehensively considered as a reverse merger, where FocalTech Corporation, Ltd. was treated as the acquirer in the financial statements. The Company mainly engages in the research, development, design, manufacturing, and sales of Human-Machine Interface solutions, such as Display Driver IC, Touch Control IC and so on.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 09, 2025.

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

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

The initial application of the amendments to the IFRSs endorsed and issued in to effect by the FSC did not have a significant impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2026:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
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 1)

Note 1: 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will not have impact on the Group’s financial position and financial performance.

- c. The IFRSs issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	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 9 and IFRS 17-Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have impact on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The present Consolidated Financial Report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by Financial Supervisory Commission.

b. Basis of Preparation

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

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

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

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c. Basis of consolidation

The detail information, holding percentages, and main business of the subsidiaries could be found in Note 12, TABLE 5 and TABLE 6.

d. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments, estimations and assumptions applied in these consolidated financial statements are consistent with those in the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 4,673	\$ 4,599	\$ 4,726
Checking accounts and demand deposits	2,868,886	2,949,518	2,149,306
Cash equivalent (time deposits with original maturities within three months)	<u>3,542,972</u>	<u>5,293,762</u>	<u>2,911,358</u>
	<u>\$ 6,416,531</u>	<u>\$ 8,247,879</u>	<u>\$ 5,065,390</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Mandatorily measured at fair value through profit or loss (FVTPL)			
Government bonds	\$ 282,230	\$ 275,228	\$ 258,814
Structured deposit	266,357	-	-
Beneficiary certificate	<u>4,844</u>	<u>5,472</u>	<u>4,237</u>
	<u>\$ 553,431</u>	<u>\$ 280,700</u>	<u>\$ 263,051</u>

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Non – Current

Mandatorily measured at fair value through profit or loss (FVTPL)

Listed preferred shares	\$ 10,557	\$ 10,285	\$ 10,200
Private Funds	311,404	275,263	254,736
Structured Investments	<u>132,234</u>	<u>130,278</u>	<u>124,019</u>
	<u>\$ 454,195</u>	<u>\$ 415,826</u>	<u>\$ 388,955</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2025	December 31, 2024	March 31, 2024
Investments in debt instruments			
<u>Current</u>			
Foreign investments			
Fixed income bonds	<u>\$ 54,876</u>	<u>\$ 54,014</u>	<u>\$ 135,394</u>
<u>Non – Current</u>			
Domestic investments			
Fixed income bonds	\$ 9,796	\$ 9,767	\$ -
Foreign investments			
Fixed income bonds	<u>-</u>	<u>-</u>	<u>52,379</u>
	<u>\$ 9,796</u>	<u>\$ 9,767</u>	<u>\$ 52,379</u>

9. OTHER FINANCIAL ASSETS

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits with original maturities more than three months	<u>\$ 683,518</u>	<u>\$ 912,274</u>	<u>\$ 3,469,000</u>

10. ACCOUNTS RECEIVABLES, NET

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivables	<u>\$ 926,205</u>	<u>\$ 1,339,654</u>	<u>\$ 1,339,768</u>

The average credit term for sales of goods was 30-120 days. In order to minimize credit risk, management of the Group has delegated a team responsible for determining line of credit, 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 accounts receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the Group's management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach prescribed by IFRS 9, which permits the use of allowances of expected credit losses over the lifetime for all accounts receivables. The expected credit losses on accounts receivables are estimated by using an allowance matrix with references to past customer default records,

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customer's current financial position, and general economic conditions of the industry. Due to the past experiences, there is no significant difference in the loss patterns of different customer groups. Therefore, the allowance matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

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

March 31, 2025

	Not Past Due	Overdue 1-60 Days	Overdue 61-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount and Amortized cost	<u>\$ 926,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926,205</u>

December 31, 2024

	Not Past Due	Overdue 1-60 Days	Overdue 61-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount and Amortized cost	<u>\$ 1,323,110</u>	<u>\$ 16,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,654</u>

March 31, 2024

	Not Past Due	Overdue 1-60 Days	Overdue 61-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount and Amortized cost	<u>\$ 1,339,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,768</u>

11. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Finished goods	\$ 847,858	\$ 817,182	\$ 842,846
Work in process	1,146,785	1,010,960	818,947
Raw materials and supplies	<u>1,328,021</u>	<u>745,786</u>	<u>1,149,012</u>
	<u>\$ 3,322,664</u>	<u>\$ 2,573,928</u>	<u>\$ 2,810,805</u>

The cost of goods sold were including amounts of which write-down inventory cost to net realizable value and reverse of write-down inventories due to sales. The amounts are illustrated below:

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	For the Three Months Ended March 31	
	2025	2024
Reversal gain on write-down of inventories	\$ 70,251	\$ 83,412

12. SUBSIDIARIES

Details of the Company's subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
FocalTech Systems Co., Ltd.	FocalTech Corporation, Ltd.	Investment activity	100%	100%	100%	-
FocalTech Systems Co., Ltd.	FocalTech Electronics, Ltd.	Investment activity	100%	100%	100%	Note1
FocalTech Systems Co., Ltd. And FocalTech Electronics Co., Ltd.	FocalTech Smart Sensors, Ltd.	Investment activity	66.45%	66.45%	66.45%	Note1
FocalTech Smart Sensors, Ltd.	FocalTech Smart Sensors Co., Ltd.	Research, development, manufacturing and sale of integrated circuits	100%	100%	100%	Note1
FocalTech Corporation, Ltd.	FocalTech Systems, Inc.	Investment activity	100%	100%	100%	-
FocalTech Systems, Inc.	FocalTech Systems, Ltd.	Investment activity	100%	100%	100%	Note1
FocalTech Systems, Ltd.	FocalTech Electronics Co., Ltd.	Import and export of integrated circuits	100%	100%	100%	Note1
FocalTech Electronics, Ltd.	FocalTech Electronics (Shanghai) Co., Ltd.	Sales support and post-sales service for IC products	100%	100%	100%	Note1
FocalTech Electronics, Ltd.	FocalTech Electronics (Shenzhen) Co., Ltd.	Research, development, manufacturing and sale of integrated circuits	100%	100%	100%	-
FocalTech Electronics (Shanghai) Co., Ltd.	Chengdu FocalTech Systems Co., Ltd.	Design and research of integrated circuits	100%	100%	-	Note1&2
FocalTech Electronics (Shenzhen) Co., Ltd.	FocalTech Systems (Shenzhen) Co., Ltd.	Design and research of integrated circuits	100%	100%	100%	-
FocalTech Electronics (Shenzhen) Co., Ltd.	Hefei PineTech Electronics Co., Ltd.	Research, development and sale of integrated circuits	100%	100%	100%	Note1

Note 1 : Immaterial subsidiaries of the Company, whose financial statements had not been reviewed by auditors.

Note 2 : Chengdu FocalTech Systems Co., Ltd. was established in August 2024.

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13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Development Equipment	Office Equipment	Information Equipment	Leasehold Improvements	Total
<u>Cost</u>							
Balance, January 1, 2024	\$ 557,110	\$ 1,834,420	\$ 491,480	\$ 149,461	\$ 41,406	\$ 21,632	\$ 3,095,509
Additions	-	-	3,882	2,521	22	-	6,425
Disposals	-	-	(128)	(195)	(1,387)	-	(1,710)
Effect of foreign currency exchange differences	-	52,344	12,220	418	1,460	559	67,001
Balance, March 31, 2024	<u>\$ 557,110</u>	<u>\$ 1,886,764</u>	<u>\$ 507,454</u>	<u>\$ 152,205</u>	<u>\$ 41,501</u>	<u>\$ 22,191</u>	<u>\$ 3,167,225</u>
<u>Accumulated depreciation</u>							
Balance, January 1, 2024	\$ -	\$ 232,937	\$ 341,371	\$ 27,010	\$ 32,829	\$ 21,632	\$ 655,779
Depreciation	-	9,210	14,864	4,143	573	-	28,790
Disposals	-	-	(125)	(176)	(1,243)	-	(1,544)
Effect of foreign currency exchange differences	-	8,604	9,313	283	1,126	559	19,885
Balance, March 31, 2024	<u>\$ -</u>	<u>\$ 250,751</u>	<u>\$ 365,423</u>	<u>\$ 31,260</u>	<u>\$ 33,285</u>	<u>\$ 22,191</u>	<u>\$ 702,910</u>
Carrying amounts as of March 31, 2024	<u>\$ 557,110</u>	<u>\$ 1,636,013</u>	<u>\$ 142,031</u>	<u>\$ 120,945</u>	<u>\$ 8,216</u>	<u>\$ -</u>	<u>\$ 2,464,315</u>
<u>Cost</u>							
Balance, January 1, 2025	\$ 557,110	\$ 1,901,898	\$ 627,255	\$ 155,810	\$ 43,085	\$ 22,353	\$ 3,307,511
Additions	-	-	93,956	1,673	370	-	95,999
Disposals	-	-	(1,630)	-	(14)	-	(1,644)
Effect of foreign currency exchange differences	-	19,442	5,489	216	551	208	25,906
Balance, March 31, 2025	<u>\$ 557,110</u>	<u>\$ 1,921,340</u>	<u>\$ 725,070</u>	<u>\$ 157,699</u>	<u>\$ 43,992</u>	<u>\$ 22,561</u>	<u>\$ 3,427,772</u>
<u>Accumulated depreciation</u>							
Balance, January 1, 2025	\$ -	\$ 281,477	\$ 394,433	\$ 44,272	\$ 35,301	\$ 22,353	\$ 777,836
Depreciation	-	9,416	34,498	4,374	581	-	48,869
Disposals	-	-	(1,467)	-	(12)	-	(1,479)
Effect of foreign currency exchange differences	-	3,589	3,691	118	441	208	8,047
Balance, March 31, 2025	<u>\$ -</u>	<u>\$ 294,482</u>	<u>\$ 431,155</u>	<u>\$ 48,764</u>	<u>\$ 36,311</u>	<u>\$ 22,561</u>	<u>\$ 833,273</u>
Carrying amounts as of December 31, 2024 and January 1, 2025	<u>\$ 557,110</u>	<u>\$ 1,620,421</u>	<u>\$ 232,822</u>	<u>\$ 111,538</u>	<u>\$ 7,784</u>	<u>\$ -</u>	<u>\$ 2,529,675</u>
Carrying amounts as of March 31, 2025	<u>\$ 557,110</u>	<u>\$ 1,626,858</u>	<u>\$ 293,915</u>	<u>\$ 108,935</u>	<u>\$ 7,681</u>	<u>\$ -</u>	<u>\$ 2,594,499</u>

Property, plant and equipment were depreciated on a straight-line basis over the estimated useful life as follows:

Buildings	45-50 years
Development equipment	2-5 years
Office equipment	3-5 years
Information equipment	3-5 years
Leasehold improvements	1-5 years

Property, plant and equipment were pledged as collateral. Refer to Note 31.

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14. GOODWILL

	March 31, 2025	December 31, 2024	March 31, 2024
Ending balance	<u>\$ 1,237,268</u>	<u>\$ 1,237,268</u>	<u>\$ 1,237,268</u>

Considering the synergy of integration of LCD driver and touch controller under the industry trend, the reverse merger was triggered by FocalTech Corporation, Ltd. on January 2, 2015, accounted for goodwill according to business combination. The Group estimated cash flows from sales of IDC (Integrated Driver Controller) based on smartphone market growth rate and market share. Refer to Note 14 in consolidated financial statements in 2024 for related information.

15. OTHER INTANGIBLE ASSETS

	Licenses and Franchises	Software	Patents	Trademark	Total
<u>Cost</u>					
Balance, January 1, 2024	\$ 125,757	\$ 314,510	\$ 76,706	\$ 74,000	\$ 590,973
Additions	-	8,639	-	-	8,639
Disposal	-	(24,084)	-	-	(24,084)
Effect of foreign currency exchange differences	<u>5,116</u>	<u>5,853</u>	<u>9</u>	<u>-</u>	<u>10,978</u>
Balance, March 31, 2024	<u>\$ 130,873</u>	<u>\$ 304,918</u>	<u>\$ 76,715</u>	<u>\$ 74,000</u>	<u>\$ 586,506</u>
<u>Accumulated amortization</u>					
Balance, January 1, 2024	\$ 125,757	\$ 214,691	\$ 69,406	\$ 66,600	\$ 476,454
Amortization expenses	-	24,816	1,825	1,850	28,491
Disposal	-	(24,084)	-	-	(24,084)
Effect of foreign currency exchange differences	<u>5,116</u>	<u>5,773</u>	<u>9</u>	<u>-</u>	<u>10,898</u>
Balance, March 31, 2024	<u>\$ 130,873</u>	<u>\$ 221,196</u>	<u>\$ 71,240</u>	<u>\$ 68,450</u>	<u>\$ 491,759</u>
Carrying amounts as of March 31, 2024	<u>\$ -</u>	<u>\$ 83,722</u>	<u>\$ 5,475</u>	<u>\$ 5,550</u>	<u>\$ 94,747</u>
<u>Cost</u>					
Balance, January 1, 2025	\$ 133,974	\$ 458,546	\$ 76,718	\$ 74,000	\$ 743,238
Additions	-	8,314	-	-	8,314
Effect of foreign currency exchange differences	<u>1,660</u>	<u>2,367</u>	<u>3</u>	<u>-</u>	<u>4,030</u>
Balance, March 31, 2025	<u>\$ 135,634</u>	<u>\$ 469,227</u>	<u>\$ 76,721</u>	<u>\$ 74,000</u>	<u>\$ 755,582</u>

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Accumulated amortization

Balance, January 1, 2025	\$ 133,974	\$ 305,288	\$ 76,718	\$ 74,000	\$ 589,980
Amortization expenses	-	44,797	-	-	44,797
Effect of foreign currency exchange differences	<u>1,660</u>	<u>2,053</u>	<u>3</u>	<u>-</u>	<u>3,716</u>
Balance, March 31, 2025	<u>\$ 135,634</u>	<u>\$ 352,138</u>	<u>\$ 76,721</u>	<u>\$ 74,000</u>	<u>\$ 638,493</u>
Carrying amounts as of December 31, 2024 and January 1, 2025	<u>\$ -</u>	<u>\$ 153,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,258</u>
Carrying amounts as of March 31, 2025	<u>\$ -</u>	<u>\$ 117,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,089</u>

Other intangible assets were amortized on a straight-line basis over the estimated useful life as follows:

Licenses and franchises	1-5 years
Software	1-5 years
Patents	7-10 years
Trademark	10 years

16. REFUNDABLE DEPOSITS

	March 31, 2025	December 31, 2024	March 31, 2024
Capacity guarantee deposits and others	<u>\$ 312,337</u>	<u>\$ 459,603</u>	<u>\$ 1,372,949</u>

Guarantee deposits mainly consists of cash paid to suppliers to ensure stable foundry capacity.

17. BANK LOANS

a. Short-term bank loans

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loans	<u>\$1,103,687</u>	<u>\$ 935,802</u>	<u>\$1,192,552</u>
Annual interest rate			
Unsecured bank loans	1.75-3.00%	1.85~3.15%	3.10-3.60%

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b. Long-term bank loans

	March 31, 2025	December 31, 2024	March 31, 2024
Secured bank loans (1)	\$ -	\$ -	\$ 786,840
Unsecured bank loans (2)	<u>22,898</u>	<u>22,576</u>	<u>177,251</u>
	22,898	22,576	964,091
Less: reclassification to Current position of long-term borrowings	<u>(22,898)</u>	<u>(22,576)</u>	<u>(219,818)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,273</u>
Annual interest rate			
Secured bank loans	-	-	1.875~2.00%
Unsecured bank loans	3.00%	3.00%	3.30~3.45%

(1) For secured bank loans, the principals will be paid monthly or quarterly after three years from drawdown date. The period of loans is from September, 2021 to September, 2036. Commercial building is pledged as collateral for the long-term loans, please refer to Note 31. This loan was fully repaid early in December 2024.

(2) For unsecured bank loans, the principals will be paid according to the contract. The period of loans is from June, 2024 to September, 2025.

18. ACCOUNTS PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payables	<u>\$ 1,942,104</u>	<u>\$ 2,357,450</u>	<u>\$ 1,823,202</u>

The average credit period on purchases was 30-60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Payable for rebates	\$1,013,748	\$1,132,417	\$ 938,255
Payable for salaries and bonus	410,846	576,337	299,447
Payable for labor, health and social insurance	17,834	14,837	15,457
Reserve for litigations	97,790	95,678	53,897
Payable for professional services and others	<u>197,030</u>	<u>200,384</u>	<u>174,401</u>
	<u>\$1,737,248</u>	<u>\$2,019,653</u>	<u>\$1,481,457</u>

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20. RETIREMENT BENEFIT

Pension expenses under the defined benefit plans, calculated using the actuarially determined pension cost rate as of December 31, 2024 and 2023, were NT\$39 thousand and NT\$43 thousand for the three months ended March 31, 2025 and 2024, respectively.

21. GUARANTEE DEPOSITS RECEIVED

	March 31, 2025	December 31, 2024	March 31, 2024
Capacity guarantee deposits and others	<u>\$ 1,307,582</u>	<u>\$2,514,805</u>	<u>\$ 3,409,750</u>

Guarantee deposit mainly consists of cash received from customers to ensure they have access to the Group's specified capacity

22. EQUITY

a. Share capital

Ordinary shares (par value at NT\$10 per share)

	March 31, 2025	December 31, 2024	March 31, 2024
Numbers of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>219,142</u>	<u>219,217</u>	<u>217,839</u>
Shares issued	<u>\$ 2,191,418</u>	<u>\$ 2,192,168</u>	<u>\$ 2,178,390</u>
Capital collected in advance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,570</u>

The registration processes of 1,597 thousand shares of restricted stocks for employees have not been completed as of March 31, 2024. The proceeds from shares issued is accounted for capital collected in advance in \$15,570 thousand.

b. Capital surplus

The categories of uses and the sources of capital surplus based on regulations were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Additional paid-in capital	\$5,487,607	\$5,441,496	\$5,159,886
Treasury stock	211,325	211,325	180,577
Employee share options-expired	34,448	34,448	34,448
May be used to offset a deficit only			
Other – unclaimed dividend	14	14	14
Other –exercise the right of subrogation	32	32	-
May not be used for any purpose			
Restricted stock for employees	397,971	454,651	769,593
Employee share options	<u>8,874</u>	<u>8,276</u>	<u>36,110</u>
	<u>\$6,140,271</u>	<u>\$ 6,150,242</u>	<u>\$6,180,628</u>

- (1) This type of 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 (at a certain percentage of the Company's capital surplus annually).

c. Retained earnings and dividend policy

Under the Company's Article of Incorporation, when distributing annual earnings, the Company shall pay taxes, offset its losses, set aside 10% as legal reserve, then set aside or reverse a special reserve in accordance with relevant laws or regulations. The Board of Directors shall prepare a distribution proposal for the remaining earnings plus the unappropriated retained earnings of previous years. Earnings distribution may be made in the form of shares after an approved resolution made by the shareholders' meeting.

See Note 24(d) for policy stipulated in the Articles of Incorporation regarding to the remuneration for employees and directors.

Considering current and future development plans, investment conditions, capital requirements, and market competition situations, and shareholder benefits, The Company would appropriate the dividends to the shareholders not less than 10% of the current year's earnings. The dividends could be paid in cash or shares. The cash portion should be equal or more than 10% of the total dividends. It is allowed not to distribute any cash dividend if the cash amount per share is less than NT 0.5.

Legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. Legal reserve may 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.

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The Company is required to set aside additional special capital reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from prior-year earnings.

The appropriations of earnings for 2024 and 2023 were resolved by the Board of Directors' meeting on February 21, 2025, and the annual shareholders' meeting on June 7, 2024, respectively. The details of the distribution are as follows:

	<u>2024</u>	<u>2023</u>
Legal reserve	\$ 57,634	\$ 34,950
Cash dividends	\$ 378,000	\$ 217,151
Cash dividends per share	\$ 1.72	\$ 1.00

The appropriations of earnings for 2024 will be resolved in annual shareholders' meeting on May 26, 2025.

d. Treasury stock

	<u>Shares (In Thousands)</u>
Number of shares on January 1, 2024 and March 31, 2024	<u>1,285</u>
Number of shares on January 1, 2025	1,285
Increase during the period	1,121
Decrease during the period	(588)
Number of shares on March 31, 2025	<u>1,818</u>

The Company's Board of Directors resolved to conduct the seventh share repurchase on February 21, 2025. The planned repurchase amount is 3,000 thousand shares. As of March 31, 2025, 1,121 thousand shares had been repurchased, with a total repurchase amount of NT\$83,054 thousand. In addition, from April 1 to April 17, 2025, 1,879 thousand shares were repurchased, bringing the total repurchase amount to NT\$110,944 thousand. The repurchased shares are intended to be transferred to employees, with the transfer price based on the average actual repurchase price.

The detailed information for other treasury stock transferred to employee programs could be found in Note 27 (b).

The treasury shares held by the company cannot be pledged and no dividend and voting right is attached in accordance with the Regulations of Securities and Exchange Act.

e. Unearned employee compensation

	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Balance, beginning	(\$ 130,869)	(\$ 214,722)
Issuance of shares	-	(150,118)
Retirement of shares	11,830	6,189
Share-based payment expenses recognized	37,785	59,946
Balance, ending	(\$ 81,254)	(\$ 298,705)

This is the translation of the financial statements. CPAs do not audit or review on this translation.

The detailed information for restricted share for employees program referred to Note 27 (c).

f. Non-controlling interests

	For the Three Months Ended March 31	
	2025	2024
Balance, beginning	\$ 453	\$ 6,027
Net loss	(81)	(2,311)
Other comprehensive income (loss)		
Exchange differences from translating the financial statements of foreign operations	5	23
Balance, ending	<u>\$ 377</u>	<u>\$ 3,739</u>

23. REVENUE

	For the Three Months Ended March 31	
	2025	2024
IC for human and machine interface devices	<u>\$ 2,992,570</u>	<u>\$ 3,560,521</u>

Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities (classified as current liabilities)				
Sales of goods	<u>\$ 114,381</u>	<u>\$ 145,387</u>	<u>\$ 49,152</u>	<u>\$ 24,732</u>

24. NET INCOME

a. Finance costs

	For the Three Months Ended March 31	
	2025	2024
Interest on bank loans	<u>\$ 7,089</u>	<u>\$ 12,635</u>

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2025	2024
Property, plant and equipment	\$ 48,869	\$ 28,790
Intangible assets	<u>44,797</u>	<u>28,491</u>
	<u>\$ 93,666</u>	<u>\$ 57,281</u>

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An analysis of depreciation by function

Operating costs	\$ 9,597	\$ 6,343
Operating expenses	<u>84,069</u>	<u>50,938</u>
	<u>\$ 93,666</u>	<u>\$ 57,281</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Post-employment benefits		
Defined contribution plans	\$ 10,666	\$ 8,320
Defined benefit plans (see Note 20)	39	43
Share-based payments (see Note 27)		
Cash-settled	953	-
Equity-settled	39,434	64,842
Other employee benefits	<u>523,978</u>	<u>473,069</u>
	<u>\$ 575,070</u>	<u>\$ 546,274</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 47,660	\$ 41,731
Operating expenses	<u>527,410</u>	<u>504,543</u>
	<u>\$ 575,070</u>	<u>\$ 546,274</u>

d. The remuneration of employees and directors

According to the Company's Articles of Incorporation, the distributable compensation to employees and remuneration to directors shall not be less than 1% and not more than 1.5%, respectively, of net profit before income tax. The accrued employees' compensation and remuneration of directors for the three months ended March 31, 2025 and 2024 are as follows:

Amount

	For the Three Months Ended March 31	
	2025	2024
Employees' compensation	<u>\$ 1,632</u>	<u>\$ 1,140</u>
Remuneration of directors	<u>\$ 86</u>	<u>\$ 60</u>

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

The board of directors resolved the remuneration of employees and directors for 2024 on February 21, 2025. There is no difference between the actual amount of remuneration to employees and directors resolved and the amount of remuneration to employees and directors accounted for in 2024 consolidated financial statements.

Information on the employees' compensation and remuneration to directors resolved by the Company's

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board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss:

	For the Three Months Ended March 31	
	2025	2024
Current income tax expense		
In respect of the current year	\$ 62	\$ 58
Deferred income tax expense		
In respect of the current year	(10,923)	(233)
Income tax expense recognized in profit or loss	<u>(\$ 10,861)</u>	<u>(\$ 175)</u>

- b. Income tax assessments

The Company's tax returns through 2022, FocalTech Smart Sensors Co., Ltd., and FocalTech Electronics Co., Ltd.'s tax returns through 2023 have been examined by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2025	2024
Basic earnings per share	<u>\$ 0.80</u>	<u>\$ 0.54</u>
Diluted earnings per share	<u>\$ 0.79</u>	<u>\$ 0.53</u>

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2025	2024
Earnings used in the computation of basic earnings per share	<u>\$ 171,287</u>	<u>\$ 113,848</u>

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Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	214,081	209,535
Effect of potentially dilutive ordinary shares:		
Treasury shares transferred to Employees	257	2,681
Employee share options (share)	43	55
Restricted stock for employees (share)	1,956	2,405
The remuneration to employees	<u>638</u>	<u>475</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>216,975</u>	<u>215,151</u>

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

The Group did not have new share option plan issued for employees for the three months ended March 31, 2025 and 2024. The detailed information could be found in Note 27 of the consolidated financial statements of the year ended December 31, 2024.

Information on outstanding options for the three months ended March 31, 2025 and 2024 were as follows:

March 31, 2025

Employee Stock Option Plan	Beginning Balance		Options exercised		Options expired		Ending Balance	
	Units of Option	Weighted-Average Exercise Price (NT\$)	Units of Option	Weighted-Average Exercise Price (NT\$)	Units of Option	Weighted-Average Exercise Price (NT\$)	Units of Option	Weighted-Average Exercise Price (NT\$)
2015	63,000	12.80	(63,000)	12.80	-	-	-	-

March 31, 2024

Employee Stock Option Plan	Beginning Balance		Options exercised		Options expired		Ending Balance	
	Units of Option	Weighted-Average Exercise Price (NT\$)	Units of Option	Weighted-Average Exercise Price (NT\$)	Units of Option	Weighted-Average Exercise Price (NT\$)	Units of Option	Weighted-Average Exercise Price (NT\$)
2015	63,000	12.80	-	-	-	-	63,000	12.80

b. Treasury stock transferred to employees

Information about treasury stock transferred to employee are as follows:

Items	The date of board of directors approved	Buyback shares (In thousand share)	Transferred shares (In thousand share)	Transferred price (in dollar)
The 6th treasury stock transferred to employee program	2022/2/23	4,000	3,303	126.91
The 7th treasury stock transferred to employee program	2025/2/21	1,121	-	-

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Information about treasury stock transferred to employee as of March 31, 2025 are as follows:

The 6th treasury stock transferred to employee program		
Employee subscription base date	Shares transferred (In Thousands)	The fair value of the right to subscribe (NT\$)
2022/06/21	2,315	\$ -
2022/11/11	140	-
2023/02/23	260	-
2025/03/10	588	-
Total	3,303	

c. Restricted stock for employees

The Company's boards of directors' meeting proposed to issue restricted stocks for employees up to 30,000 thousand dollars on February 21, 2025, the issued price is NT\$10 per share and issued 3,000 thousand shares. The proposal will be resolved in annual shareholder' meeting on May 26, 2025.

The information of the issued restricted stock for employees as of March 31, 2025 are as follows:

Items	Grant date	Fair value per share (in dollar)	Actual shares of issued (in thousand)
2020 restricted stocks for employee's plan	2021/04/07	\$ 205.00	5,749
2020 restricted stocks for employee's plan	2021/07/29	265.00	236
2023 restricted stocks for employee's plan	2023/09/26	67.40	2,033
2023 restricted stocks for employee's plan	2024/02/23	94.00	1,597
2023 restricted stocks for employee's plan	2024/08/09	67.30	183

2020 restricted stocks for employee's plan

From the date when employees are granted restricted stock units, they have to fulfill the service metrics, and should not violate the company's labor contract, work rules or the company's employee management measures, etc. The vesting condition are as follows:

- 1) Upon service for two years: the shares vested in 50% to employees.
- 2) Upon service for three years: the shares vested in 25% to employees.
- 3) Upon service for four years: the shares vested in 25% to employees.

2023 restricted stocks for employee's plan

From the date when employees are granted restricted stock units, they have to fulfill the service metrics, and should not violate the company's labor contract, work rules or the company's employee management measures, etc. One third of granted shares can be vested after every one year of employment, total for three years.

The constraints of restricted stock are as follows:

- 1) Employees are restricted to sell, pledge, transfer, and give to another, create any encumbrance on, or otherwise dispose of, any shares before vested.
- 2) The rights of restricted stock are same as ordinary share including attendance, propose, speak, voting right and so on at the Company's shareholders' meeting. The exercise of such rights shall be performed in accordance with the trust agreement or the securities custodies by the Company's prescribed.
- 3) Stock dividends and cash dividends yielding from restricted stock will be distributed to employees in the current year, and will not be restricted.
- 4) National employee should transfer the granted shares to trustee appointed by the Company immediately. Before they are vested, the restriction should be kept in trustee. Non-national employee' granted share should be kept by bank appointed by the Company.

The Company will buy back the restricted shares at issued price and write off the shares if employees do not fulfill the vesting condition.

For the restricted share plan for employees with a purchase price, which was granted before October 10, 2024, the Group did not retrospectively apply the Q&A "Accounting Treatment for Restricted Share Plan for Employees" issued by the Accounting Research and Development Foundation (ARDF) on October 11, 2024 in accordance with the Q&A issued by the FSC. Therefore, the Group continuously measured the liabilities of the expected repayments to the employees leaving during the vesting period based on its estimated turnover rate.

- d. Compensation cost of aforementioned share-based payments for the three months ended March 31, 2025 and 2024 are as follows:

	For the Three Months Ended March 31	
	2025	2024
Shares buyback programs	\$ 1,649	\$ 4,896
Restricted stock for employees	<u>37,785</u>	<u>59,946</u>
	<u>\$ 39,434</u>	<u>\$ 64,842</u>
Adjustment account:		
Capital surplus - employee stock options	\$ 1,649	\$ 4,896
Other equity - unearned employee compensation	<u>37,785</u>	<u>59,946</u>
	<u>\$ 39,434</u>	<u>\$ 64,842</u>

- e. Cash-settled share-base payment agreements of subsidiaries

Focaltech Electronics (Shenzhen) Co., Ltd. granted its specific employees and employees in its subsidiaries 1,500,000 units cash-settled stock appreciation rights. The expected option life of the stock appreciation rights is 8 years. The employees could exercise the stock appreciation rights after they were granted 12 months, 24 months, 36 months and 48 months separately, and the subsidiaries will pay cash when its employees exercise the stock appreciation rights according to the agreement.

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The fair value of cash-settled share-base payment use the Black-Scholes Option Pricing Model, and assumption used in calculating the fair value are disclosed as follows:

Stock price at measurement date (in dollars)	RMB 2.50
Exercise Price per share	-
Expected price volatility	36.48~37.34%
Expected option life	8 years
Expected dividend yield	-
Risk-free interest rate	2.31~2.38%

The compensation cost of the cash-settled share-base payment was NT\$953 thousand for the three months ended March 31, 2025.

28. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Company and its subsidiaries have lease contracts in relation to office, plant and part of office equipment, and they would expire by March, 2026. Those agreements are short-term leases and qualified for the recognition exemption to leases so the Company does not recognize right-of-use assets and lease liabilities for these leases. The committed payments for the short-term leases were \$8,202 thousand and \$7,059 thousand as of March 31, 2025 and 2024.

The lease payments recognized in profit or loss were as follows:

	For the Three Months Ended March 31	
	2025	2024
Lease payment	<u>\$ 2,931</u>	<u>\$ 2,240</u>

29. FINANCIAL INSTRUMENTS

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

The Group's management believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

March 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Listed preferred shares	\$ 10,557	\$ -	\$ -	\$ 10,557
Private funds	-	-	311,404	311,404
Beneficiary certificate	4,844	-	-	4,844
Structured deposit	-	266,357	-	266,357
Government bonds	-	282,230	-	282,230
Structured deposit	-	132,234	-	132,234
	<u>\$ 15,401</u>	<u>\$ 680,821</u>	<u>\$ 311,404</u>	<u>\$1,007,626</u>

Financial assets at FVTOCI

Investments in debt instruments

Fixed income bonds	<u>\$ -</u>	<u>\$ 64,672</u>	<u>\$ -</u>	<u>\$ 64,672</u>
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December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Listed preferred shares	\$ 10,285	\$ -	\$ -	\$ 10,285
Private funds	-	-	275,263	275,263
Beneficiary certificate	5,472	-	-	5,472
Government bonds	-	275,228	-	275,228
Structured Investments	-	130,278	-	130,278
	<u>\$ 15,757</u>	<u>\$ 405,506</u>	<u>\$ 275,263</u>	<u>\$ 696,526</u>

Financial assets at FVTOCI

Investments in debt instruments

Fixed income bonds	<u>\$ -</u>	<u>\$ 63,781</u>	<u>\$ -</u>	<u>\$ 63,781</u>
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March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Listed preferred shares	\$ 10,200	\$ -	\$ -	\$ 10,200
Private funds	-	-	254,736	254,736
Beneficiary certificate	4,237	-	-	4,237
Government bonds	-	258,814	-	258,814
Structured Investments	-	124,019	-	124,019
Total	<u>\$ 14,437</u>	<u>\$ 382,833</u>	<u>\$ 254,736</u>	<u>\$ 652,006</u>

Financial assets at FVTOCI

Investments in debt instruments

Fixed income bonds	<u>\$ -</u>	<u>\$ 187,773</u>	<u>\$ -</u>	<u>\$ 187,773</u>
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There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2025 and 2024.

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2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Three Months Ended March 31	
	2025	2024
<u>Financial assets at FVTPL</u>		
Balance, beginning	\$ 275,263	\$ 238,544
Purchases	15,000	19,255
Disposals	(3,016)	(1,767)
Recognized in profit or loss (other income or loss)	23,826	(2,602)
Effect of foreign currency exchange differences	331	1,306
Balance, ending	<u>\$ 311,404</u>	<u>\$ 254,736</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

The fair values of foreign government bonds, structured deposit and fixed income bonds and are determined by quoted market prices provided by the independent third party. The fair values of structured investments are determined by quoted prices provided by the seller.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of non-publicly traded equity investments are mainly determined by using the market approach, with reference to the recent net assets of investees or the market transaction prices of the similar instruments. The Group evaluated and selected the suitable valuation method with discretion, but the use of different valuation models or fair values may result in different valuation results.

c. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 1,007,626	\$ 696,526	\$ 652,006
Amortized cost (Note 1)	8,338,591	10,959,410	11,247,107
Financial assets at FVTOCI			
Investments in debt instruments	64,672	63,781	187,773
<u>Financial liabilities</u>			
Amortized cost (Note 2)	6,113,519	7,850,286	8,871,052

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivables, other financial assets and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, accounts payables, other payables, current position of long-term loans, long-term loans and guarantee deposits received.

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d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, accounts receivable, other financial assets, financial assets at FVTPL, financial assets at FVTOCI, accounts payables and other payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The board of directors is solely responsible for establishing and monitoring the framework of risk management of the Group. The chairman is authorized by the board of directors to develop and monitor the risk management policy of the Group with the operation center of the Group, and regularly reported the situation to the board of directors.

The Group's financial risk management policies are established for identifying and analyzing the financial risks to the Group, evaluating the impacts of the financial risks, and conducting the financial-risk aversion policies. The financial risk management policies are periodically reviewed to reflect changes in the market and the operations. The Group devotes to build a disciplined and constructive control environment through proper internal controls, such as training and establishing managerial principles and operation procedures in order to have all employees aware of their own roles and responsibilities.

The Group's management oversees the Group operates in compliance with financial risk management policies and reviews the appropriateness of risk management structure under supervision of the board of directors. Internal auditors, in assistance to the board of directors, perform periodical and exceptional reviews on the controls and procedures of financial risk management and report the results of review to the board of directors.

1) Market risk

The major financial risks from the Group's operations were foreign currency exchange risk referred to a) and interest rate risk referred to b).

a) Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency at the end of the reporting period are shown in Note 33.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar. The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate 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 adjusts their translation value at the end of the reporting period by a 5% change in foreign currency rates. A positive number in below table indicates an increase in pre-tax profit or equity associated with a 5% depreciation of the New Taiwan Dollar against the U.S. dollar.

USD Impact
For the Three Months Ended March
31

	<u>2025</u>	<u>2024</u>
Profit or loss/ equity	(\$ 8,837) (i)	\$ 10,192 (i)

- i. This was mainly attributable to the outstanding balances of USD time deposits, accounts receivables, accounts payables, other payables, refundable deposits, other current liabilities and guarantee deposits received.

b) Interest rate risk

The Group was exposed to interest rate risk primarily related to its investments in time deposits with fixed-rate interest, bonds investment, short-term loans, demand deposits with floating-rate interest, structured investments, structured deposit and current position of long-term loans. The time deposits were at fixed interest rates, and bonds investment were at fixed rates or with guaranteed minimal interest rates and carried. Therefore, changes in interest rates would not affect the future cash flows.

The carrying amount of the Group's financial assets and financial liabilities exposed to interest rates at the end of the reporting date were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$ 4,573,392	\$ 6,545,045	\$ 6,826,945
Financial liabilities	\$ 1,103,687	\$ 935,802	\$ 1,192,552
Cash flow interest rate risk			
Financial assets	\$ 3,264,049	\$ 3,076,368	\$ 2,269,865
Financial liabilities	\$ 22,898	\$ 22,576	\$ 964,091

Sensitivity analysis

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

If interest rates had been 25 basis points higher/ lower and all other variables were held constant, the Company's pre-tax profit for the three months ended March 31, 2025 and 2024 would increase/ decrease by NT\$2,026 thousand and NT\$816 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amounts of the financial assets as recognized in the balance sheets.

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The Group's major credit risk of accounts receivables mainly came from its top 5 customers. Ongoing credit evaluation of the financial condition of the customers is performed.

As of March 31, 2025, accounts receivables from top 5 customers represented 71% of total accounts receivables. The credit concentration risk of other accounts receivables was insignificant.

Credit risk management for investments in debt instruments

The Company's investments in debt instruments are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company's policy allows it only to invest in those with credit ratings equal to or higher than the investment grade and with low credit risk after the impairment assessment. Credit rating information is provided by independent rating institute. The Company continuously tracks external rating information to monitor changes in credit risk of the invested debt instruments, and also examines other information such as the bond yield curve and material information concerning the debtors to assess whether the credit risk of the debt instrument investment has increased significantly after the original recognition.

The Company assesses the 12-month expected credit loss based on the probability of default and loss given default provided by external credit rating agencies. The current credit risk assessment policies and carrying amount of investments in debt instruments for each credit rating are as follows:

Category	Description	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Ratio	Carrying Amount as of March 31, 2025
Performing	The debtor with low credit risk and fully capable of paying off contractual cash flows	12 months expected credit loss	0%	<u>\$ 346,902</u>

Category	Description	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Ratio	Carrying Amount as of December 31, 2024
Performing	The debtor with low credit risk and fully capable of paying off contractual cash flows	12 months expected credit loss	0%	<u>\$ 339,009</u>

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<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Loss</u>	<u>Expected Credit Loss Ratio</u>	<u>Carrying Amount as of March 31, 2024</u>
Performing	The debtor with low credit risk and fully capable of paying off contractual cash flows	12 months expected credit loss	0%	<u>\$ 446,587</u>

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining adequate cash and cash equivalents to fund its operations and mitigate the impacts of fluctuations in cash flows. The Group relies on bank loans as a significant source of liquidity.

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

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

March 31, 2025

	<u>On Demand or Less than 1 Year</u>	<u>1-5 Years</u>	<u>More than 5 Years</u>
Non-interest bearing	\$ 3,678,764	\$ 1,307,582	\$ -
Fixed interest rate liabilities	1,104,275	-	-
Floating interest rate liabilities	22,898	-	-
	<u>\$ 4,805,937</u>	<u>\$ 1,307,582</u>	<u>\$ -</u>

December 31, 2024

	<u>On Demand or Less than 1 Year</u>	<u>1-5 Years</u>	<u>More than 5 Years</u>
Non-interest bearing	\$ 4,376,630	\$ 2,514,805	\$ -
Fixed interest rate liabilities	936,275	-	-
Floating interest rate liabilities	22,576	-	-
	<u>\$ 5,335,481</u>	<u>\$ 2,514,805</u>	<u>\$ -</u>

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March 31, 2024

	On Demand or Less than 1 Year	1-5 Years	More than 5 Years
Non-interest bearing	\$ 3,303,031	\$ 3,409,750	\$ -
Fixed interest rate liabilities	1,194,180	-	-
Floating interest rate liabilities	<u>219,818</u>	<u>258,893</u>	<u>485,380</u>
	<u>\$ 4,717,029</u>	<u>\$ 3,668,643</u>	<u>\$ 485,380</u>

30. TRANSACTIONS WITH RELATED PARTIES

- a. Balances, transactions, revenue and expenses 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.
- b. Compensation of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Long-term employee benefits	\$ 11,340	\$ -
Short-term employee benefits	16,119	19,330
Post-employment benefits	135	162
Share-based payments	<u>4,425</u>	<u>7,788</u>
	<u>\$ 32,019</u>	<u>\$ 27,280</u>

31. PLEDGED ASSETS

The following assets were provided as collateral for banks loans and import customs duties:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment – Net of buildings	\$ 472,673	\$ 475,174	\$ 482,677
Properties, plants and equipment – Land	557,110	557,110	557,110
Pledge deposits (categorized in other non-current assets)	<u>4,000</u>	<u>4,000</u>	<u>13,020</u>
	<u>\$ 1,033,783</u>	<u>1,036,284</u>	<u>\$ 1,052,807</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

ELAN MICROELECTRONICS CORPORATION. (“ELAN”) filed patent infringement actions with Intellectual Property and Commercial Court on March 20, 2024. The lawsuit alleges that the Company infringed on an invention patent and demands the destruction or other necessary disposal of the specific infringing product already manufactured, as well as the raw materials and tools used in the infringing activities. They are also asking compensation for damages. Currently, the case is undergoing a document review by the Intellectual Property and Commercial Court and has not yet been assigned to a specific division for processing. It does not have material impact on the Company’s operation and finance.

This is the translation of the financial statements. CPAs do not audit or review on this translation.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies are as follows:

March 31, 2025

	Foreign Currencies (thousand)	Exchange Rate	NT\$(thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 89,357	33.205 (USD:NTD)	\$ 2,967,096
USD	42,892	7.1782 (USD:RMB)	1,424,215
<u>Financial liabilities</u>			
Monetary items			
USD	94,943	33.205 (USD:NTD)	3,152,592
USD	42,628	7.1782 (USD:RMB)	1,415,459

December 31, 2024

	Foreign Currencies (thousand)	Exchange Rate	NT\$(thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 148,760	32.785 (USD:NTD)	\$ 4,877,112
USD	52,637	7.1884 (USD:RMB)	1,725,718
<u>Financial liabilities</u>			
Monetary items			
USD	143,397	32.785 (USD:NTD)	4,701,262
USD	48,015	7.1884 (USD:RMB)	1,574,186

March 31, 2024

	Foreign Currencies (thousand)	Exchange Rate	NT\$(thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 186,851	32 (USD:NTD)	\$ 5,979,220
USD	33,553	7.095 (USD:RMB)	1,073,687
<u>Financial liabilities</u>			
Monetary items			
USD	163,007	32 (USD:NTD)	5,216,229
USD	51,026	7.095 (USD:RMB)	1,632,843

This is the translation of the financial statements. CPAs do not audit or review on this translation.

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financings provided to others: See Table 1 attached;
- 2) Endorsement/guarantee provided: See Table 2 attached;
- 3) Marketable securities held (excluding investments in subsidiaries and associates): See Table 3 attached;
- 4) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- 6) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 4 attached;

b. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): See Table 5 attached;

c. Information on investment in Mainland China:

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: See Table 4 attached.

35. SEGMENT INFORMATION

Segment information is provided to business decision makers to allocate resources and assess segment performance. The Company operates the business of the sales and development of Human -Machine Interface solutions related IC under a single operation unit. Thus, the information of separate operating segments is not applicable.

TABLE 1

FocalTech Systems Co., Ltd. and Subsidiaries
FINANCINGS PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

No (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Amount Actually Drawn (Note 4)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	FocalTech Systems, Ltd.	FocalTech Systems Co., Ltd.	Other receivables from related parties	Yes	\$ 996,150 (USD 30,000)	\$ 996,150 (USD 30,000)	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 2,451,841	\$ 2,451,841	Note 3
1	FocalTech Systems, Ltd.	FocalTech Electronics (Shenzhen) Co., Ltd.	Other receivables from related parties	Yes	332,050 (USD 10,000)	- (USD -)	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,451,841	2,451,841	Note 3
2	FocalTech Electronics, Ltd.	FocalTech Electronics (Shenzhen) Co., Ltd.	Other receivables from related parties	Yes	830,125 (USD 25,000)	- (USD -)	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,030,369	2,030,369	Note 3
3	FocalTech Electronics (Shenzhen) Co., Ltd.	Chengdu FocalTech Systems Co., Ltd.	Other receivables from related parties	Yes	166,025 (USD 5,000)	166,025 (USD 5,000)	26,830 (CNY 5,800)	-	The need for short-term financing	-	Operating capital	-	-	-	1,005,536	1,005,536	Note 3

Note 1: The parent company and its subsidiaries are coded as follows:
1) The parent company is coded "0".
2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The lending limits:
1) The total amount available for lending purpose shall not exceed 20% of the net worth of the Company.
2) The lending limits for any borrowers are set forth as below:
A. The total amount for lending to a company having a business relationship with the company shall not exceed the total transaction amount between the parties during the period of twelve months prior to the time of lending (the transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed 20% of the net worth of the financing company or 30% of the net worth of the counterparty, whichever is lower.
B. The total amount for lending to a company in need of funds for a short-term period shall not exceed 20% of the net worth of the financing company. The lending limits for any borrower shall not exceed 10% of the net worth of the creditor or 30% of the net worth of the borrower, whichever is lower.
3) For financing needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, or financing needs to the Company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of 100% of the net worth of the creditor
4) Where the Company's financial reports are prepared in accordance with the International Financial Reporting Standards, "net worth" in the Procedures means the equity attributable to shareholders of the parent in the balance sheet.

Note 3: The balances have been eliminated on consolidation.

Note 4: Using the exchange rate of 1 USD: 33.205 NTD and 1 RMB :4.6258 NTD as of March 31, 2025.

FocalTech Systems Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

No. (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Property	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	FocalTech Systems Co., Ltd.	Hefei PineTech Electronics Co., Ltd.	The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/ guaranteed company.	\$ 5,189,978	\$ 896,535 (USD 27,000)	\$ 896,535 (USD 27,000)	\$ 1,901	\$	8.64%	\$ 5,189,978	Yes	No	Yes	(Note 3 and 4)
0	FocalTech Systems Co., Ltd.	FocalTech Electronics (Shenzhen) Co., Ltd.	The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/ guaranteed company.	5,189,978	1,294,995 (USD 39,000)	1,294,995 (USD 39,000)	186,014		12.48%	5,189,978	Yes	No	Yes	(Note 3 and 4)
0	FocalTech Systems Co., Ltd.	Chengdu FocalTech Systems Co., Ltd.	The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/ guaranteed company.	5,189,978	332,050 (USD 10,000)	332,050 (USD 10,000)			3.2%	5,189,978	Yes	No	Yes	(Note 3 and 4)

Note 1: Number should be input in the remark column for intercompany transactions. Here illustrate how to assign numbers to transaction
1) 0 for parent company.
2) Subsidiaries are given a number in sequence starting with No. 1.

Note 2: Limits on Endorsement/ Guarantee Amount
1) The ceilings on the amount of endorsements/guarantees due to business transaction are as below:
2) The total amount of endorsements/guarantees and the amount of endorsements/guarantees for any single entity shall not exceed 50% of the net worth of the Company.
3) The total amount of endorsements/guarantees between the Company owns directly or indirectly 100% voting shares shall not exceed 100% of the net worth of the guarantee Company.
4) The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries shall not exceed 50% of the net worth of the Company. The total amount of the endorsement/guarantee provided by the Company and the subsidiaries to any individual entity shall not exceed 50% of the net worth of the Company.
5) The net worth referred to above are based on the latest reviewed financial statements. Where the Company’s financial reports are prepared in accordance with the International Financial Reporting Standards, “net worth” in the Procedures means the equity attributable to shareholders of the parent in the balance sheet.

Note 3: FocalTech Systems Co., Ltd. provided USD 15,000 thousand of endorsements/guarantees for Hefei PineTech Electronics Co., Ltd. and FocalTech Electronics (Shenzhen) Co., Ltd. for the purchases, the amount actually drawn during the period is NT\$ 0 and 6,676 thousand.

Note 4: Using the exchange rate of 1 USD: 33.205 NTD as of March 31, 2025.

TABLE 3

FocalTech Systems Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
MARCH 31, 2025
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2025				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
FocalTech Systems Co., Ltd.	<u>Stock</u> Class B Preferred Stock of Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non current	170,000	NT\$ 10,557	0.03	NT\$ 10,557	-
	<u>Privately Offered Fund</u> CDIB Capital Healthcare Ventures II Limited Partnership	-	Financial assets at fair value through profit or loss - non current	-	NT\$ 29,509	0.96	NT\$ 29,509	-
	CDIB Capital Growth Partners L.P.	-	"	-	NT\$ 23,842	0.66	NT\$ 23,842	-
	CDIB-Innolux Fund Limited Partnership	-	"	-	NT\$ 63,588	4.37	NT\$ 63,588	-
	CDIB-Innolux Fund II Limited Partnership	-	"	-	NT\$ 21,525	1.36	NT\$ 21,525	-
	Cathay Private Equity Smart Tech Limited Partnership	-	"	-	NT\$ 146,193	22.16	NT\$ 146,193	-
	<u>Fixed income bonds</u> First Commercial Bank, Ltd. Maturity Date : December 08, 2026	-	Financial assets at fair value through other comprehensive income - non current	-	NT\$ 9,767		NT\$ 9,767	-
	<u>Structured deposit</u> President securities Corporation DSU 100% NTD PGN	-	Financial assets at fair value through profit or loss - current		NT\$ 266,357		NT\$ 266,357	
	<u>Structured product</u> CLN Link HSBC SUB	-	Financial assets at fair value through profit or loss - non current	-	NT\$ 65,979 (USD 1,987)		NT\$ 65,979 (USD 1,987)	-
	CLN Link Barclays SUB	-	"	-	NT\$ 66,255 (USD 1,995)		NT\$ 66,255 (USD 1,995)	-
FocalTech Systems, Ltd.	<u>Beneficiary certificate</u> UBS Monetary Fund	-	Financial assets at fair value through profit or loss - current	-	NT\$ 4,844 (USD 146)		NT\$ 4,844 (USD 146)	-
	<u>Government bonds</u> United States Department of The Treasury Maturity Date : April 17,2025 ~ March 19, 2026	-	"	-	NT\$ 282,230 (USD 8,500)		NT\$ 282,230 (USD 8,500)	-
	<u>Fixed income bonds</u> Industrial and Commercial Bank of China Limited Maturity Date : September 21, 2025	-	Financial assets at fair value through other comprehensive income - current	-	NT\$ 54,876 (USD 1,653)		NT\$ 54,876 (USD 1,653)	-
	<u>Privately Offered Fund</u> TIEF Fund, L.P.	-	Financial assets at fair value through profit or loss - non current	-	NT\$ 26,747 (USD 806)	4.83	NT\$ 26,747 (USD 806)	-

Note 1 : The percentage of ownership for preferred stock is the held shares divided by the number of outstanding shares.
Note 2 : Using the exchange rate of 1 USD: 33.205 NTD as of March 31, 2025.

FocalTech Systems Co., Ltd. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(Amount in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 3)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	FocalTech Systems Co., Ltd.	FocalTech Electronics, Ltd.	1	Accounts Payables	\$ 493,326	Note 2	2.88%
1	FocalTech Systems, Ltd	FocalTech Electronics (Shenzhen) Co., Ltd.	2	Other Receivables	599,975	Note 2	3.50%
2	FocalTech Electronics, Ltd.	FocalTech Electronics (Shenzhen) Co., Ltd.	2	Other Receivables	172,628	Note 2	1.01%
3	FocalTech Electronics (Shenzhen) Co., Ltd.	Hefei PineTech Electronics Co., Ltd.	2	Accounts Payables	201,824	Note 2	1.18%
			2	Research and development expenses	17,548	Note 2	0.59%
3	FocalTech Electronics (Shenzhen) Co., Ltd.	FocalTech Systems (Shenzhen) Co., Ltd.	2	Other Prepayment	430,059	Note 2	2.51%
			2	Research and development expenses	123,813	Note 2	4.14%
3	FocalTech Electronics (Shenzhen) Co., Ltd.	FocalTech Electronics (Shanghai) Co., Ltd.	2	Other Payables	26,791	Note 2	0.16%
			2	Selling and marketing expenses	26,250	Note 2	0.88%
4	FocalTech Electronics (Shenzhen) Co., Ltd.	Chengdu FocalTech Systems Co., Ltd.	2	Other Receivables	26,830	Note 2	0.16%

Note 1: Number should be input in the remark column for intercompany transactions. Here illustrate how to assign numbers to transaction
1) 0 for parent company.
2) Subsidiaries are given a number in sequence starting with No. 1.

Note 2: The services of production management, sales, research and development are provided between the Company and its subsidiaries. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Note 3: The transaction relationships with the counterparties are as follows:
1) The Company to the consolidated subsidiary.
2) The consolidated subsidiary to another consolidated subsidiary.

Note 4: Balances, transactions, revenue and expenses between the Company and its subsidiaries have been eliminated on consolidation.

TABLE 5

FocalTech Systems Co., Ltd. and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA) (Note 1)
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2025			Net Income (Losses) of the Investee (Note 4)	Share of Profits/Losses of Investee (Note 4)	Note
				March 31,2025 (Note 2)	December 31,2024 (Note 3)	Shares	Percentage of Ownership	Carrying Value (Note 2)			
FocalTech Systems Co., Ltd.	FocalTech Corporation, Ltd.	Cayman Islands	Investment activity	NT\$ 7,059,264	NT\$ 7,059,264	5,491,200	100%	NT\$ 2,582,771 (USD 77,783)	NT\$ 14,563 (USD 443)	NT\$ 14,563 (USD 443)	Subsidiary
FocalTech Systems Co., Ltd.	FocalTech Electronics, Ltd.	Cayman Islands	Investment activity	NT\$ 3,321 (USD 100)	NT\$ 3,279 (USD 100)	2	100%	NT\$ 2,030,369 (USD 61,146)	NT\$ 206,284 (USD 6,269)	NT\$ 206,284 (USD 6,269)	Subsidiary
FocalTech Systems Co., Ltd.	FocalTech Smart Sensors, Ltd.	Cayman Islands	Investment activity	NT\$ 85,350	NT\$ 85,350	3,000,000	9.14%	NT\$ 103 (USD 3)	(NT\$ 241) (USD 7)	(NT\$ 22) (USD 1)	Subsidiary
FocalTech Electronics Co., Ltd.	FocalTech Smart Sensors, Ltd.	Cayman Islands	Investment activity	NT\$ 238,821	NT\$ 238,821	18,813,050	57.31%	NT\$ 644 (USD 19)	(NT\$ 241) (USD 7)	(NT\$ 138) (USD 4)	Subsidiary
FocalTech Smart Sensors, Ltd.	FocalTech Smart Sensors Co., Ltd.	Taiwan	Research, development, manufacturing and sale of integrated circuits	NT\$ 11,990	NT\$ 11,990	17,417,000	100%	NT\$ 127	(NT\$ 36)	(NT\$ 36)	Subsidiary
FocalTech Corporation, Ltd.	FocalTech Systems, Inc.	USA	Investment activity	NT\$ 3,396,634 (USD 102,293)	NT\$ 3,353,671 (USD 102,293)	100	100%	NT\$ 2,380,446 (USD 71,689)	NT\$ 14,441 (USD 439)	NT\$ 14,441 (USD 439)	Subsidiary
FocalTech Systems, Inc.	FocalTech Systems, Ltd.	Cayman Islands	Investment activity	NT\$ 775,339 (USD 23,350)	NT\$ 765,532 (USD 23,350)	2	100%	NT\$ 2,451,841 (USD 73,840)	NT\$ 18,769 (USD 570)	NT\$ 18,769 (USD 570)	Subsidiary
FocalTech Systems, Ltd.	FocalTech Electronics Co., Ltd.	Taiwan	Import and export of integrated circuits	NT\$ 20,000	NT\$ 20,000	2,000,000	100%	NT\$ 90,692 (USD 2,731)	NT\$ 1,159 (USD 35)	NT\$ 1,159 (USD 35)	Subsidiary

Note 1: Please refer to the table 6 for the information on investment in Mainland China.
Note 2: Using the exchange rate of 1 USD: 33.205 NTD as of March 31, 2025.
Note 3: Using the exchange rate of 1 USD: 32.785 NTD as of December 31, 2024.
Note 4: Using the average exchange rate of 1 USD: 32.9067 NTD for the three months ended March 31, 2025.

TABLE 6

FocalTech Systems Co., Ltd. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

Investee company	Main businesses and products	Total amount of paid-in capital (Note 1)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025 (Note 1)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025 (Note 1)	Net income (loss) of investee company (Note 2)	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying amount as of March 31, 2025 (Note 1)	Accumulated inward remittance of earnings as of March 31, 2025	Note
					Outflow	Inflow							
FocalTech Electronics (Shanghai) Co., Ltd.	Sales support and post-sales service for IC products	NT\$ 96,295 (USD 2,900)	(Note 3 and 4)	NT\$ 33,205 (USD 1,000)	\$ -	\$ -	NT\$ 33,205 (USD 1,000)	(NT\$ 12,969) (USD 394)	100%	(NT\$ 12,969) (USD 394)	NT\$ 53,129 (USD 1,600)	\$ -	-
FocalTech Electronics (Shenzhen) Co., Ltd.	Research, development, manufacturing and sale of integrated circuits	NT\$ 308,807 (USD 9,300)	(Note 3)	NT\$ 33,205 (USD 1,000)	-	-	NT\$ 33,205 (USD 1,000)	NT\$ 256,355 (USD 7,790)	100%	NT\$ 256,355 (USD 7,790)	NT\$ 1,005,536 (USD 30,283)	-	-
FocalTech Systems (Shenzhen) Co., Ltd.	Design and research of integrated circuits	NT\$ 1,228,590 (USD 37,000)	(Note 4)	-	-	-	-	NT\$ 8,559 (USD 260)	100%	NT\$ 8,559 (USD 260)	NT\$ 689,293 (USD 20,759)	-	-
Hefei PineTech Electronics Co., Ltd.	Research, development and sale of integrated circuits	NT\$ 138,774 (RMB 30,000)	(Note 4)	-	-	-	-	NT\$ 1,369 (USD 42)	100%	NT\$ 1,369 (USD 42)	NT\$ 254,804 (USD 7,674)	-	-
Chengdu FocalTech Systems Co., Ltd.	Research, development and sale of integrated circuits	NT\$ 27,755 (RMB 6,000)	(Note 4)	-	-	-	-	(NT\$ 14,155) (USD 430)	100%	(NT\$ 14,155) (USD 430)	NT\$ 5,491 (USD 165)	-	-

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$66,410 (USD2,000)	\$2,037,695 (USD61,367)	\$6,227,973

Note 1: Using the exchange rate of 1 USD: 33.205 NTD and 1 RMB :4.6258 NTD as of March 31, 2025.
Note 2: Using the average exchange rate of 1 USD: 32.9067 NTD for the three months ended March 31, 2025.
Note 3: Indirect investment in Mainland China through a holding company established in other countries.
Note 4: The investment is through the foreign subsidiaries, has not been remitted from Taiwan.