

GENESYS LOGIC, INC.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

Address: 13F., No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City
Telephone: (02)8913-1888

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8 ~ 10
(4) Summary of material accounting policies	10 ~ 24
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	24
(6) Explanation of significant accounts	25 ~ 51
(7) Related-party transactions	52 ~ 53
(8) Pledged assets	53
(9) Significant commitments and contingencies	53
(10) Losses Due to Major Disasters	53
(11) Subsequent Events	53
(12) Other	54
(13) Other disclosures	
(a) Information on significant transactions	55 ~ 56
(b) Information on investees	56
(c) Information on investment in mainland China	57
(d) Major shareholders	57
(14) Segment information	57
9. List of major account titles	58 ~ 68

Independent Auditors' Report

To the Board of Directors of Genesys Logic, Inc.:

Opinion

We have audited the financial statements of Genesys Logic, Inc. ("the Company"), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and Notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Evaluation of inventory

Please refer to Note 4(g) "Inventory" for the accounting policy, Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6(e) "Evaluation of inventory" of the financial statements for further information.

Description of key audit matter:

The Company is primarily involved in the research and development, manufacture and sales of integrated circuit, mainly used in connection devices of various electronic products. As different series or models of electronic products are rapidly being replaced by more sophisticated ones, the inventory of the outdated ones may be affected by causing it to be slow-moving, resulting in the cost of inventory to be higher than the net realized value, whose evaluation of inventory is based on the subjective judgement of the management. Hence, the evaluation of inventory is our key matter.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the Company's inventory allowance policy and assessing whether the inventory valuation is consistent with the policy; testing selected inventory samples to check the accuracy of the slow-moving ones; analyzing and comparing the aging of the inventory by periods; reviewing the consistency of the previous net realizable value of the inventory to assess if the method and assumptions are appropriate; reviewing the subsequent sales of the inventories to assess whether the evaluation is reasonable.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information on the investments accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2025

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GENESYS LOGIC, INC.

Balance Sheets

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,080,024	33	962,261	31	2100	Short-term borrowings (Notes 6(l) and 8)	\$ 229,000	7	401,000	13
1110	Financial assets at fair value through profit or loss - current (Notes 6(b) and (m))	2,389	-	-	-	2120	Financial liabilities at fair value through profit or loss -current (Notes 6(b) and (m))	95	-	-	-
1170	Accounts receivable, net (including related party) (Notes 6(d) and 7)	379,099	12	271,900	9	2170	Notes and accounts payable	239,879	7	166,530	5
130X	Inventories (Note 6(e))	375,635	11	621,962	20	2201	Wages and salaries payable	206,661	7	152,336	5
1470	Other current assets (Notes 6(k) and 7)	125,653	4	82,888	3	2305	Other current financial liabilities (Note 7)	80,499	2	53,880	2
1476	Other current financial assets (Notes 7 and 8)	105,348	3	2,183	-	2321	Bond payables – current portion (Note 6(m))	454,728	14	-	-
		<u>2,068,148</u>	<u>63</u>	<u>1,941,194</u>	<u>63</u>	2399	Other current liabilities (Notes 6(n) and (t))	63,722	2	62,018	2
								<u>1,274,584</u>	<u>39</u>	<u>835,764</u>	<u>27</u>
Non-current assets:						Non-Current liabilities:					
1510	Financial assets at fair value through profit or loss – non-current (Notes 6(b) and (m))	-	-	650	-	2500	Financial liabilities at fair value through profit or loss – non-current (Notes 6(b) and (m))	-	-	2,650	-
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6(c))	73,995	2	9,572	-	2530	Total bonds payable (Note 6(m))	-	-	467,017	15
1550	Investments accounted for using equity method, net (Note 6(f))	79,074	2	80,348	3	2570	Deferred tax liabilities (Note 6(p))	1,187	-	-	-
1600	Property, plant and equipment (Notes 6(h) and 8)	913,429	28	921,871	29	2670	Other non-current liabilities (Notes 6(n) and (o))	4,846	-	7,719	-
1780	Intangible assets (Note 6(j))	60,487	2	74,016	2			<u>6,033</u>	<u>-</u>	<u>477,386</u>	<u>15</u>
1840	Deferred tax assets (Note 6(p))	59,876	2	59,310	2		Total liabilities	<u>1,280,617</u>	<u>39</u>	<u>1,313,150</u>	<u>42</u>
1990	Other non-current assets (Notes 6(i), (k) and 8)	21,899	1	43,386	1	Equity (Notes 6(g), (m), (q) and (r)):					
		<u>1,208,760</u>	<u>37</u>	<u>1,189,153</u>	<u>37</u>	3110	Ordinary share	908,536	28	902,792	29
						3200	Capital surplus	333,056	10	315,758	10
							Retained earnings:				
						3310	Legal reserve	262,228	8	252,267	8
						3320	Special reserve	42,628	1	50,214	2
						3350	Unappropriated retained earnings	526,750	16	385,351	12
								<u>831,606</u>	<u>25</u>	<u>687,832</u>	<u>22</u>
						3400	Other equity	(76,907)	(2)	(89,185)	(3)
							Total equity	<u>1,996,291</u>	<u>61</u>	<u>1,817,197</u>	<u>58</u>
Total assets		<u>\$ 3,276,908</u>	<u>100</u>	<u>3,130,347</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,276,908</u>	<u>100</u>	<u>3,130,347</u>	<u>100</u>

See accompanying Notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GENESYS LOGIC, INC.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(t) and 7)	\$ 3,139,210	100	2,492,716	100
5000	Operating costs (Notes 6(e) and 12)	<u>1,743,529</u>	<u>56</u>	<u>1,447,779</u>	<u>58</u>
	Gross profit from operations	<u>1,395,681</u>	<u>44</u>	<u>1,044,937</u>	<u>42</u>
	Operating expenses (Notes 6(d), (n), (o), (u), 7 and 12)				
6100	Selling expenses	83,626	3	72,237	3
6200	Administrative expenses	197,686	6	152,888	6
6300	Research and development expenses	780,241	25	688,904	28
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	<u>782</u>	<u>-</u>	<u>(298)</u>	<u>-</u>
		<u>1,062,335</u>	<u>34</u>	<u>913,731</u>	<u>37</u>
	Net operating income	<u>333,346</u>	<u>10</u>	<u>131,206</u>	<u>5</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(v))	17,246	1	15,015	1
7010	Other income (Notes 6(v) and 7)	2,887	-	7,082	-
7020	Other gains and losses, net (Notes 6(b) and (w))	37,642	1	2,507	-
7060	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(24,922)	(1)	(26,488)	(1)
7050	Finance costs (Notes 6(m) and (n))	<u>(14,745)</u>	<u>-</u>	<u>(18,519)</u>	<u>(1)</u>
		<u>18,108</u>	<u>1</u>	<u>(20,403)</u>	<u>(1)</u>
7900	Profit before income tax	351,454	11	110,803	4
7950	Less: income tax expenses (Note 6(p))	<u>46,985</u>	<u>1</u>	<u>14,167</u>	<u>1</u>
	Net Income	<u>304,469</u>	<u>10</u>	<u>96,636</u>	<u>3</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains on remeasurements of defined benefit plans (Note 6(o))	2,781	-	2,980	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(x))	<u>(426)</u>	<u>-</u>	<u>7,445</u>	<u>-</u>
	Items that may not be reclassified subsequently to profit or loss	<u>2,355</u>	<u>-</u>	<u>10,425</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statement	1,541	-	143	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	<u>(4,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>(2,769)</u>	<u>-</u>	<u>143</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>(414)</u>	<u>-</u>	<u>10,568</u>	<u>-</u>
	Comprehensive income	<u>\$ 304,055</u>	<u>10</u>	<u>107,204</u>	<u>3</u>
9750	Basic earnings per share (NT dollars) (Note 6(s))	<u>\$ 3.37</u>		<u>1.07</u>	
9850	Diluted earnings per share (NT dollars) (Note 6(s))	<u>\$ 3.29</u>		<u>1.07</u>	

See accompanying Notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GENESYS LOGIC, INC.

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

	Retained earnings					Other equity					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employees benefit	Total other equity	
Balance at January 1, 2023	\$ 902,792	269,242	210,356	49,572	553,999	813,927	(4,785)	(45,428)	-	(50,213)	1,935,748
Profit for the year ended December 31, 2023	-	-	-	-	96,636	96,636	-	-	-	-	96,636
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	2,980	2,980	143	7,445	-	7,588	10,568
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	99,616	99,616	143	7,445	-	7,588	107,204
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	41,911	-	(41,911)	-	-	-	-	-	-
Special reserve	-	-	-	642	(642)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(225,698)	(225,698)	-	-	-	-	(225,698)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(44)	-	-	(13)	(13)	-	-	-	-	(57)
Share-based payments	-	46,560	-	-	-	-	-	-	(46,560)	(46,560)	-
Balance at December 31, 2023	902,792	315,758	252,267	50,214	385,351	687,832	(4,642)	(37,983)	(46,560)	(89,185)	1,817,197
Profit for the year ended December 31, 2024	-	-	-	-	304,469	304,469	-	-	-	-	304,469
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	2,781	2,781	1,541	(4,736)	-	(3,195)	(414)
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	307,250	307,250	1,541	(4,736)	-	(3,195)	304,055
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	9,961	-	(9,961)	-	-	-	-	-	-
Special reserve	-	-	-	(7,586)	7,586	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(162,504)	(162,504)	-	-	-	-	(162,504)
Conversion of convertible bonds	1,754	19,472	-	-	-	-	-	-	-	-	21,226
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(972)	(972)	-	-	-	-	(972)
Share-based payments	3,990	(2,174)	-	-	-	-	-	-	15,473	15,473	17,289
Balance at December 31, 2024	\$ 908,536	333,056	262,228	42,628	526,750	831,606	(3,101)	(42,719)	(31,087)	(76,907)	1,996,291

See accompanying Notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC.**Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Profit before income tax	\$ 351,454	110,803
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation and amortization expense	90,884	103,067
Expected credit loss (reversal gain)	782	(298)
Losses on inventory valuation and obsolescence (reversal gains)	(11,867)	149,595
Interest expense	14,745	18,519
Interest revenue	(17,246)	(15,015)
Compensation cost of share-based payment	16,536	-
Net gain on financial assets or liabilities at fair value through profit or loss	(4,294)	(3,050)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	24,922	26,488
Gain on disposal of property, plant and equipment	(3)	-
Total adjustments to reconcile (profit) loss	<u>114,459</u>	<u>279,306</u>
Changes in operating assets and liabilities:		
Accounts receivable	(107,981)	(14,137)
Inventories	258,194	588,192
Other financial assets and current assets	(46,821)	(8,951)
Notes and accounts payable	73,349	31,440
Other financial liabilities and current liabilities	102,491	(101,082)
Defined benefit liability	1,727	985
Other non-current liabilities	(433)	(432)
Total changes in operating assets and liabilities	<u>280,526</u>	<u>496,015</u>
Total adjustments	<u>394,985</u>	<u>775,321</u>
Cash inflow generated from operations	746,439	886,124
Interest received	17,030	14,038
Interest paid	(5,738)	(18,501)
Income taxes paid	(64,819)	(27,357)
Net cash flows from operating activities	<u>692,912</u>	<u>854,304</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(69,286)	-
Acquisition of investments accounted for using equity method	(19,410)	-
Proceeds from disposal of investments accounted for using equity method	-	6,300
Acquisition of property, plant and equipment	(56,564)	(57,624)
Proceeds from disposal of property, plant and equipment	3	-
Decrease in guaranteed deposits paid	3,038	-
Increase in other financial assets	(100,000)	(109)
Decrease (increase) in intangible assets and other non-current assets	6,100	(51,610)
Net cash flows used in investing activities	<u>(236,119)</u>	<u>(103,043)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(172,000)	(97,500)
Payment of lease liabilities	(1,610)	(802)
Cash dividends paid	(162,504)	(225,698)
Acquisition of ownership interests in subsidiaries	(2,916)	(252)
Net cash flows used in financing activities	<u>(339,030)</u>	<u>(324,252)</u>
Net increase in cash and cash equivalents	117,763	427,009
Cash and cash equivalents at beginning of period	962,261	535,252
Cash and cash equivalents at end of period	<u>\$ 1,080,024</u>	<u>962,261</u>

See accompanying Notes to financial statements.

GENESYS LOGIC, INC.
Notes to the Financial Statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GENESYS LOGIC, INC.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

GENESYS LOGIC, INC.(the “Company”) was incorporated on April 2, 1997, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO in July 1999, and was listed on Taiwan Exchange (TPEX) in May 2001. Its registered address is at 13F.,No.205,Sec.3,Beixin Rd.,Xindian Dist., New Taipei City. The Company mainly specializes in designing, manufacturing, testing and sales of integrated circuit, semiconductor, digital communication products, computer equipment and relevant products, as well as computer program designing. It also act as an import and export agent for the products mentioned above.

(2) Approval date and procedures of the financial statements:

The parent company only financial statements were authorized for issue by the Board of Directors on March 11, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”

(b) The impact of IFRS issued by the FSC but not yet adopted

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

New or amended standards	Major amendments	Effective date by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single Note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and	January 1, 2027

GENESYS LOGIC, INC.
Notes to the Financial Statements

New or amended standards	Major amendments	Effective date by IASB
	<p>more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined “operating profit” subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPM): the new standard introduces a definition for management performance measures, and requires companies to explain in a single Note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS accounting standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the Notes. 	

GENESYS LOGIC, INC.
Notes to the Financial Statements

The Company continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Company assesses that the adoption of the following other new or amended standards, not yet endorsed by the FSC, would not have a significant impact on its financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: ”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent company only financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently to the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

GENESYS LOGIC, INC.
Notes to the Financial Statements

- (c) Foreign currencies
- (i) Foreign currency transaction
 Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when the fair value was determined. Non-monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.
- (ii) Foreign operations
 The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.
 When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.
 When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.
- (d) Classification of current and non-current assets and liabilities
 An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.
- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It will to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability will be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when it is originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as: financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, investments in equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- 2) Fair value through other comprehensive income (FVOCI)
- Investments in debt instruments are measured at fair value through other comprehensive income, if both of the following conditions are met and not designated to be measured at fair value through profit or loss:
- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
 - (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.
- Investments in debt instruments are subsequently measured at fair value. Interest income is calculated by effective interest rate method. Gains or losses on foreign exchange and impairment losses are recognized in profit or loss. The other net gains or losses are recognized in other comprehensive income. On derecognition, the amount accumulated in other comprehensive income is reclassified to profit or loss.
- Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.
- Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.
- 3) Fair value through profit or loss (FVTPL)
- All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
- These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- 4) Impairment of financial assets
- The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, accounts receivables, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for the following which are measured as 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are measured at an amount equal to lifetime ECL.

Lifetime of ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more that 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- 4) **Financial liabilities**
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.
Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.
- 5) **Compound financial instruments**
Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.
The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.
Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.
Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.
- 6) **Derecognition of financial liabilities**
The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.
On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.
- 7) **Offsetting of financial assets and liabilities**
Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- (g) Inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.
Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.
- (h) Investment in subsidiaries
When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity in the parent company only financial statements are the same as those attributable to the owners of parent in the consolidated financial statements.
Changes in parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.
- (i) Property, plant and equipment
- (i) Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.
If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.
- (ii) Subsequent expenditure
Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (iii) Depreciation
Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.
Land is not depreciated.
The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:
- 1) Buildings and structures: 50 years
 - 2) Buildings improvement: 5~12 years
 - 3) Computer, machinery and equipment: 3~8 years
 - 4) Office and other equipment: 1.5~8 years
- Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(j) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (i) there is a change in future lease payments arising from the change in an index or rate; or
- (ii) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (iii) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (iv) there is a change of its assessment on whether it will exercise an extension or termination option; or

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(v) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of parking space and safe deposit box. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|------------------------------|------------|
| 1) Patents | 5~10 years |
| 2) Trademarks and copyrights | 10 years |
| 3) Computer software | 3~5 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision shall be recognized when an entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions have been discounted by using the discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liabilities. The discounted amortization is recognized as interest expense.

Provisions for sales discounts are recognized when selling goods. The provisions are estimated based on historical data associated with discounts and by weighting all possible outcomes by their associated probabilities.

GENESYS LOGIC, INC.
Notes to the Financial Statements

- (n) Revenue recognition
- (i) Revenue from contracts with customers
- Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.
- 1) Sale of goods
- The Company mainly specializes in designing, manufacturing, testing and sales of integrated circuit, semiconductor, digital communication products, computer equipment and relevant products, as well as computer program designing. It also serves as an import and export agent for the products mentioned above. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- Part of the contracts allow customers to refund or return. Therefore, when recognizing revenue, the Company shall adjust for the expected refunds or returns and recognize refund liabilities or return liabilities and rights of return. The Company estimates them at the point of time on sales by past cumulative experiences based on expected values, and recognizes revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company reassesses the estimates to expected refunds or returns at each reporting date. A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.
- 2) Financing components
- The Company does not expect to have any contracts when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.
- (o) Employee benefits
- (i) Defined contribution plans
- Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the price and number of a new share is confirmed and reach a consensus with the employees.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(q) **Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits increases.

(r) **Earnings per share**

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as accrued employees' compensation, restricted stock awards granted, employee stock options, and convertible bonds .

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparation of the financial statements, management has made judgments and estimates, to future (including climate-related risks and opportunities) that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions to be consistent with the Company's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period on a prospective basis.

There are no critical judgment made in applying the accounting policies that have significant effects on amounts recognized in parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for more information.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back – testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: 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).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(x) for assumptions used in measuring fair value.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand, checking amounts and demand deposits	\$ 639,032	614,987
Time deposits	440,992	347,274
Cash and cash equivalents in statement of cash flows	<u>\$ 1,080,024</u>	<u>962,261</u>

Please refer to Note 6(x) for the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:		
Embedded derivative instrument-redemption rights	<u>\$ 2,389</u>	<u>650</u>
Financial liabilities designated at fair value through profit or loss:		
Embedded derivative instrument-put rights	<u>\$ 95</u>	<u>2,650</u>

(i) As of December 31, 2024 and 2023, the gain on fair value valuation, classified as other gains and losses, amounted to \$4,294 thousand and \$3,050 thousand, respectively.

(ii) Please refer to Note (m) for the embedded derivative component about the Company's issuance of convertible bonds.

(c) Financial assets at fair value through other comprehensive income - non-current

	December 31, 2024	December 31, 2023
Debt instruments at fair value through other comprehensive income:		
Foreign corporate bonds	\$ 64,849	-
Equity investments at fair value through other comprehensive income:		
Unlisted ordinary shares on domestic markets — Dano Tech CO., Ltd.	9,146	9,572
	<u>\$ 73,995</u>	<u>9,572</u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- (i) Investments in debt instruments at fair value through other comprehensive income
As the Company holds the aforementioned investments in bonds within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, they are presented as financial assets at fair value through other comprehensive income.
- (ii) Equity investments at fair value through other comprehensive income
The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long-term strategic purposes, not held for trading.
There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2024 and 2023.
- (iii) For credit risk and market risk, please refer to Note 6(x).
- (iv) The financial assets mentioned above had not been pledged as collateral.

(d) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 252,960	174,791
Accounts receivable from related parties	128,669	98,857
Less: Loss allowance	(2,530)	(1,748)
	\$ 379,099	271,900

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 381,629	1%	2,530
	December 31, 2023		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 273,648	1%	1,748

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

The movement in the allowance for accounts receivable was as follows:

	For the years ended December 31,	
	2024	2023
Balance at January 1	\$ 1,748	2,046
Impairment losses (reversal gains)	782	(298)
Balance at December 31	\$ 2,530	1,748

The aforementioned financial assets of the Company had not been pledged as collateral.

- (f) Investments accounted for using equity method
A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 79,074	80,348

- (i) Subsidiaries
Please refer to the 2024 annual consolidated financial statements for other related information.
- (ii) Collateral
As of December 31, 2024 and 2023, the Company did not provide any investment accounted for using equity method as collaterals for its loans.
- (g) Changes in ownership interests in a subsidiary
- (i) Acquisitions of additional equity of subsidiary
The Company acquired shares of BROADWAY SYSTEM, INC. by \$2,916 thousand and \$252 thousand in cash, increasing its ownership from 96.71 to 100.00%, and from 96.43 to 96.71%, respectively, in April 2024 and July 2023.

The effects of the changes in shareholdings were as follows:

	2024	2023
Carrying amount of additional equity acquired	\$ 1,944	195
Consideration paid	(2,916)	(252)
Capital surplus and retained earnings - differences between consideration and carrying amounts subsidiaries acquired	\$ (972)	(57)

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(h) Property, plant and equipment

The movement of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings and construction	Computer and equipment	Office and Other facilities	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 573,313	411,911	333,772	379,965	-	1,698,961
Additions	-	1,844	36,470	17,633	259	56,206
Reclassifications	-	259	-	-	(259)	-
Disposal	-	-	(117)	-	-	(117)
Balance on December 31, 2024	<u>\$ 573,313</u>	<u>414,014</u>	<u>370,125</u>	<u>397,598</u>	<u>-</u>	<u>1,755,050</u>
Balance on January 1, 2023	\$ 573,313	411,522	309,542	430,951	-	1,725,328
Additions	-	389	25,462	31,788	-	57,639
Disposal	-	-	(1,232)	(82,774)	-	(84,006)
Balance on December 31, 2023	<u>\$ 573,313</u>	<u>411,911</u>	<u>333,772</u>	<u>379,965</u>	<u>-</u>	<u>1,698,961</u>
Depreciation and impairments losses:						
Balance on January 1, 2024	\$ -	194,425	226,144	356,521	-	777,090
Depreciation for the year	-	8,740	30,804	25,104	-	64,648
Disposal	-	-	(117)	-	-	(117)
Balance on December 31, 2024	<u>\$ -</u>	<u>203,165</u>	<u>256,831</u>	<u>381,625</u>	<u>-</u>	<u>841,621</u>
Balance on January 1, 2023	\$ -	185,756	197,980	407,843	-	791,579
Depreciation for the year	-	8,669	29,396	31,452	-	69,517
Disposal	-	-	(1,232)	(82,774)	-	(84,006)
Balance on December 31, 2023	<u>\$ -</u>	<u>194,425</u>	<u>226,144</u>	<u>356,521</u>	<u>-</u>	<u>777,090</u>
Carrying amount						
Balance on December 31, 2024	<u>\$ 573,313</u>	<u>210,849</u>	<u>113,294</u>	<u>15,973</u>	<u>-</u>	<u>913,429</u>
Balance on December 31, 2023	<u>\$ 573,313</u>	<u>217,486</u>	<u>107,628</u>	<u>23,444</u>	<u>-</u>	<u>921,871</u>
Balance on January 1, 2023	<u>\$ 573,313</u>	<u>225,766</u>	<u>111,562</u>	<u>23,108</u>	<u>-</u>	<u>933,749</u>

As of December 31, 2024 and 2023, the property, plant and equipment were pledged as collateral for bank loans. Please refer to Note 8.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(i) Right-of-use assets

	<u>Buildings and construction</u>
Cost:	
Balance at December 31, 2024 (=beginning balance)	\$ <u>3,392</u>
Balance at January 1, 2023	\$ 849
Additions	3,809
Disposal	(1,266)
Balance at December 31, 2023	\$ <u>3,392</u>
Accumulated depreciation and impairment losses:	
Balance at January 1, 2024	\$ 360
Depreciation for the year	1,619
Balance at December 31, 2024	\$ <u>1,979</u>
Balance at January 1, 2023	\$ 715
Depreciation for the year	807
Disposal	(1,162)
Balance at December 31, 2023	\$ <u>360</u>
Carrying amount:	
Balance at December 31, 2024	\$ <u>1,413</u>
Balance at December 31, 2023	\$ <u>3,032</u>
Balance at January 1, 2023	\$ <u>134</u>

(j) Intangible assets

The movement of the intangible assets of the Company for the years ended December 31, 2024 and 2023, were as follows:

	<u>Patents, Copyrights and Trademarks</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 102,898	260,042	362,940
Separate acquisition	3,734	7,354	11,088
Balance at December 31, 2024	\$ <u>106,632</u>	267,396	374,028
Balance at January 1, 2023	\$ 100,996	234,496	335,492
Separate acquisition	1,902	25,810	27,712
Disposal	-	(264)	(264)
Balance at December 31, 2023	\$ <u>102,898</u>	260,042	362,940
Accumulated amortization and impairment losses:			
Balance at January 1, 2024	\$ 59,581	229,343	288,924
Amortization for the year	8,233	16,384	24,617
Balance at December 31, 2024	\$ <u>67,814</u>	245,727	313,541
Balance at January 1, 2023	\$ 51,433	205,012	256,445
Amortization for the year	8,148	24,595	32,743
Disposal	-	(264)	(264)
Balance at December 31, 2023	\$ <u>59,581</u>	229,343	288,924
Carrying amount:			
Balance at December 31, 2024	\$ <u>38,818</u>	21,669	60,487
Balance at December 31, 2023	\$ <u>43,317</u>	30,699	74,016
Balance at January 1, 2023	\$ <u>49,563</u>	29,484	79,047

As of December 31, 2024 and 2023, the intangible assets of the Company had not been pledged as collateral.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- (k) Other current assets and other non-current assets

Other current assets and other non-current assets of the Company were as follows:

	December 31, 2024	December 31, 2023
Prepayments	\$ 117,104	75,670
Input tax, tax credit and others	8,549	7,218
Right-of-use assets	1,413	3,032
Long-term prepayments	20,189	37,019
Guarantee deposits paid	297	3,335
	<u>\$ 147,552</u>	<u>126,274</u>

- (l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ -	10,000
Secured bank loans	229,000	391,000
Total	<u>\$ 229,000</u>	<u>401,000</u>
Unused credit lines	<u>\$ 1,624,000</u>	<u>1,430,000</u>
Range of interest rates	<u>1.72%~1.79%</u>	<u>1.64%~1.68%</u>

For the collateral for short-term borrowings, please refer to Note 8.

- (m) Bonds payable

Information on the Company's issuance of unsecured convertible bonds is as follows:

	December 31, 2024	December 31, 2023
Total convertible corporate bonds issued	\$ 500,000	500,000
Unamortized discounted corporate bonds payable	(22,972)	(32,983)
Accumulated converted amount	(22,300)	-
Ending balance of bonds payable	<u>\$ 454,728</u>	<u>467,017</u>
Convertible bonds payables - current	\$ 454,728	-
Convertible bonds payables – non-current	-	467,017
	<u>\$ 454,728</u>	<u>467,017</u>
Embedded derivative component – redemption options, included in financial assets at fair value through profit or loss – current/non-current	<u>\$ 2,389</u>	<u>650</u>
Embedded derivative component – put options, included in financial liabilities at fair value through profit or loss – current/noncurrent	<u>\$ 95</u>	<u>2,650</u>
Equity component – conversion options, included in capital surplus- stock options	<u>\$ 38,244</u>	<u>40,029</u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

	2024	2023
Embedded derivative component-revaluation (profit) loss on redemption and put options, included in other gains and losses	\$ 4,294	3,050
Amortization of bonds payable, included in finance costs	\$ 8,937	8,748

The issuance information on the convertible bonds was as follows:

2022	
<u>domestic unsecured convertible bonds</u>	
Issuance amount	\$500,000 thousand
Issuance date	2022.8.26
Issuance price	At 100.5% of par value
Coupon rate	0%
Issuance period	2022.8.26~2027.8.26
Trustee bank	Taipei Fubon Bank
Redemption options	The Company may redeem the bonds after November 27, 2022 and before July 17, 2027 when meeting specific requirements.
Put options	Each holder has the right to require the Company to redeem the holder's bonds at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 100.75% per annum at the principal amount after August 26, 2025.
Conversion period of convertible bonds	Each holder of the bonds will have the right to convert their bonds to common shares at conversion price or redeem the unredeemed and unconvertible bonds at par value with cash during the period from November 27, 2022, to August 26, 2027.
Conversion price	The conversion price is set at \$132 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance. On March 23, 2023, the Company announced the conversion price would be adjusted from \$132 to \$129.3 beginning on April 21, 2023 (the distribution date of cash dividends). In addition, the Company declared on March 25, 2024 that since the base date of cash dividend distribution, April 19, 2024, the conversion price has been adjusted from NT\$129.3 to 127.1.

The holders of the convertible bonds may exercise the put option during the period stipulated in the operating procedures of the issuance. Therefore, the Company presented them under current liabilities since August 26, 2024, which does not mean someone will definitely request the Company to repay the liabilities within one year in the future.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(n) Lease liabilities

Carrying amount of the lease liabilities of the Company were as follows:

	December 31, 2024	December 31, 2023
Current	<u>\$ 1,387</u>	<u>1,610</u>
Non-current	<u>\$ 40</u>	<u>1,427</u>

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2024	2023
Interest expenses on lease liabilities	<u>\$ 36</u>	<u>15</u>
Expenses relating to short-term leases	<u>\$ 601</u>	<u>1,135</u>

The amounts recognized in the statement of cash flows by the Company were as follows:

	2024	2023
Total cash outflow for leases	<u>\$ 2,247</u>	<u>1,952</u>

(i) Buildings leases

The Company leases buildings for its offices and warehouses. The leases typically run for a period of 1 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases parking space and safe deposit box, with lease terms within one year. These leases are short-term items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 6,089	6,492
Fair value of plan assets	(5,139)	(4,488)
Net defined benefit liabilities	<u>\$ 950</u>	<u>2,004</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits calculated based on years of service and average monthly salary for the six months prior to retirement.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$5,139 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligations at January 1	\$ 6,492	8,175
Current service costs and interest costs	2,006	1,252
Remeasurement loss (gain):		
– Return on plan assets excluding interest income	372	45
– Actuarial loss (gain) arising from financial assumptions	<u>(2,781)</u>	<u>(2,980)</u>
Defined benefit obligations at December 31	<u><u>\$ 6,089</u></u>	<u><u>6,492</u></u>

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at January 1	\$ 4,488	4,176
Interest income	75	64
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	372	45
Contribution paid by the employer	<u>204</u>	<u>203</u>
Fair value of plan assets at December 31	<u><u>\$ 5,139</u></u>	<u><u>4,488</u></u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2024</u>	<u>2023</u>
Current service costs	\$ 1,901	1,129
Net interest of net liabilities (assets) for defined benefit obligations	105	123
Gains or losses on the settlement and others	<u>(75)</u>	<u>(64)</u>
Net interest of net liabilities for defined benefit obligations	<u>\$ 1,931</u>	<u>1,188</u>
Research and development expenses	<u>\$ 1,931</u>	<u>1,188</u>

5) Remeasurement of net defined benefit liability recognized in other comprehensive income
The Company's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	<u>2024</u>	<u>2023</u>
Accumulated amount at January 1	\$ 6,605	9,585
Recognized during the period	<u>(2,781)</u>	<u>(2,980)</u>
Accumulated amount at December 31	<u>\$ 3,824</u>	<u>6,605</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	2.000%	1.625%
Future salary increase rate	3.000%	3.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$173 thousand.

The weighted-average lifetime of the defined benefits plans is 11.99 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company must use judgement and estimates to determine actuarial assumptions related to the date of balance sheet, including discount rate and future salary changes. Changes in actuarial assumptions may affect amount of the Company's determination of benefit obligations significantly.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences of defined obligations</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2024		
Discount rate 2.000%	\$ (174)	182
Future salary increase rate 3.00%	176	(169)
December 31, 2023		
Discount rate 1.625%	(153)	158
Future salary increase rate 3.00%	153	(148)

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$23,013 thousand and \$22,137 thousand for the years ended December 31, 2024 and 2023, respectively.

(p) Income taxes

(i) Income tax expense

1) The components of income tax in the years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense	\$ 46,364	37,390
Deferred tax expense	621	(23,223)
	<u>\$ 46,985</u>	<u>14,167</u>

2) The amount of income tax recognized in equity or other comprehensive income for 2024 and 2023 were both 0.

3) Reconciliation of income tax and profit before tax for 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Profit excluding income tax	\$ 351,454	110,803
Income tax using the Company's domestic tax rate	70,291	22,161
Tax effect of permanent differences	4,467	875
Tax incentive	(21,752)	(17,129)
Overestimation in prior periods	(2,202)	(1,345)
Changes in unrecognized temporary differences and others	(3,819)	9,605
	<u>\$ 46,985</u>	<u>14,167</u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized for 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	\$ 37,191	38,822

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be which the Company can utilize the benefits therefrom available against.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Allowance for inventory valuation loss	Defined benefit plans	Unrealized exchange loss	Total
Deferred tax assets:				
Balance on January 1, 2024	\$ (56,727)	(1,778)	(805)	(59,310)
Recognized in profit or loss	(1,026)	(345)	805	(566)
Balance on December 31, 2024	\$ (57,753)	(2,123)	-	(59,876)
Balance on January 1, 2023	\$ (37,900)	(1,581)	-	(39,481)
Recognized in profit or loss	(18,827)	(197)	(805)	(19,829)
Balance on December 31, 2023	\$ (56,727)	(1,778)	(805)	(59,310)
Unrealized exchange Gain				
Deferred tax liabilities:				
Balance on January 1, 2024	\$ -			
Recognized in profit or loss	1,187			
Balance on December 31, 2024	\$ 1,187			
Balance on January 1, 2023	\$ 3,394			
Recognized in profit or loss	(3,394)			
Balance on December 31, 2023	\$ -			

(iii) Assessment of tax

The Company's tax returns for the years through 2022 were assessed by the National Tax Administration.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(q) Capital and other equity

As of December 31, 2024 and 2023, the numbers of authorized ordinary shares were both 123,000 thousand shares, with a par value of \$10 per share, totaling \$1,230,000 thousand.

For the year ended December 31, 2024, 400 thousand shares of restricted stock awards have been issued with a par value of \$10 per share, of which 1 thousand shares have been cancelled for expiration. In addition, 175.40 thousand new shares have been issued at par for conversion right exercised by holders of the convertible bonds. The register of changes of the 174.6 thousand shares arising from the aforementioned convertible bonds hasn't been completed. The legal registration procedures have been completed for the residual shares. For the year ended December 31, 2023, there is no aforementioned situation.

As of December 31, 2024 and 2023, the authorized capital includes 15,000 thousand shares for employee stock options, of which 90,854 thousand and 90,279 thousand ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Issued share premium	\$ 228,165	228,165
Employee stock options	2,940	1,004
Restricted stock awards	42,450	46,560
Conversion right of convertible bonds	38,244	40,029
Premium on conversion of Convertible bonds	21,257	-
	<u>\$ 333,056</u>	<u>315,758</u>

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

In accordance with the R.O.C Company Act, two thirds of authorized Board of Directors must be present, and more than half of the directors present will reach an agreement to distribute the dividends and bonuses or all or a portion of the legal reserve and capital reserve as stipulated in Item 1 of Article 241 of the Company Act in the form of cash, which is reported to the meeting of shareholders.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be less than 10% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the 2023 and 2022 earnings distribution had been approved during the board meeting on March 8, 2024 and March 9, 2023, as well as the shareholders' meeting on June 13, 2024 and June 15, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Dividends per share (NT dollars)	Amount	Dividends per share (NT dollars)	Amount
Dividend distributions to shareholders:				
Cash Dividends	\$ 1.80	162,504	2.50	225,698

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

Earnings distributions for 2023 and 2022 that decided by the general meeting of shareholders were not different from the resolution of board meeting. The related information can be accessed from the Market Observation Post System website.

The amount of cash dividends \$ 3.0 per share on the appropriations of earnings for 2024 will be approve and propose during the board meeting on March 11, 2025. The related information can be accessed from the Market Observation Post System website after the board meeting.

(r) Share based payment

As of December 31, 2024 and 2023, the Company's equity settled share-based payments were as follows:

- (i) The Company conducted a cash capital increase on December 29, 2023 by issuing 400 thousand new restricted shares, at a par value of \$10 per share and a fair value of \$46,560 thousand on the grant date, totaling \$4,000 thousand, as employee stock options to its and its subsidiaries qualified full-time employees, with the base date set on January 1, 2024, based on the resolution approved during the shareholders' meeting held on June 15, 2022. All related registration procedures had been completed in January 2024, with the approval of the Securities and Futures Bureau of the Financial Supervisory Commission. The related information were as follows:

Grant date	2023.12.29	2023.12.29
Number of shares granted (in thousand/shares)	200	200
Contract term	3 years	4 years
Recipients	Employees of the Company and its subsidiaries	Executives of the Company
Vested service conditions	Provide service for at least 3 years	Provide service for at least 4 years
Vested performance conditions	Meet performance appraisal goals	Meet performance appraisal goals

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares without charge and cancel the shares thereafter.

- (ii) A resolution was approved during the board meeting held on May 5, 2022 for the Company to award 300 new shares as employee stock options, wherein 1,000 shares could be subscribed per unit, with a total of 300 thousand shares. The above stock options have been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. on July 13, 2022, and have been issued on May 7, 2024 in full.

The duration of the above employee stock options is 10 years. The accumulated proportions of stock options that may be exercised in each year by the holders of the employee stock options after granted for 2 years are as follows. Those stock options shall not be transferred, pledged, given, or disposed of by any other means to third parties. But inheritance is not subjected to the restriction.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

Granted period of the stock options	Issue year 2024
Granted for 2 years	50%
Granted for 3 years	100%

Details of the aforementioned employee stock options are as follows:

	2024	
	Weighted average exercise price (dollar)	Number of options
(Expressed in thousands)		
Beginning outstanding number of units	\$ -	-
Granted units	95.70	300
Ending outstanding number of units	95.70	<u>300</u>
Ending exercisable number of units		-
Weighted average fair value of employee stock options		<u>\$ 25.60</u>

Information on the outstanding stock options is as follows:

	December 31, 2024
Weighted average residual contract period (year)	3.25 years

Fair value of the share-based payment of the employee stock options at the grant date is estimated by Black-Scholes option valuation model . The measurement inputs are as follows:

	2024
Exercise price (NT\$)	95.7
Market price of shares at the grant date (NT\$)	95.7
Expected dividend rate (%)	2.2%
Expected share price volatility (%)	41%
Risk-free interest rate (%)	1.48%~1.55%
Expected duration (years)	3~4 years

- (iii) A resolution was approved during the shareholders' meeting held on June 15, 2023 for the Company to issue 500 thousand new restricted shares, at a par value of \$10 per share, totaling \$5,000 thousand, as employee stock options to its and its subsidiaries qualified full time employees. The above restricted stocks, which have yet to be issued as of the reporting date, have been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission on August 9, 2023.

- (iv) Details of the outstanding restricted stock awards of the Company were as follows:

	Expressed in Thousands of shares	
	2024	2023
Beginning outstanding number of shares	400	-
Granted number of shares	-	400
Expired number of shares	(1)	-
Ending outstanding number of shares	<u>399</u>	<u>400</u>

- (v) As of the year ended December 31, 2024, the compensation costs recognized by the Company amounted to \$16,536 thousand. There is no such condition for the year ended December 31, 2023.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(s) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2024 and 2023, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, as follows:

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 304,469</u>	<u>96,636</u>
Weighted-average number of ordinary shares (thousands shares)	<u>90,280</u>	<u>90,279</u>
Basic earnings per share (NT dollars)	<u>\$ 3.37</u>	<u>1.07</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2024 and 2023 is based on the net profit attributable to owners of the ordinary shares of the Company and the weighted average outstanding number of shares after adjusted for dilutive effects of potential ordinary shares. The relevant calculations are as follows:

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company (basic)	\$ 304,469	96,636
Interest expense on convertible bonds, net of tax	<u>7,150</u>	-
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 311,619</u>	<u>96,636</u>
Weighted-average number of outstanding ordinary shares (thousands shares)	90,280	90,279
Effect of dilutive potential ordinary shares - convertible bonds	3,913	-
Effect of accrued employees' compensation deemed to be distributed all by shares	272	215
Effect of issue of shares for restricted stock awards	112	-
Effect of employee stock options	<u>14</u>	<u>-</u>
Weighted-average number of outstanding ordinary shares (thousands shares)	<u>94,591</u>	<u>90,494</u>
Diluted earnings per share (NT dollars)	<u>\$ 3.29</u>	<u>1.07</u>

For calculation of the dilutive effect of the employees' compensations, restricted stock awards, and employee stock options, the fair value is assessed based on the quoted market price at the reporting date of the Company.

(t) Revenue from contracts with customers

(i) Details of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets		
Taiwan	\$ 2,028,282	1,455,242
China	1,044,269	872,139
United States	27,234	109,341
Others	<u>39,425</u>	<u>55,994</u>
	<u>\$ 3,139,210</u>	<u>2,492,716</u>
Major products		
Integrated circuit chip	\$ 3,135,713	2,483,470
Others	<u>3,497</u>	<u>9,246</u>
	<u>\$ 3,139,210</u>	<u>2,492,716</u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(ii) Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable (including related parties)	\$ 381,629	273,648	259,511
Less: allowance for impairment	(2,530)	(1,748)	(2,046)
Total	<u>\$ 379,099</u>	<u>271,900</u>	<u>257,465</u>
Contract liabilities	<u>\$ 22,622</u>	<u>10,715</u>	<u>14,343</u>

The details on accounts receivable and allowance for impairment, please refer to Note 6(d).

The beginning balance of contract liabilities recognized as revenue at January 1 to December 31, 2024 and 2023 were \$3,507 thousand and \$7,082 thousand, respectively.

The contract liabilities primarily related to the advance consideration received from customers for the sales contracts, for which revenue was recognized when products were delivered to customers. The mainly movements of the contract liabilities during 2024 and 2023 were due to the time difference between delivering or transferring the products and service to fulfill performance obligations and the customers payment.

(u) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remunerations amounting to \$40,290 thousand and \$12,730 thousand, respectively; as well as its remunerations to directors amounting to \$12,090 thousand and \$3,820 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2024 and 2023. The numbers of shares to be distributed for 2024 and 2023 were calculated based on the closing price of the Company's one day before the date of the meeting of Board of Directors.

The related information can be accessed from the Market Observation Post System website. The amounts mentioned above were identical to those of the actual distributions for 2024 and 2023.

(v) Interest income and other income

The details of other income of the Company in 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Interest income from bank deposit	<u>\$ 17,246</u>	<u>15,015</u>
Other Income	<u>\$ 1,011</u>	<u>5,202</u>
Rent Income	<u>1,876</u>	<u>1,880</u>
	<u>\$ 2,887</u>	<u>7,082</u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(w) Other gains and losses

The details of other gains and losses of the Company in 2024 and 2023 were as follows:

	2024	2023
Foreign exchange (losses) gains	\$ 33,345	(543)
Net gains on financial assets (liabilities) at fair value through profit or loss	4,294	3,050
Gains on disposal of property, plant and equipment	3	-
	\$ 37,642	2,507

(x) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Company's accounts receivable and security investments.

1) Accounts receivable and other receivables

The Company has adopted a policy that only trading with the parties with good credit standing and the Company shall secure a collateral to lighten the risk of financial loss arising from arrears when it is necessary. The major customers are rated by the Company, using public financial information and their transaction histories. The Company keeps monitoring the credit exposure and the customers' creditworthiness, and then distributes total transaction amounts into the qualified customers. The credit limit of the customers are reviewed and approved annually to control the credit exposure.

The Company do not hold any collateral or other credit enhancement to avoid the credit risk of financial assets.

2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit standing and with financial institutions which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

3) Exposure to credit risk

As at reporting date, the carrying amount of financial assets represents the maximum amount exposed to credit risk. For the year end in 2024 and 2023, the maximum amount were \$1,641,152 thousand and \$1,236,182 thousand, respectively. Implicit credit risk of the Company is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

4) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of December 31, 2024 and 2023, 77% and 74%, respectively, of the Company's accounts receivable were concentrated on top five sales clients.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 years	2~3 years	Over 4 years
December 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 229,000	229,785	229,785	-	-
Notes and accounts payable	239,879	239,879	239,879	-	-
Bonds payable	454,728	477,700	477,700	-	-
Other financial liabilities	287,160	287,160	287,160	-	-
Lease liabilities	1,427	1,438	1,398	40	-
	<u>\$ 1,212,194</u>	<u>1,235,962</u>	<u>1,235,922</u>	<u>40</u>	<u>-</u>
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 401,000	402,107	402,107	-	-
Notes and accounts payable	166,530	166,530	166,530	-	-
Bonds payable	467,017	500,000	-	500,000	-
Other financial liabilities	206,216	206,216	206,216	-	-
Lease liabilities	3,037	3,084	1,646	1,438	-
	<u>\$ 1,243,800</u>	<u>1,277,937</u>	<u>776,499</u>	<u>501,438</u>	<u>-</u>

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk

a) The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$ 23,217	32.785	761,182	20,765	30.705	637,576
CNY	3,027	4.478	13,556	2,978	4.327	12,887
Financial liabilities						
Monetary items						
USD	4,272	32.785	140,065	3,462	30.705	106,309

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, and trade payables that are denominated in foreign currency. A weakening or strengthening of 1% of the NTD against the Foreign currency as of 31 December, 2024 and 2023 would have decreased or increased the net profit before tax by \$6,347 thousand and \$5,442 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis of the two periods is performed on the same basis .

c) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. The information on foreign exchange loss (including realized and unrealized portions) were as follow:

	2024		2023	
	Foreign exchange gain (loss)	Exchange rate in average	Foreign exchange gain (loss)	Exchange rate in average
NTD	\$ 33,345	1	(543)	1

2) Interest rate analysis

Please refer to the Notes on liquidity risk management and interest rate exposure of the Company's financial liabilities.

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2024	December 31, 2023
Fixed-rate instruments:		
Financial assets	\$ 605,841	347,274
Financial liabilities	(683,728)	(772,017)
	\$ (77,887)	(424,743)
Variable-rate instruments:		
Financial assets	\$ 638,796	614,366
Financial liabilities	-	(96,000)
	\$ 638,796	518,366

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 1 basis points, the Company's profit before income tax would have increased or decreased by \$1,597 thousand and \$1,296 thousand for the years ended December 31, 2024 and 2023, respectively.

The Company's financial liabilities at fixed interest rates are measured at amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Embedded derivative instruments of convertible bonds	\$ 2,389	-	2,389	-	2,389
Financial assets at fair value through other comprehensive income					
Equity investment	\$ 9,146	-	-	9,146	9,146
Corporate bonds	64,849	64,849	-	-	64,849
	<u>\$ 73,995</u>	<u>64,849</u>	<u>-</u>	<u>9,146</u>	<u>73,995</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 1,080,024				
Accounts receivable, net	379,099				
Other financial assets - current	105,348				
Other financial assets – non-current	297				
	<u>\$ 1,564,768</u>				
Financial liabilities at fair value through profit or loss					
Embedded derivative instruments of convertible bonds	\$ 95	-	95	-	95
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 229,000				
Notes and accounts payable	239,879				
Bonds payable	454,728		453,237		453,237
Lease liabilities	1,427				
Other financial liabilities	287,160				

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- 2) Valuation techniques for financial instruments not measured at fair value
- a) Financial assets and financial liabilities measured at amortized cost
 If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.
- 3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid ask spreads is an indication of nonactive market.

The Company's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as corporate stock, beneficiary certificate etc., its fair value depends on the market quotation.
- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The Company's financial instrument which do not have quoted price in active market, the fair value is measured by net assets value method.

GENESYS LOGIC, INC.
Notes to the Financial Statements

b) Derivative financial instruments

Derivative financial instruments are valued by the valuation models widely accepted by the users in the market.

- 4) The changes in Level 3 fair values for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Opening balance	\$ 9,572	2,127
Additions: Total gains and losses recognized in other comprehensive income	(426)	7,445
Ending balance	\$ 9,146	9,572

There were no transfers in the fair value hierarchy during 2024 and 2023.

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

There are multiple significant unobservable inputs for the equity instrument investment of the Company without active market. Significant unobservable inputs for the equity instrument investment without active market are independent of each other, so there is no mutual correlation. Quantified information on significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable company analysis	<ul style="list-style-type: none"> ·Discount on lack of market liquidity (20% for both December 31, 2024 and 2023) ·P/B ratio (2.08 for December 31, 2024 and 1.64 for December 31, 2023) 	<ul style="list-style-type: none"> ·The higher the discount on lack of market liquidity, the lower the fair value. ·The higher the multiplier, the higher the fair value.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- 5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurements of the Company's financial instruments are reasonable. For the value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	<u>Input</u>	<u>Variation</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Investments in equity instrument without active market	Discount on liquidity	10%	1,143	(1,143)
Investments in equity instrument without active market	P/B ratio	5%	457	(457)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Investments in equity instrument without active market	Discount on liquidity	10%	1,196	(1,196)
Investments in equity instrument without active market	P/B ratio	5%	479	(479)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (y) Financial risk management

- (i) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to The Company's Board of Directors.

- (ii) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to Note 6(x).

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(z) Capital management

The Company's capital management policy is to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months, wherein it also take the debt ratio into consideration to maintain investors, creditors and market confidence, as well as to sustain the future development of the business. The Company's capital management strategy was consistent with the prior year.

(aa) Non-cash investing and financing activities

The Company's non-cash investing and financing activities for the years ended December 31, 2024 and 2023 were as follows:

(i) Obtain right-of-use assets by lease, please refer to Note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ 401,000	(172,000)	-	229,000
Lease liabilities	3,037	(1,610)	-	1,427
Bonds payable	467,017	-	(12,289)	454,728
Total liabilities from financing activities	<u>\$ 871,054</u>	<u>(173,610)</u>	<u>(12,289)</u>	<u>685,155</u>
	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2023</u>
Short-term borrowings	\$ 498,500	(97,500)	-	401,000
Lease liabilities	135	(802)	3,704	3,037
Bonds payable	458,269	-	8,748	467,017
Total liabilities from financing activities	<u>\$ 956,904</u>	<u>(98,302)</u>	<u>12,452</u>	<u>871,054</u>

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(7) Related-party transactions:

- (a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

- (b) Name and relationships with related parties

The followings are subsidiaries and entities that have had transactions with related party during the periods covered in the parent company only financial statements.

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Genesys Logic America, Inc. (GLA)	Subsidiaries
Eclat Holding Ltd. (Eclat)	"
BROADWAY SYSTEM, INC. (BROADWAY)	"
SYNTEK SEMICONDUCTOR CO., LTD.	Same chairman as the Company

- (c) Key management personnel compensation

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 61,782	37,120
Post-employment benefits	945	432
Share-based payments	7,693	-
	<u>\$ 70,420</u>	<u>37,552</u>

Please refer to Note 6(r) for further explanations related to share-based payment transactions.

- (d) Transactions with other related parties

- (i) Sales to related parties

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	<u>Sales</u>		<u>Accounts Receivable due from related parties</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
BROADWAY	\$ 294,012	245,513	128,669	97,734
Subsidiaries	2,579	6,577	-	1,123
Other related parties	87	1,931	-	-
	<u>\$ 296,678</u>	<u>254,021</u>	<u>128,669</u>	<u>98,857</u>

The sales price offered by the Company to its subsidiaries is not comparable to that of non-related parties, with payment terms of 90 days after month end and T/T or 30~90 days after month end given to its subsidiaries and non-related parties, respectively. The Company's unrealized sales profit arising from the above sales had been eliminated. After an assessment was made by the Company, there were no bad debt expenses incurred from its related parties' receivables, hence, no collateral is required.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

- (ii) The amounts of accepting services transactions and outstanding balances between the Company and related parties were as follows:

	Transaction amount		Other accounts payable to related parties	
	2024	2023	December 31, 2024	December 31, 2023
	Subsidiaries	<u>\$ 33,991</u>	<u>30,135</u>	<u>6,463</u>

- (iii) The amounts of Rendering services transactions and outstanding balances between the Company and related parties were as follows:

	Transaction amount		Other accounts receivable from related parties	
	2024	2023	December 31, 2024	December 31, 2023
	BROADWAY Subsidiaries	\$ 1,039	-	8,324
	<u>-</u>	<u>1,023</u>	<u>51</u>	<u>6,755</u>
	<u>\$ 1,039</u>	<u>1,023</u>	<u>8,375</u>	<u>6,755</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2024	December 31, 2023
Land	Bank loans	\$ 490,337	490,337
Buildings	Bank loans	148,399	152,908
Time deposits (recognized as other financial assets – current)	Guarantee for credit line of purchases	100,000	-
Refundable deposit	Guarantee for post release duty payment	-	3,000
		<u>\$ 738,736</u>	<u>646,245</u>

(9) Significant commitments and contingencies:

For the years ended 2024 and 2023, the major commitments and contingencies of the Company are as follows:

- (a) The Company issued guarantee for bank loans, amounting to \$1,833,000 thousand and \$1,775,000 thousand, respectively.
- (b) Based on the software maintenance agreement entered into by the Company, the estimated amounts to be paid by the Company for the use of labor services in the future during the contract period are \$118,491 thousand and \$204,502 thousand, respectively.
- (c) The Company entered into a joint design, production and sales agreement with its peers, wherein the peers shall set aside a certain percentage of sales revenue and gross sales as royalty payments for the use of ICs when selling their products.
- (d) The Company entered into a follow-up supply contract with certain suppliers, wherein the Company will have to pay the estimated amounts of \$72,000 thousand and \$144,000 thousand, respectively.
- (e) The amounts of bank guarantee for post-release duty payment on imported goods of the Company were \$6,000 thousand and \$3,000 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	2024			2023		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	661,612	661,612	-	568,410	568,410
Labor and health insurance	-	39,401	39,401	-	38,239	38,239
Pension	-	24,944	24,944	-	23,325	23,325
Remuneration of directors	-	15,714	15,714	-	7,180	7,180
Other employee benefits	-	16,255	16,255	-	13,230	13,230
Depreciation	24,596	41,671	66,267	30,812	39,512	70,324
Amortization	-	24,617	24,617	-	32,743	32,743

The number of the Company's employees and the additional information on employee benefits were as follows:

	2024	2023
Employees	<u>308</u>	<u>307</u>
The number of non-employee director	<u>8</u>	<u>7</u>
Average of employee benefit expenses	<u>\$ 2,474</u>	<u>2,144</u>
Average of employee salary expenses	<u>\$ 2,205</u>	<u>1,895</u>
Average of salaries expense variation	<u>16.4%</u>	<u>(14.5)%</u>

The Company compensation policies (including directors, managers and employees) are as follows:

Remuneration to directors:

The remuneration to directors is allocated annually in accordance with Article 20 of the Company's Articles of Incorporation, which is reviewed by the remuneration committee and then submitted to the board of directors for discussion and approval; thereafter, is reported at the shareholders' regular meeting; according to Article 13, a fixed remuneration should be paid every month to the Company's directors (excluding directors who concurrently serve as employees).

Salary policy for managers:

The manager is entitled to a monthly fixed salary, allowance, variable bonuses, remuneration, etc. The manager, who is responsible for the Company's business performance, plays an important role in the Company. Its salary is based on its performance and the Company's employee remuneration policy, which is reviewed and evaluated by the remuneration committee, then submitted to the board of directors for approval.

Salary policy for employees:

The employee is entitled to a monthly fixed salary, allowance, variable bonuses, employee remuneration, etc. Bonuses and employee remuneration are paid based on the individual's annual performance.

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	Stock:							
	DANOTECH CO., LTD.	The investee at fair value through other comprehensive income	Equity method at fair value through other comprehensive income - non-current	2,900	\$ 9,146	6.23%	9,146	
	Syndiant Inc.	The investee designation as at fair value through profit or loss	Financial Assets designation as at fair value through profit or loss - non-current	130	-	0.84%	-	
	SILICONGEAR CORPORATION	"	"	22	-	0.09%	-	
"	S-SHARP CORPORATION	"	"	250	-	17.46%	-	
					<u>\$ 9,146</u>			
	Bond:							
	SAUDI Internation	None	Investments in debt instruments at fair value through other comprehensive income	-	\$ 16,639	- %	16,639	
	Microsoft Corporation	"	"	-	21,174	- %	21,174	
	Qualcomm Corporation	"	"	-	27,036	- %	27,036	
					<u>\$ 64,849</u>			

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(Continued)

GENESYS LOGIC, INC.
Notes to the Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Notes/accounts receivable (payable)	
The Company	BROADWAY	The subsidiary of the Company	(Sale)	(294,012)	(9.3)%	90 Days	Note 1	no significantly difference	128,669	33.72%	
BROADWAY	The Company	Parent company of BROADWAY	Purchase	294,012	100%	90 Days	"	no significantly difference	(128,669)	(96.10)%	

Note 1: No other transactions could be comparable.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Company with receivables	Counterparty	Relationship	Balance of receivables from related party	Turnover rate	Overdue receivables from related party		Receivables from related party collected in subsequent period	Loss allowance
					Amount	Treatment		
The Company	BROADWAY	Subsidiary of the Company	128,669	2.60	-	N/A	68,205	-

Note 1: Data as of February 28, 2025.

(ix) Trading in derivative instruments: Please refer to Note 6(b).

(x) Business relationships and significant intercompany transactions with amounts exceeding NT\$10 million:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	BROADWAY	1	Sales revenue	294,012	90 Days	9.30%
0	"	"	1	Accounts receivables	128,669	"	3.93%
0	"	GLA	1	Service Expenses	33,978	Payment depending on GLA demand	1.08%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

The subsidiaries start with number 1.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

(b) Information on investees:

The following was the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership (Note 3)	Carrying value (Note 1)			
The Company	GLA	USA	IC design	30,085	30,085	40,000	100%	16,255	(137)	526	
The Company	Eelat	Samoa	Investment holding	168,148	148,738	1,500	100%	19,262	(8,431)	(8,431)	
The Company	BROADWAY	Taiwan	IC sale	254,418	251,502	6,340	100%	43,557	(17,146)	(17,017)	
BROADWAY	BSA	USA	IC design	462	462	15	100%	330	(87)	(87)	Note 2

Note 1: It is the direct/indirect shareholding ratio of the Company.

Note 2: Broadway System America Inc.(BSA) was established in the United States by BROADWAY as a subsidiary in May 2023.

GENESYS LOGIC, INC.
Notes to the Financial Statements

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Eclat-Shenzhen representative office	Promotion of goods or services	-	Note 1	-	-	-	-	Note 1	Note 1	-	-	-

Note 1: It is through the holding company, Eclat Holding Ltd., to set up a representative office in mainland China to expand the mainland market.

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
-	-	1,197,775

- (iii) Significant transactions: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
QIN, MAN-PING		5,477,815	6.02%

Note 1: This Table provides the information on number of ordinary shares and special shares which were delivered through non-physical registration (including treasury shares) owned by major shareholders with ownership of 5% or greater and was calculated by Taiwan Depository & Clearing Corporation using the last business day at the end of the quarter. There might be a difference between the share capital listed on the Company's financial statements and the actual number of shares delivered through non-physical registration due to different basis of calculation.

Note 2: If the shareholder delivered the shares to the trust, the above information would be revealed by the individual trust account under fiduciary account opened by the trustee. As for the shareholders handled the insider ownership declarations with shareholdings over 10% in accordance with the Securities and Exchange Act, their shareholdings include the shares owned by themselves plus the shares delivered to the trust which they have the right on allocating the trust properties, please refer to the Market Observation Post System website for information about insider ownership declaration.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2024.

GENESYS LOGIC, INC.
Statement of cash and cash equivalents
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 169
Cash in banks:		
Check deposits and Demand deposits		241,635
Time deposit		300,000
Foreign currency time deposits	The amount of foreign currency is USD 4,000 thousand, and the exchange rate is 32.785.	131,140
	The amount of foreign currency is CNY 2,200 thousand, and the exchange rate is 4.478.	9,851
Foreign currency demand deposits	The amount of foreign currency is USD 12,005 thousand, and the exchange rate is 32.785.	393,570
	The amount of foreign currency is CNY 817 thousand, and the exchange rate is 4.478.	<u>3,659</u>
Total		<u><u>\$ 1,080,024</u></u>

Statement of accounts receivable

<u>Item</u>	<u>Description</u>	<u>Amount</u>
BROADWAY	Operation	\$ 128,669
Company CNCI01	"	68,385
Company GRKN01	"	41,805
Company EVVE01	"	34,359
Company WTC001	"	29,808
Company GIYV01	"	26,423
Others (Note)		<u>52,180</u>
Subtotal		381,629
Less: Loss allowance		<u>(2,530)</u>
Total		<u><u>\$ 379,099</u></u>

Note: If the balance of each account does not exceed 5%, it will not be listed individually.

GENESYS LOGIC, INC.
Statement of inventories
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Market price basis</u>
	<u>Cost</u>	<u>Market price</u>	
Finished goods and products	\$ 333,861	373,884	Net realizable value
Work in progress	402,390	340,978	Net realizable value
Raw materials	<u>55,977</u>	<u>22,964</u>	Replacement cost
Subtotal	792,228	<u><u>737,826</u></u>	
Less: Allowance for inventory valuation and obsolescence	<u>(416,593)</u>		
	<u><u>\$ 375,635</u></u>		

Statement of other current assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepaid software usage expenses		\$ 81,362
Prepaid payroll		19,759
Prepaid expenses	Prepaid patents, trademarks annual expenses, and so on	14,198
Others (Note)		<u>10,334</u>
Total		<u><u>\$ 125,653</u></u>

Note: If the balance of each account does not exceed 5%, it will not be listed individually.

GENESYS LOGIC, INC.
Statement of changes in property, plant and equipment
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(h) for relevant information.

Statement of changes in intangible assets

Please refer to Note 6(j) for relevant information.

Statement of other non-current assets
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Long term prepaid expenses	Prepaid patents, trademarks application expenses, and so on	\$ 14,927
Prepaid computer software cost		4,904
Right-of-use assets- buildings and construction		1,413
Others (Note)		655
		<u>\$ 21,899</u>

Note: If the balance of each account does not exceed 5%, it will not be listed individually.

GENESYS LOGIC, INC.
Statement of changes in investments accounted for using equity method
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Name of Investee</u>	<u>Beginning balance</u>		<u>Additions</u>		<u>Decrease</u>		<u>Other adjustment (Note 1)</u>		<u>Ending Balance</u>			<u>Market value or net asset value</u>	<u>Guarantee or pledged</u>	<u>Notes</u>
	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Shares (in thousand)</u>	<u>% of Ownership</u>	<u>Amount</u>			
Genesys Logic America, Inc.	40,000	\$ 14,712	-	-	-	-	-	1,543	40,000	100.00%	16,255	16,255	None	
Eclat Holding Ltd.	900	7,681	600	19,410	-	-	-	(7,829)	1,500	100.00%	19,262	19,262	"	
BROADWAY	6,132	57,955	208	1,944	-	-	-	(16,342)	6,340	100.00%	43,557	43,557	"	
Total		\$ 80,348		21,354		-		(22,628)			79,074			

Note 1: Other adjustments in this period including loss on investments in subsidiaries of \$(24,922) thousand, compensation costs of share-based payments of \$753 thousand, and accumulated adjustments for translation of \$1,541 thousand.

GENESYS LOGIC, INC.
Statement of short-term borrowings
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Loan commitment</u>	<u>Guarantee or pledged</u>
CTBC Bank	Secured bank loans	\$ 80,000	Within one year	1.79%	40,000	Land and buildings
Citibank Taiwan	Secured bank loans	<u>149,000</u>	Within one year	1.72%	51,000	Land and buildings
		<u>\$ 229,000</u>				

Note: Please refer to Note (8) for the information on pledged assets.

Statement of Notes and accounts payable

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Non related parties:		
Company CGTI01	Operation	\$ 69,590
Company GUC-02	"	41,409
Company VVCR01	"	37,522
Company EKOU02	"	27,486
Company EGAM01	"	25,824
Company REKV01	"	16,064
Others (Note)		<u>21,984</u>
		<u>\$ 239,879</u>

Note: If the balance of each account does not exceed 5%, it will not be listed individually.

GENESYS LOGIC, INC.
Statement of other current liabilities
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Contract liabilities	\$ 22,622
Income tax payable	19,044
Receipts under custody	16,779
Business tax payable	3,645
Others (Note)	1,632
Total	\$ 63,722

Note: If the balance of each account does not exceed 5%, it will not be listed individually.

Statement of operating revenue
For the year ended December 31, 2024

Item	PCS (in thousand pcs)	Amount
Integrated circuit chip	262,877	\$ 3,135,713
Others	20	3,497
Total		\$ 3,139,210

GENESYS LOGIC, INC.
Statement of operating costs
For the year ended December 31, 2024
(In thousands of New Taiwan Dollars)

Item	Amount
Raw Materials:	
Raw Materials, beginning of year	\$ 52,276
Add: Purchases	725,186
Less: Raw materials, end of year	55,977
Raw materials for sale	7,325
Raw materials used for the year	714,160
Manufacturing overhead - outsourced	756,678
Manufacturing cost	1,470,838
Add: Work in progress, beginning of year	680,582
Less: Work in progress, end of year	402,390
Others	1,132
Cost of finished goods	1,747,898
Add: Finished goods, beginning of year	317,262
Others	604
Less: Finished goods, end of year	332,673
Others	1,413
Cost of finished goods sold	1,731,678
Merchandising cost	
Add: Inventory, beginning of year	302
Purchases	1,947
Less: Inventory, end of year	1,188
Cost of goods sold	1,061
Gain on reversal of inventory impairment and obsolescence	(11,867)
Cost of raw materials sold	7,325
Others	15,332
Operating costs	\$ 1,743,529

GENESYS LOGIC, INC.
Statement of operating expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Payroll and bonus expenses	\$ 37,260	125,158	499,194
Service expenses	23,534	6,597	19,256
Software usage expenses	7	1,955	77,809
Depreciation and amortization expenses	1,162	9,355	55,771
Labor and health insurance and pension expenses	3,928	10,847	49,570
Commission expenditures	4,373	-	-
Remuneration of directors	-	15,714	-
Others (Note)	13,362	28,060	78,641
	\$ 83,626	197,686	780,241

Note: If the balance of each account does not exceed 5%, it will not be listed individually.