

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**HOLTEK SEMICONDUCTOR INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements
With Independent Auditors' Review Report**

**For the Three Months Ended
March 31, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Organization	8
(2) The Authorization of financial statements	8
(3) New standards, amendments and interpretations adopted	8
(4) Summary of significant accounting policies	10
(5) Major sources of accounting judgments, estimations and assumptions of uncertainty	13
(6) Description of significant accounts	13
(7) Related-party transactions	32
(8) Pledged assets	34
(9) Significant commitments and contingencies	34
(10) Losses Due to Major Disasters	34
(11) Significant subsequent Events	34
(12) Other	35
(13) Other disclosures	
(a) Information on significant transactions	36
(b) Information on investees	39
(c) Information on investment in mainland China	41
(d) Major shareholders	44
(14) Segment information	44

Independent Auditors' Review Report

To the Board of Directors of Holtek Semiconductor Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Holtek Semiconductor Inc. and its subsidiaries (collectively as “the Group”) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (“IASs”) 34, “*Interim Financial Reporting*” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Standards on Review Engagements No. 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$825,298 thousand and \$1,761,213 thousand, constituting 14% and 27% of the consolidated total assets; and the total liabilities amounting to \$64,926 thousand and \$115,171 thousand, constituting 3% and 7% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively; as well as the total comprehensive income amounting to \$(2,453) thousand and \$(16,159) thousand, the absolute value constituting 1% and 10% of the consolidated total comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “*Interim Financial Reporting*” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ review report are Lu, Chien-Hui and Cheng, An-Chih.

KPMG

Hsinchu, Taiwan (Republic of China)

April 29, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, its financial performance, and its cash flows in accordance with financial statements 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China

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(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc. and Subsidiaries

Consolidated Balance Sheets

March 31, 2024, and December 31 and March 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023				Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 769,034	13	831,410	13	1,284,172	19	2100		Short-term loans (note 6(11))		\$ 1,000,000	17	1,000,000	17	-	-
1110	Financial assets measured at fair value through profit or loss-current (note 6(2))	162,187	3	236,652	4	333,364	5	2150		Notes payable		40,334	1	36,068	1	51,879	1
1170	Notes and accounts receivable, net (note 6(4))	51,186	1	43,959	1	76,029	1	2170		Accounts payable		153,346	3	102,118	2	399,499	6
1180	Accounts receivable from related parties (notes 6(4) and 7)	260,936	4	281,008	4	588,301	9	2180		Accounts payable from related parties (note 7)		423	-	414	-	51	-
130X	Inventories (note 6(5))	1,503,685	26	1,593,148	26	2,031,294	31	2201		Salary and bonus payable		232,045	4	314,949	5	397,864	6
1476	Other financial assets — current (notes 6(6) 、7 and 8)	1,433,778	24	1,280,546	21	373,908	6	2230		Current income tax liabilities		15,577	-	15,553	-	50,470	1
1479	Other current assets	<u>74,673</u>	<u>1</u>	<u>73,920</u>	<u>1</u>	<u>82,853</u>	<u>1</u>	2280		lease liabilities — current (note 6(12))		19,158	-	19,472	-	17,606	-
		<u>4,255,479</u>	<u>72</u>	<u>4,340,643</u>	<u>70</u>	<u>4,769,921</u>	<u>72</u>	2310		Advance receipts (note 7)		24,481	-	21,279	-	29,127	-
Non-current assets:								2399		Other current liabilities		<u>62,657</u>	<u>1</u>	<u>79,357</u>	<u>1</u>	<u>194,168</u>	<u>3</u>
1518	Equity instruments measured at fair value through other comprehensive income — non-current (note 6(3))	444,577	8	679,811	11	620,504	10			Non-current liabilities:		<u>1,548,021</u>	<u>26</u>	<u>1,589,210</u>	<u>26</u>	<u>1,140,664</u>	<u>17</u>
1550	Investments accounted for using equity method (notes 6(7) and 7)	510,461	9	490,671	8	432,147	7	2570		Deferred tax liabilities		331,940	6	331,940	6	422,707	7
1600	Property, plant and equipment (note 6(8))	404,982	7	411,557	7	395,737	6	2580		lease liabilities — non-current (note 6(12))		84,118	2	88,798	1	76,755	1
1755	Right-of-use assets (note 6(9))	100,709	2	105,866	2	92,027	1	2640		Net defined benefit liabilities — non-current		21,443	-	30,015	-	33,084	1
1780	Intangible assets (note 6(10))	26,495	-	22,994	-	23,939	-	2645		Guarantee deposit received		<u>51,425</u>	<u>1</u>	<u>51,361</u>	<u>1</u>	<u>22,930</u>	<u>-</u>
1840	Deferred tax assets	69,985	1	78,011	1	144,335	2					<u>488,926</u>	<u>9</u>	<u>502,114</u>	<u>8</u>	<u>555,476</u>	<u>9</u>
1900	Other non-current assets (note 9)	<u>72,451</u>	<u>1</u>	<u>61,386</u>	<u>1</u>	<u>118,302</u>	<u>2</u>			Total liabilities		<u>2,036,947</u>	<u>35</u>	<u>2,091,324</u>	<u>34</u>	<u>1,696,140</u>	<u>26</u>
		<u>1,629,660</u>	<u>28</u>	<u>1,850,296</u>	<u>30</u>	<u>1,826,991</u>	<u>28</u>			Equity (note 6(15)) :							
										Equity attributable to shareholders of the parent :							
								3110		Ordinary share capital		2,261,682	38	2,261,682	36	2,261,682	34
								3200		Capital surplus		142,309	2	142,309	2	142,309	2
								3300		Retained earnings		1,234,602	21	1,279,893	21	2,109,180	32
								3400		Other equity		<u>152,792</u>	<u>3</u>	<u>355,914</u>	<u>6</u>	<u>320,335</u>	<u>5</u>
										Total equity attributable to shareholders of the parent		<u>3,791,385</u>	<u>64</u>	<u>4,039,798</u>	<u>65</u>	<u>4,833,506</u>	<u>73</u>
								36XX		Non-controlling interests		<u>56,807</u>	<u>1</u>	<u>59,817</u>	<u>1</u>	<u>67,266</u>	<u>1</u>
										Total equity		<u>3,848,192</u>	<u>65</u>	<u>4,099,615</u>	<u>66</u>	<u>4,900,772</u>	<u>74</u>
Total assets		<u>\$ 5,885,139</u>	<u>100</u>	<u>6,190,939</u>	<u>100</u>	<u>6,596,912</u>	<u>100</u>			Total liabilities and equity		<u>\$ 5,885,139</u>	<u>100</u>	<u>6,190,939</u>	<u>100</u>	<u>6,596,912</u>	<u>100</u>

((See accompanying notes to consolidated financial statements.))

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars, except for Earnings per Share)

		For the three months ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	Revenues (notes 6(18) and 7)	\$ 443,528	100	760,834	100
5000	Cost of Goods Sold (notes 6(5)、(13)、(17)、7 and 12)	<u>281,483</u>	<u>63</u>	<u>394,440</u>	<u>52</u>
	Gross profits	162,045	37	366,394	48
5910	Unrealized gross profits on sales to associates	<u>(36,379)</u>	<u>(8)</u>	<u>(30,256)</u>	<u>(4)</u>
	Realized gross profits	<u>198,424</u>	<u>45</u>	<u>396,650</u>	<u>52</u>
	Operating expenses (notes 6(17) and 12) :				
6100	Selling	32,138	7	37,969	5
6200	General and administrative	77,899	18	83,703	11
6300	Research and development	200,927	45	231,286	30
6450	Expected credit impairment loss (reversal gain) (note 6(4))	<u>(51,880)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>
		<u>259,084</u>	<u>58</u>	<u>352,958</u>	<u>46</u>
	Operating income (loss)	<u>(60,660)</u>	<u>(13)</u>	<u>43,692</u>	<u>6</u>
	Non-operating income and expenses:				
7020	Other gains and losses (notes 6(19) and 7)	27,290	6	18,194	2
7060	Investment income accounted for using equity method (note 6(7))	(16,466)	(4)	(23,357)	(3)
7100	Interest income	9,359	2	7,355	1
7510	Interest expense	<u>(6,065)</u>	<u>(1)</u>	<u>(309)</u>	<u>-</u>
		<u>14,118</u>	<u>3</u>	<u>1,883</u>	<u>-</u>
	Income (loss) before income tax	<u>(46,542)</u>	<u>(10)</u>	<u>45,575</u>	<u>6</u>
7950	Income tax (note 6(14))	<u>24</u>	<u>-</u>	<u>7,511</u>	<u>1</u>
	Net income (loss)	<u>(46,566)</u>	<u>(10)</u>	<u>38,064</u>	<u>5</u>
8300	Other comprehensive income :				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(3))	<u>(235,234)</u>	<u>(53)</u>	<u>107,893</u>	<u>14</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of financial statements of foreign affiliates	29,811	7	8,253	1
8371	Exchange differences on translation of financial statements of invested associates accounted for using equity method (note 6(7))	11,429	2	4,389	1
8399	Less : Income tax relating to items that may be reclassified subsequently (note 6(14))	<u>8,028</u>	<u>2</u>	<u>2,468</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>33,212</u>	<u>7</u>	<u>10,174</u>	<u>2</u>
8300	Other comprehensive income (loss)	<u>(202,022)</u>	<u>(46)</u>	<u>118,067</u>	<u>16</u>
	Total comprehensive income (loss)	<u>\$ (248,588)</u>	<u>(56)</u>	<u>156,131</u>	<u>21</u>
	Net income attributable to:				
8610	Shareholders of the parent	\$ (45,291)	(10)	36,746	5
8620	Non-controlling interests	<u>(1,275)</u>	<u>-</u>	<u>1,318</u>	<u>-</u>
		<u>\$ (46,566)</u>	<u>(10)</u>	<u>38,064</u>	<u>5</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the parent	\$ (248,413)	(56)	154,509	21
8720	Non-controlling interests	<u>(175)</u>	<u>-</u>	<u>1,622</u>	<u>-</u>
		<u>\$ (248,588)</u>	<u>(56)</u>	<u>156,131</u>	<u>21</u>
	Earnings per share (New Taiwan Dollars) (note 6(16))				
9750	Basic earnings per share	<u>\$ (0.20)</u>		<u>0.16</u>	
9850	Diluted earnings per share	<u>\$ (0.20)</u>		<u>0.16</u>	

(See accompanying notes to consolidated financial statements.)

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Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

	Equity attributed to shareholders of the parent											
	Retained earnings						Total other equity interest			Total equity attributed to shareholders of the parent	Non-controlling interests	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments measured at fair value through other comprehensive income	Total other equity interest			
Balance as of January 1, 2023	\$ 2,261,682	142,309	955,160	2,642	1,114,632	2,072,434	(29,710)	232,282	202,572	4,678,997	65,644	4,744,641
Net income for the period	-	-	-	-	36,746	36,746	-	-	-	36,746	1,318	38,064
Other comprehensive income for the period	-	-	-	-	-	-	9,870	107,893	117,763	117,763	304	118,067
Total comprehensive income for the period	-	-	-	-	36,746	36,746	9,870	107,893	117,763	154,509	1,622	156,131
Balance as of March 31, 2023	\$ 2,261,682	142,309	955,160	2,642	1,151,378	2,109,180	(19,840)	340,175	320,335	4,833,506	67,266	4,900,772
Balance as of January 1, 2024	\$ 2,261,682	142,309	1,066,622	2,541	210,730	1,279,893	(58,929)	414,843	355,914	4,039,798	59,817	4,099,615
Net income for the period	-	-	-	-	(45,291)	(45,291)	-	-	-	(45,291)	(1,275)	(46,566)
Other comprehensive income for the period	-	-	-	-	-	-	32,112	(235,234)	(203,122)	(203,122)	1,100	(202,022)
Total comprehensive income for the period	-	-	-	-	(45,291)	(45,291)	32,112	(235,234)	(203,122)	(248,413)	(175)	(248,588)
Appropriation and distribution of retained earnings:												
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,835)	(2,835)
Balance as of March 31, 2024	\$ 2,261,682	142,309	1,066,622	2,541	165,439	1,234,602	(26,817)	179,609	152,792	3,791,385	56,807	3,848,192

(See accompanying notes to consolidated financial statements.)

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Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Income (loss) before income tax	\$ (46,542)	45,575
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	18,155	19,779
Amortization	22,794	16,390
Expected credit impairment loss (reversal gain)	(51,880)	-
Interest expense	6,065	309
Interest income	(9,359)	(7,355)
Investment loss accounted for using equity method	16,466	23,357
Unrealized gross profit on sales to associates	(36,379)	(30,256)
Other items not affecting cash flows, net	3,432	2,293
Changes in operating assets and liabilities:		
Financial assets measured at fair value through profit or loss	73,793	(91,193)
Notes and accounts receivable (including related parties)	67,777	254,386
Inventories	94,929	(206,241)
Other operating assets	(6,697)	(23,589)
Notes and accounts payable (including related parties)	49,708	(215,272)
Advance receipts	2,969	3,070
Net defined benefit liability	(8,634)	(15,535)
Other operating liabilities	(92,379)	(165,424)
Cash flows from (used in) operations	104,218	(389,706)
Interest received	11,900	10,856
Dividends received	5,180	-
Interest paid	(6,065)	(309)
Income tax paid	(228)	(4,977)
Net cash flows from (used in) operating activities	115,005	(384,136)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(9,500)
Acquisitions of property, plant and equipment	(1,006)	(82,525)
Decrease in Guarantee deposit paid	112	-
Acquisition of intangible assets	(26,281)	(16,825)
(Increase) Decrease in other financial assets	(136,520)	849,597
Increase in other non-current assets	(10,856)	(3,623)
Net cash flows (used in) from investing activities	(174,551)	737,124
Cash flows from financing activities:		
(Decrease) Increase in Guarantee deposit received	(22)	200
Payments of lease liabilities	(4,994)	(5,707)
Change in non-controlling interests	(2,835)	-
Net cash flows used in financing activities	(7,851)	(5,507)
Effect of foreign exchange changes	5,021	2,713
Net (decrease) increase in cash and cash equivalents	(62,376)	350,194
Cash and cash equivalents at the beginning of period	831,410	933,978
Cash and cash equivalents at the end of period	\$ 769,034	1,284,172

(See accompanying notes to consolidated financial statements.)

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Holtek Semiconductor Inc. and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2024 and 2023

(Amounts expressed in thousands of New Taiwan Dollars,
except for per share information and unless otherwise noted)

1. Organization

Holtek Semiconductor Inc. (“the Company”) was incorporated on October 1, 1998, as a company limited by shares under the laws of the Republic of China (“ROC”) and the ROC Statute for the Establishment and Administration of the Science-Based Industrial Park. The Company began operations on December 11, 1998. The Company established a Hong Kong branch in April 2000. The shares of the Company have been listed on the Taipei Exchange (“TPEX”) since November 4, 2002, and then listed on the Taiwan Stock Exchange (“TWSE”) since September 27, 2004.

The Company and its subsidiaries (collectively as “the Group”) are engaged mainly in the research, development, production, manufacture and sales of integrated circuits.

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2024.

3. New Standards, Amendments and Interpretations Adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023 :

- 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 IFRS16 “*Lease Liability in a Sale and Leaseback*”

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(2) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>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 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 (MPMs): 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. 	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated 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*”
- Amendments to IFRS 17 “*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*”
- Amendments to IAS21 “*Lack of Exchangeability*”

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

4 、 Summary of Significant Accounting Policies

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “*Interim Financial Reporting*” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Principles of preparation of the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2023. Refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2023.

B. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership at,		
			March 31,2024	December 31, 2023	March 31,2023
the Company	MCU Holdings Ltd. (MCU)	Investment holding company	100%	100%	100%
the Company	Holtek Semiconductor Holding (BVI) Ltd. (Holtek BVI)	Investment holding company	100%	100%	100%
the Company	Sigmos Holdings Ltd. (Sigmos)	Investment holding company	100%	100%	100%
the Company	Kingtek Semiconductor Holding (BVI) Ltd. (Kingtek BVI)	Investment holding company	100%	100%	100%
the Company	Holtek Investment Co., Ltd. (Holtek Investment)	Specialized investment corporation	100% (Note 3)	100%	100%
MCU	Best Health Electronics Corp. (Best Health)	Investment holding company	75%	75%	75%
Best Health	Best Health Electronics (Dongguan) Corporation	Manufacturing, sales and technical services	100%	100%	100%

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership at,		
			March 31, 2024	December 31, 2023	March 31, 2023
Best Health	Best Health Electronics HK Limited (Best Health HK)	Manufacturing, sales and technical services	100%	100%	100%
MCU	Anchip Technology Corporation (Anchip)	Investment holding company	60%	60%	60%
Anchip	Anchip Technology (Dongguan) Corporation	Manufacturing, sales and technical services	100%	100%	100%
MCU	Best Driver-tech Corporation. (Best Driver-tech)	Investment holding company	80%	80%	80%
Best Driver-tech	Best Driver-tech (Hangzhou) Corporation.	Manufacturing, sales and technical services	100%	100%	100%
MCU	Best Module-tech Corporation. (Best Module-tech)	Investment holding company	100%	100%	100%
Best Module-tech	Best Module-tech (Xiamen) Corporation.	Manufacturing, sales and technical services	100%	100%	100%
Holtek BVI	Xinqun Semiconductor (XIAMEN) Inc. (Xinqun)	Manufacturing, sales and technical services	100% (Note 3)	100% (Note 3)	100% (Note 3)
Holtek BVI	Holtek Semiconductor (China) Inc.	Manufacturing, sales and technical services	100% (Note 3)	100% (Note 3)	100% (Note 3)
Sigmos	Holtek Semiconductor (USA) Inc. (Holtek (USA))	Manufacturing, sales and technical services	100%	100%	100%
Kingtek BVI	Holtek Semiconductor (Suzhou) Inc	Manufacturing, sales and technical services	100% (Note 3)	100%	100%
the Company and Holtek Investment	Holtek Semiconductor (INDIA) Private Ltd. (Holtek INDIA)	Manufacturing, sales and technical services	100% (Note 1)	100% (Note 1)	100% (Note 1)
Holtek Investment	Best Solution Technology Inc. (Best Solution)	Manufacturing, sales and technical services	54.75% (Note 2)	54.75% (Note 2)	54.75% (Note 2)
Best Solution	Best Solution Electronics Inc. (Best Solution BVI)	Investment holding company	100%	100%	100%
Best Solution BVI	Best Solution Technology (Dongguan) Inc.	Manufacturing, sales and technical services	100%	100%	100%
Holtek Investment	Best Modules Corp. (Best Modules)	Manufacturing, sales and technical services	100%	100%	100%
Best Modules	Best Modules (BVI) Corp. (Best Modules BVI)	Investment holding company	100%	100%	100%

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership at,		
			March 31, 2024	December 31, 2023	March 31, 2023
Best Modules BVI	Best Modules Electronic Commerce (Xiamen) Corp.	Manufacturing, sales and technical services	100%	100%	100 %
Holtek Investment	BestComm RF Electronics Inc. (BestComm)	Manufacturing, sales and technical services	100%	100%	100%
BestComm	BestComm RF Electronics (BVI) Inc. (BestComm BVI)	Investment holding company	100%	100%	100%
BestComm BVI	BestComm RF Electronics (Dongguan) Inc.	Manufacturing, sales and technical services	100%	100%	100%

Note 1 : The combined shareholding ratio is calculated both 99.9% owned by Holtek Investment and 0.1% owned by the Company.

Note 2 : The combined shareholding ratio is calculated both 40% owned by Holtek Investment directly and 36.875% indirectly held by the associate company which Holtek Investment owns its 40% shareholdings.

Note 3 : The financial statements have been reviewed, the other non-significant subsidiary have not been reviewed.

C. List of subsidiaries which are not included in the consolidated financial statements: None.

(3) Income tax

The Group measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, *Interim Financial Reporting*.

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate, and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

(4) Employee benefits

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

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

5 、 Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, *Interim Financial Reporting*, as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions 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.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2023.

6 、 Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in note 6 of the consolidated financial statements for the year ended December 31, 2023.

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash and cash in bank	\$ 514,963	505,353	583,350
Time deposits	254,071	326,057	700,822
	<u>\$ 769,034</u>	<u>831,410</u>	<u>1,284,172</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Beneficiary certificates	<u>\$ 162,187</u>	<u>236,652</u>	<u>333,364</u>

A. Please refer to note 6(20) for the sensitivity analysis, fair value and market risk.

B. The Group's financial assets above were not pledged as collateral.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(3) Equity instruments at FVOCI- non-current

	March 31, 2024	December 31, 2023	March 31, 2023
Equity securities – unlisted company			
Shieh Yong Investment Co., Ltd. (Shieh Yong)	\$ 384,680	599,353	561,189
Unitech Capital Inc. (Unitech)	47,925	67,053	53,358
Precision Sensor Design Inc. (Precision)	11,972	13,141	5,341
Gingy Technology Corporation. (Gingy)	<u>-</u>	<u>264</u>	<u>616</u>
	<u>\$ 444,577</u>	<u>679,811</u>	<u>620,504</u>

The purpose that the Company invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of March 31, 2024 and 2023.

A. Please refer to note 6(20) for the sensitivity analysis, fair value and market risk.

B. The Group's financial assets above were not pledged as collateral.

(4) Notes and accounts receivable, net (including related parties)

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 3,130	4,597	2,766
Accounts receivable	49,118	45,363	78,972
Receivables from related parties	<u>264,435</u>	<u>330,902</u>	<u>703,739</u>
	316,683	380,862	785,477
Less: allowance for doubtful accounts	<u>(4,561)</u>	<u>(55,895)</u>	<u>(121,147)</u>
	<u>\$ 312,122</u>	<u>324,967</u>	<u>664,330</u>

The Group applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for notes and accounts receivable. The ECL on notes and accounts receivable by reference to past default experience of the customers and credit risk characteristics, as well as forward looking information.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

The loss allowance was determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Not past due	\$ 284,812	0.5%~1.5%	1,756
Past due 0~90days	31,494	7.71%	2,428
Past due more than 90days	377	100%	377
	<u>\$ 316,683</u>		<u>4,561</u>

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Not past due	\$ 303,874	0.5%~7.0%	20,750
Past due 0~90days	57,242	30.03%	17,189
Past due more than 90days	12,966	100%	12,966
	<u>\$ 374,082</u>		<u>50,905</u>

Individual customers' accounts receivable amounted to \$6,780 as of December 31, 2023, which has been assessed as having default risk. Therefore, the Group provides the loss allowance for the customer amounted to \$4,990 as of December 31, 2023.

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Not past due	\$ 596,464	0.5%~3.5%	18,603
Past due 0~90days	102,431	15.58%	15,962
Past due more than 90days	86,582	100%	86,582
	<u>\$ 785,477</u>		<u>121,147</u>

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

	For the three months ended March 31,	
	2024	2023
Beginning balance	\$ 55,895	120,747
Impairment losses recognized (reversal gains)	(51,880)	-
Effect of foreign exchange changes	546	400
Ending balance	<u>\$ 4,561</u>	<u>121,147</u>

The Group did not provide any notes and accounts receivable as collateral for its loans.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(5) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 996,279	1,101,841	992,763
Work in process	343,785	357,622	510,487
Finished goods and merchandise inventories	163,621	133,685	528,044
	<u>\$ 1,503,685</u>	<u>1,593,148</u>	<u>2,031,294</u>

The details of operating costs were as follows:

	For the three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 279,187	392,582
Cost of scrap materials	2,296	1,858
	<u>\$ 281,483</u>	<u>394,440</u>

The Group did not provide any inventories as collateral for its loans.

(6) Other financial assets — current

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits (more than 3 months)	\$ 1,402,997	1,259,611	353,429
Restricted cash in banks	9,024	9,024	8,918
Others	21,757	11,911	11,561
	<u>\$ 1,433,778</u>	<u>1,280,546</u>	<u>373,908</u>

No impairment loss of other financial assets-current were occurred and recognized for the three months ended March 31, 2024 and 2023.

Please refer to note 6 (20) for further information of credit risk.

(7) Investments accounted for using equity method

Investments in equity-accounted investees at the reporting dates consisted of the following:

	March 31, 2024	December 31, 2023	March 31, 2023
Total amount of equities in associates	\$ 597,674	614,263	734,181
Less: unrealized gross profits on sales to associates	(87,213)	(123,592)	(302,034)
	<u>\$ 510,461</u>	<u>490,671</u>	<u>432,147</u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

There is no individually significant associate for the Group. The following table summarized the amount recognized by the Group at its share of those associates:

	For the three months ended March 31,	
	2024	2023
Other comprehensive income attributable to the Group:		
Net income (loss) from continuing operation	\$ (16,466)	(23,357)
Other comprehensive income	11,429	4,389
Total comprehensive income	<u><u>\$ (5,037)</u></u>	<u><u>(18,968)</u></u>

The Group received dividends of \$5,180 and \$0 from the equity method during the three months ended March 31, 2024 and 2023, respectively.

The Group did not provide any investment accounted for using equity method as collaterals for its loans.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
Balance on January 1, 2024	\$ 26,676	625,069	366,072	126,692	1,144,509
Additions	-	284	-	722	1,006
Disposals	-	-	(6,351)	(825)	(7,176)
Effect of foreign exchange changes	-	6,943	2,358	1,277	10,578
Balance on March 31, 2024	<u><u>\$ 26,676</u></u>	<u><u>632,296</u></u>	<u><u>362,079</u></u>	<u><u>127,866</u></u>	<u><u>1,148,917</u></u>
Balance on January 1, 2023	\$ 26,676	523,653	393,425	113,260	1,057,014
Additions	-	78,778	2,795	952	82,525
Disposals	-	-	(342)	(135)	(477)
Effect of foreign exchange changes	-	1,302	744	299	2,345
Balance on March 31, 2023	<u><u>\$ 26,676</u></u>	<u><u>603,733</u></u>	<u><u>396,622</u></u>	<u><u>114,376</u></u>	<u><u>1,141,407</u></u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

	Land	Buildings	Machinery and equipment	Other equipment	Total
Accumulated depreciation:					
Balance on January 1, 2024	\$ -	324,026	314,861	94,065	732,952
Depreciation for the period	-	4,557	6,049	2,391	12,997
Disposals	-	-	(5,775)	(749)	(6,524)
Effect of foreign exchange changes	-	1,944	1,796	770	4,510
Balance on March 31, 2024	<u><u>\$ -</u></u>	<u><u>330,527</u></u>	<u><u>316,931</u></u>	<u><u>96,477</u></u>	<u><u>743,935</u></u>
Balance on January 1, 2023	\$ -	315,875	318,604	96,292	730,771
Depreciation for the period	-	3,892	8,499	1,666	14,057
Disposals	-	-	(337)	(84)	(421)
Effect of foreign exchange changes	-	464	555	244	1,263
Balance on March 31, 2023	<u><u>\$ -</u></u>	<u><u>320,231</u></u>	<u><u>327,321</u></u>	<u><u>98,118</u></u>	<u><u>745,670</u></u>
Carrying amount:					
Balance on January 1, 2024	<u><u>\$ 26,676</u></u>	<u><u>301,043</u></u>	<u><u>51,211</u></u>	<u><u>32,627</u></u>	<u><u>411,557</u></u>
Balance on March 31, 2024	<u><u>\$ 26,676</u></u>	<u><u>301,769</u></u>	<u><u>45,148</u></u>	<u><u>31,389</u></u>	<u><u>404,982</u></u>
Balance on January 1, 2023	<u><u>\$ 26,676</u></u>	<u><u>207,778</u></u>	<u><u>74,821</u></u>	<u><u>16,968</u></u>	<u><u>326,243</u></u>
Balance on March 31, 2023	<u><u>\$ 26,676</u></u>	<u><u>283,502</u></u>	<u><u>69,301</u></u>	<u><u>16,258</u></u>	<u><u>395,737</u></u>

The Group did not provide any property, plant and equipment as collaterals for its loans.

(9) Right-of-use assets

	Land	Buildings	Total
Carrying amount :			
Balance at January 1, 2024	<u><u>\$ 52,277</u></u>	<u><u>53,589</u></u>	<u><u>105,866</u></u>
Balance at March 31, 2024	<u><u>\$ 51,508</u></u>	<u><u>49,201</u></u>	<u><u>100,709</u></u>
Balance at January 1, 2023	<u><u>\$ 55,352</u></u>	<u><u>30,450</u></u>	<u><u>85,802</u></u>
Balance at March 31, 2023	<u><u>\$ 54,584</u></u>	<u><u>37,443</u></u>	<u><u>92,027</u></u>

There were no significant additions, disposal for the three months ended March 31, 2024 and 2023. Information on depreciation for the period is discussed in Note 12. For other related information, please refer to note 6(9) of the consolidated financial statement for the year ended December 31, 2023.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(10) Intangible assets

	Computer Software	Acquired Special Technology	Total
Carrying amount :			
Balance at January 1, 2024	\$ <u>22,482</u>	<u>512</u>	<u>22,994</u>
Balance at March 31, 2024	\$ <u>26,495</u>	<u>-</u>	<u>26,495</u>
Balance at January 1, 2023	\$ <u>16,837</u>	<u>6,661</u>	<u>23,498</u>
Balance at March 31, 2023	\$ <u>18,815</u>	<u>5,124</u>	<u>23,939</u>

There were no significant additions, disposal for the three months ended March 31, 2024 and 2023. Information on amortization for the period is discussed in Note 12. For other related information, please refer to note 6(10) of the consolidated financial statement for the year ended December 31, 2023.

The Group did not provide any intangible assets as collaterals for its loans.

(11) Short-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ <u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Unused short-term credit lines	\$ <u>1,200,000</u>	<u>1,200,000</u>	<u>154,700</u>
Range of interest rates	<u>1.85%~1.93%</u>	<u>1.85%~1.93%</u>	<u>-</u>

The Group did not provide any short-term loans as collaterals for its loans.

(12) Lease liabilities

The amount of lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ <u>19,158</u>	<u>19,472</u>	<u>17,606</u>
Non-current	\$ <u>84,118</u>	<u>88,798</u>	<u>76,755</u>

For the maturity analysis, please refer to note 6(20).

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 368</u>	<u>309</u>
Expenses relating to short-term leases	<u>\$ 2,122</u>	<u>2,238</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 125</u>	<u>161</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 7,609</u>	<u>8,415</u>

As of March 31, 2024 and 2023, the Group leases land and buildings for its office space. The leases of land typically run for a period of 20 years, and of buildings for 2 to 20 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.

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The rental amount of the land contract shall be adjusted by the fluctuation of the current land value in the local area and the amortized expenditures used in public infrastructures.

(13) Employee benefits

Given there was no significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31, 2023 and 2022.

For information related to the Group's pension costs, please refer to note 12.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(14) Income tax.

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate as forecasted by the management.

The amount of income tax expenses was as follows:

	For the three months ended March 31,	
	2024	2023
Current income tax expense		
Current period	\$ 24	7,511

The amount of income tax expense (benefit) recognized in other comprehensive income was as follows:

	For the three months ended March 31,	
	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign affiliates	\$ 5,962	1,651
Exchange differences on translation of financial statements of invested associates accounted for using equity method	2,066	817
	\$ 8,028	2,468

The tax authorities have assessed the Company's income tax returns through 2021.

(15) Capital and other equity interest

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2024 and 2023. For related information about the shareholders' equity, please refer to note 6(15) of the consolidated financial statements for the year ended December 31, 2023.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

Retained earnings

According to the Company's Articles of Incorporation, if the Company has profit as a result of the accounting year, the Company shall first pay taxes, offset its losses in previous years and set aside a legal reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. Any rest balance, added to the accumulated undistributed earnings in previous years, shall be allocated by board of directors and shall be approved in shareholders' meeting.

The amount of dividends distributed to shareholders shall be no less than 50% of the distributable earnings of the year and no less than 50% of the shareholder's dividends shall be in the form of cash.

In accordance with the guidelines of the above Ruling and the Financial Supervisory Securities Corporate No. 1010012865. on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The following are the appropriation of earnings in 2023 and 2022 which were presented for a resolution in the Board of Directors' meeting held on March 7, 2024 and approved during the shareholders' meeting held on May 24, 2023, respectively:

	2023		2022	
	NT dollars per share	Total amount	NT dollars per share	Total amount
Cash dividends distributed to ordinary shareholders:	<u>\$ 0.4500</u>	<u>101,776</u>	<u>4.0000</u>	<u>904,673</u>

The above appropriation of earnings in 2023 is yet to be resolved by the shareholders' meeting. The information is available on the Market Observation Post System website.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(16) Earnings per share

The Company's calculation of basic earnings per share was as follows:

	For the three months ended March 31,	
	2024	2023
Basic earnings per share:		
Net income (loss) for the period	<u><u>\$ (45,291)</u></u>	<u><u>36,746</u></u>
Weighted-average number of ordinary shares outstanding during the year (in thousands)	<u><u>226,168</u></u>	<u><u>226,168</u></u>
Basic earnings per share (NT dollars)	<u><u>\$ (0.20)</u></u>	<u><u>0.16</u></u>
Diluted earnings per share:		
Net income (loss) for the period	<u><u>\$ (45,291)</u></u>	<u><u>36,746</u></u>
Weighted-average number of ordinary shares outstanding during the year (in thousands)	226,168	226,168
Effect of potential diluted ordinary shares (in thousands)	-	232
Weighted-average number of ordinary shares outstanding during the year (diluted) (in thousands)	<u><u>226,168</u></u>	<u><u>226,400</u></u>
Diluted earnings per share (NT dollars)	<u><u>\$ (0.20)</u></u>	<u><u>0.16</u></u>

Since the Company incurred net loss for the years ended March 31, 2024, there were no potential ordinary shares with dilutive effect for the period.

(17) Remuneration to employees and directors

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company shall distribute 5~15% of profit of the current year distributable as employees' compensation and no more than 1.5% of profit of the current year distributable as remuneration of directors and supervisors. However, the Company's accumulated losses shall have been covered.

The remunerations to employees amounted to \$0 and \$5,252, and the remunerations to directors amounted to \$0 and \$625 for the years ended March 31, 2024 and 2023, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under cost of goods sold or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

as changes in accounting estimates and will be reflected in profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing market price of the shares on the day preceding the board of directors' meeting.

Remuneration to employees and directors for 2023 in the amounts of \$8,504 and \$1,012, respectively. The aforementioned approved amounts are the same as the amounts charged against earnings of 2023. Remuneration to employees and directors for 2022 in the amounts of \$160,430 and \$19,099, respectively, which were paid in cash. The aforementioned approved amounts are the same as the amounts charged against earnings of 2022. The information is available on the Market Observation Post System website.

(18) Revenue from Contracts with Customers

A. Segmentation of revenue

	For the three months ended March 31,	
	2024	2023
Revenues from major regional markets:		
China	\$ 311,646	439,176
Taiwan	54,024	98,522
Others	77,858	223,136
	<u>\$ 443,528</u>	<u>760,834</u>
Revenue from major products:		
Sales of integrated circuits	\$ 440,478	758,315
Design and IC programming	3,050	2,519
	<u>\$ 443,528</u>	<u>760,834</u>

B. Contract balance

Please refer to note 6(4) for the amount of accounts receivables and impairment loss.

(19) Non-operating income and expenses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2024	2023
Foreign exchange gains, net	\$ 14,775	5,869
Others	12,515	12,325
	<u>\$ 27,290</u>	<u>18,194</u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(20) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk liquidity risk and market risk. For related information about the fair value of financial instruments, please refer to note 6(20) of the consolidated financial statements for the year ended December 31, 2023.

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main sales of the Group are domestic and foreign companies with good reputation, in addition to the credit line according to the operation procedures, and continue to understand the credit status of customers. As of March 31, 2024 and December 31, 2023, and March 31, 2023 customers (including related parties) who notes and accounts receivables that accounted for more than 10% have amounted to \$168,271, \$186,894 and \$216,602, respectively. The Group have concentration of credit risk arising from sales transactions. The Group have estimated the recoverable amount and recognized allowance for doubtful accounts, the management expected that no significant impairment loss will occurred.

(c) Credit risk of Receivables

For credit risk exposure of note and trade receivables, please refer to note 6(4).

Other financial assets at amortized cost include time deposits (more than 3 months) and restricted cash in banks. The details and loss allowance, please refer to note 6(6).

The above financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7) of the consolidated financial statements for the year ended December 31, 2023.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, except for salary and bonus payable and other current liabilities:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
March 31, 2024				
Non-derivative financial liabilities				
Short-term loans	\$ 1,000,000	1,010,594	1,010,594	-
Notes and accounts payables (including related parties)	194,103	194,103	194,103	-
Salary and bonus payable	232,045	232,045	232,045	-
Accrued expenses (recorded in other current liabilities)	32,999	32,999	32,999	-
Guarantee deposit received	51,425	51,425	-	51,425
Lease liabilities	<u>103,276</u>	<u>112,241</u>	<u>20,461</u>	<u>91,780</u>
	<u>\$ 1,613,848</u>	<u>1,633,407</u>	<u>1,490,202</u>	<u>143,205</u>
December 31, 2023				
Non-derivative financial liabilities				
Short-term loans	\$ 1,000,000	1,013,504	1,013,504	-
Notes and accounts payables (including related parties)	138,600	138,600	138,600	-
Salary and bonus payable	314,949	314,949	314,949	-
Accrued expenses (recorded in other current liabilities)	39,817	39,817	39,817	-
Guarantee deposit received	51,361	51,361	-	51,361
Lease liabilities	<u>108,270</u>	<u>117,604</u>	<u>20,843</u>	<u>96,761</u>
	<u>\$ 1,652,997</u>	<u>1,675,835</u>	<u>1,527,713</u>	<u>148,122</u>
March 31, 2023				
Non-derivative financial liabilities				
Notes and accounts payables (including related parties)	\$ 451,429	451,429	451,429	-
Salary and bonus payable	397,864	397,864	397,864	-
Accrued expenses (recorded in other current liabilities)	54,415	54,415	54,415	-
Guarantee deposit received	22,930	22,930	-	22,930
Lease liabilities	<u>94,361</u>	<u>103,994</u>	<u>18,781</u>	<u>85,213</u>
	<u>\$ 1,020,999</u>	<u>1,030,632</u>	<u>922,489</u>	<u>108,143</u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

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

C. Market risk

Currency risk

(a) Exposure to currency risk

The Group's financial assets and liabilities exposed to exchange rate risk were as follows:

	March 31, 2024				December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate		NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	11,004	31.95	351,568	10,617	30.665	325,466	12,331	30.40	374,864
RMB		82,345	4.3864	361,196	44,834	4.2998	192,779	98,918	4.4068	435,910
<u>Non-monetary items</u>										
USD	\$	14,724	31.95	470,433	15,792	30.665	484,095	19,028	30.40	578,463
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	\$	2,487	31.95	79,468	1,672	30.665	51,240	10,981	30.40	333,814
RMB		2,022	4.3864	8,868	1,508	4.2998	6,486	2,920	4.4068	12,869

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, and accounts payable that are denominated in foreign currency. A fluctuation in the NTD/USD and NTD/RMB exchange rate on the reporting date, with other factors remaining constant, would have increased or decreased the net income amounted to \$4,995 and \$3,713 for the three months ended March 31, 2024 and 2023, respectively.

(c) Foreign exchange gains (losses) on monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign exchange gains (losses) on monetary items amounted to \$14,775 and \$5,869 for the three months ended March 31, 2024 and 2023, respectively.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(d) Other price risk

For the years ended December 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

Prices of securities at the reporting date	For the three months ended March 31,			
	2024		2023	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
1% increase	\$ 3,557	1,297	4,964	2,667
1% decrease	\$ (3,557)	(1,297)	(4,964)	(2,667)

D. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income is measured on a recurring basis. The Group's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts and equity investments which cannot be estimated reliably in an active market) were as follows:

	March 31, 2024				
	Carrying amount	Fair value			
		Level1	Level2	Level3	Total
Financial assets measured at fair value through profit or loss	\$ 162,187	162,187	-	-	162,187
Financial assets measured at fair value through other comprehensive income	444,577	-	-	444,577	444,577
	<u>\$ 606,764</u>	<u>162,187</u>	<u>-</u>	<u>444,577</u>	<u>606,764</u>
	December 31, 2023				
	Carrying amount	Fair value			
		Level1	Level2	Level3	Total
Financial assets measured at fair value through profit or loss	\$ 236,652	236,652	-	-	236,652
Financial assets measured at fair value through other comprehensive income	679,811	-	-	679,811	679,811
	<u>\$ 916,463</u>	<u>236,652</u>	<u>-</u>	<u>679,811</u>	<u>916,463</u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

March 31, 2023					
	Carrying amount	Fair value			
		Level1	Level2	Level3	Total
Financial assets measured at fair value through profit or loss	\$ 333,364	333,364	-	-	333,364
Financial assets measured at fair value through other comprehensive income	620,504	-	-	620,504	620,504
	<u>\$ 953,868</u>	<u>333,364</u>	<u>-</u>	<u>620,504</u>	<u>953,868</u>

(b) Valuation techniques for financial instruments that are measured at fair value

- The Group's valuation techniques and assumptions used for financial instruments of financial assets with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.
- The Group's financial assets at the equity investment without an active market were as follows:

Unquoted equity instruments : The Group invests companies. Asset value method is used to reflect corporate value by evaluating the aggregate value of individual assets and individual liabilities from the target of evaluation. For other investment the market price is established as the fair value if the quoted prices in active markets are available. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

(c) There was no transfer of fair value level as of March 31, 2024 and 2023.

(d) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI—equity investments.

The Group classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs.

The significant unobservable inputs of the equity investments without an active market are independent; therefore, there is no correlation between them.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI -equity investments without an active market	Market approach (Compared to the price-equity ratio of market practice among listed companies)	<ul style="list-style-type: none"> • Price-equity ratio (2024.3.31 、 2023.12.31 and 2023.03.31: 1.44% 、 1.32%~1.42% and 0.97%~1.31%, respectively.) • Discount for lack of marketability (2024.3.31 、 2023.12.31 and 2023.03.31:25%) 	<ul style="list-style-type: none"> • The higher the price-equity ratio, the higher the fair value. • The higher the discount for lack of marketability, the lower the fair value.
Financial assets at FVOCI -equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Discount for lack of marketability (2024.3.31 、 2023.12.31 and 2023.03.31: 20% 、 10% and 10%) • Discount for non-controlling interests (2024.3.31 、 2023.12.31 and 2023.03.31: 20% 、 0% and 0%) 	<ul style="list-style-type: none"> • Not applicable • The higher the discount for lack of marketability, the lower the fair value. • The higher the discount for non-controlling interests which don't have significant influence, the lower the fair value.

(e) Reconciliation for fair value measurements categorized within Level 3

	Financial assets measured at FVOCI — equity investments	
	For the three months ended March 31,	
	2024	2023
Balance at beginning of the period	\$ 679,811	503,111
Additions	-	9,500
Net (loss) gains included in other comprehensive income	(235,234)	107,893
Balance at end of the period	\$ 444,577	620,504

Net gains or loss that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income for the years ended March 31, 2024 and 2023.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(21) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2023. For related information about the financial risk management, please refer to note 6(21) of the consolidated financial statements for the year ended December 31, 2023.

(22) Capital management

The Group's objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2023. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2023. For related information about the capital management, please refer to note 6(22) of the consolidated financial statements for the year ended December 31, 2023.

(23) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow, were as follows:

A. Acquisition of right-of-use assets at leases, please refer to notes 6(9).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flow	Other	March 31, 2024
Lease liabilities	\$ 108,270	(4,994)	-	103,276
Guarantee deposit received	51,361	(22)	86	51,425
Short-term loans	1,000,000	-	-	1,000,000
Total liabilities from financing activities	<u>\$ 1,159,631</u>	<u>(5,016)</u>	<u>86</u>	<u>1,154,701</u>

	January 1, 2023	Cash flow	Other	March 31, 2023
Lease liabilities	\$ 88,121	(5,707)	11,947	94,361
Guarantee deposit received	22,696	200	34	22,930
Total liabilities from financing activities	<u>\$ 110,817</u>	<u>(5,507)</u>	<u>11,981</u>	<u>117,291</u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

7 、 Related-party Transactions

(1) Names and relationship with related parties

The followings are the related parties which had transaction with the Group during the periods covered in the consolidated financial statements.

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Crown Rich Technology Holding Ltd. (Crown Rich)	An associate of the Group
Fine Chip Electronics Inc. (Fine Chip)	An associate of the Group
ForIC Electronics Holding Ltd. (ForIC)	An associate of the Group
JXY Electronics Corporation (JXY)	An associate of the Group
New Wave Electronics Holding Ltd. (New Wave)	An associate of the Group
Newtek Electronics Ltd. (Newtek)	An associate of the Group
Quanding Technology Holding Ltd.(Quanding)	An associate of the Group
Santek Holdings Ltd.(Santek)	An associate of the Group
Truetek Technology Ltd.(Truetek)	An associate of the Group
Signal Electronic Co., Ltd. (Signal)	An associate of the Group
Tech Wave Ltd. (Tech Wave)	An associate of the Group
ETEK Technology Company Ltd. (ETEK)	An associate of the Group
EST Technology Integration Corp. (EST)	An associate of the Group, but Holtek Investment had sold its equity in July, 2023
Bestway Electronic Inc.(Bestway)	An associate of the Group, which had reduced its capital in May, 2023

(2) Significant related-party transactions

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended March 31,	
	2024	2023
Signal	\$ 69,887	213,512
Crown Rich	58,567	62,375
Associates	170,348	170,497
	<u>\$ 298,802</u>	<u>446,384</u>

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

The Group will determine selling price by product type specification, and offer different discount based on the quantity. The credit terms for sales transactions for related parties ranged 60 days. While the credit terms for routine sales transactions, which are usually decided upon the experiences and the result form credit evaluation, can be varied from advance payment, T/T on demand, or 30 to 60 days on open account.

As for the years ended March 31, 2024, and December 31 and March 31, 2023, the Group recognized unrealized gross profits of sales to associates amounting to \$87,213, \$123,592 and \$302,034, respectively.

The receivables from related parties (including allowance for doubtful accounts) were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Signal	\$ 50,978	89,411	216,602
Crown Rich	44,141	26,935	52,777
ForIC	39,526	55,474	35,638
Quanding	33,626	42,009	39,335
Associates	<u>92,665</u>	<u>67,179</u>	<u>243,949</u>
	<u>\$ 260,936</u>	<u>281,008</u>	<u>588,301</u>

The advance receipts from related parties were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Advance receipts –Associates (recorded in advance receipts)	<u>\$ 12,751</u>	<u>11,521</u>	<u>-</u>

B. Purchases

The amounts of significant purchases by the Group to related parties were as follows:

	For the three months ended March 31,	
	2024	2023
Associates	<u>\$ 1,022</u>	<u>469</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

The payables to related parties were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 423</u>	<u>414</u>	<u>51</u>

C. Other transactions

The Group's revenue from related parties about the human support service charge and disbursement have amounting to \$159 and \$799 for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31 and March 31, 2023, the receivables classified under abovementioned other financial assets — current have amounting to \$257, \$333 and \$2,128, respectively.

(3) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 8,505	9,384
Post-employment benefits	108	108
	<u>\$ 8,613</u>	<u>9,492</u>

8 、Pledged Assets

Assets	Purpose of Pledged	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits (recorded in other financial assets — current)	Guarantee deposits from customs and HSPB	<u>\$ 9,024</u>	<u>9,024</u>	<u>8,918</u>

9 、Significant Commitments and Contingencies

- (1) The Group has signed the contract of technical authorization with ARM Ltd. When the Group sells products which apply the promised technique, it has to pay the royalty with certain amount according to the contract.
- (2) The Group has signed the contract of production capacity guarantee with one supplier and will paid the deposit (Other non-current assets). In the contract, the Group need to purchase the minimum quantity on the relevant years.

10 、Losses due to major disasters: None.

11 、Significant Subsequent Events: None.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

12 、 Other

The following is the summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

By item	By function	For the three months ended March 31,2024			For the three months ended March 31,2023		
		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits							
Salaries		7,432	174,944	182,376	7,322	190,660	197,982
Labor and health insurance		714	15,430	16,144	722	16,303	17,025
Pensions		449	17,744	18,193	454	22,310	22,764
Others		375	5,624	5,999	329	4,522	4,851
Depreciation		268	17,887	18,155	474	19,305	19,779
Amortization		-	22,794	22,794	-	16,390	16,390

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

13 、 Other disclosures

(1) 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 Group:

- i. Loans to other parties: None.
- ii. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollar)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Holtek Semiconductor Inc.	Xinqun Semiconductor (XIAMEN) Inc.	Subsidiary of the Company	758,277	111,825	111,825	-	-	2.95%	1,895,693	Y	N	Y

Note1 : According to the Company 's guarantee and endorsement operating procedures: the amount of guarantee.

Note2 : The total amount of guarantee shall not exceed fifty percent (50%) of the Company’s net equity, and the total amount of the guarantee provided by the Company to any individual entity shall not exceed twenty percent (20%) of the Company’s net equity.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	FSITC Taiwan Bond Fund	-	Financial assets measured at fair value through profit or loss – current	7,854	124,010	-	124,010	
The Company	UPAMC James Bond Money Market Fund	-	Financial assets measured at fair value through profit or loss – current	2,219	38,177	-	38,177	
Holtek Semiconductor Holding (BVI) Ltd.	Unitech Capital Inc.	-	Equity-investments measured at fair value through other comprehensive income-non current	2,500	47,925	5.00%	47,925	
Holtek Investment Co., Ltd	Shieh Yong Investment Co., Ltd.	-	Equity-investments measured at fair value through other comprehensive income-non current	65,014	384,680	3.03%	384,680	
Holtek Investment Co., Ltd	Gingy Technology Co.	-	Equity-investments measured at fair value through other comprehensive income-non current	127	-	1.74%	-	
Holtek Investment Co., Ltd	Precision Sensor Design Inc.	-	Equity-investments measured at fair value through other comprehensive income-non current	1,393	11,972	19.48%	11,972	

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.

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

(In Thousands of New Taiwan Dollars)

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 (Note3)	Percentage of total notes/accounts receivable (payable)	
The Company	Xinqun	Subsidiary of the Company	Sales	104,379	30%	Open account 120 days	No significant difference	Note7	105,052	53%	Note1

Note1 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Note2 : One-way expression only for companies recognizing income and assets.

Note3 : Notes and accounts receivable, net include allowance for doubtful accounts.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

- viii. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:
(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Xinqun	Subsidiary	105,678	4.15	-	Collection on demand	39,231 (Note1)	626

Note1 : The amount is collected by April 17, 2024.

Note2 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

- ix. Trading in derivative instruments: None.

- x. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Holtek (China)	Parent company to subsidiary	Sales	82,636	Open account 120 days	19 %
0	The Company	Xinqun	Parent company to subsidiary	Sales	104,379	Open account 120 days	24 %
0	The Company	Xinqun	Parent company to subsidiary	Accounts receivable	105,052	Open account 120 days	2 %
0	The Company	Holtek (Suzhou)	Parent company to subsidiary	Sales	7,048	Open account 120 days	2 %
1	Holtek (China)	Best Solution	Subsidiary to subsidiary	Sales	3,086	Open account 60 days	1 %
1	Holtek (China)	Anchip	Subsidiary to subsidiary	Sales	13,500	Open account 60 days	3 %

Note1 : The transactions with amount that account for more than 0.5% of the comprehensive earnings or net assets are disclosed.

Note2 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Note3 : Notes and accounts receivable, net include allowance for doubtful accounts.

Holtek Semiconductor and Subsidiaries

Notes to Consolidated Financial Statements

(2) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Holtek Semiconductor Holding (BVI) Ltd.	B.V.I.	Overseas investment activities	665,449	665,449	22,053	100.00%	1,238,670	13,625	13,625 Note 2	The Company's Subsidiary
The Company	Kingtek Semiconductor Holding (BVI) Ltd.	B.V.I.	Overseas investment activities	69,542	69,542	2,000	100.00%	147,310	(10,853)	(10,853) Note 2	The Company's Subsidiary
The Company	Sigmos Holdings Ltd.	B.V.I.	Overseas investment activities	6,898	6,898	200	100.00%	19,757	(671)	(671) Note 2	The Company's Subsidiary
Sigmos Holdings Ltd.	Holtek Semiconductor (USA) Inc.	California, USA	Sales of integrated circuits and technical services	6,898	6,898	2,000	100.00%	19,757	(671)	Note 1,2	The Company's second-tier subsidiary
The Company	MCU Holdings Ltd.	B.V.I.	Overseas investment activities	16,333	16,333	500	100.00%	959,386	695	695 Note 2	The Company's Subsidiary
MCU Holdings Ltd.	ForIC Electronics Holding Ltd.	B.V.I.	Overseas investment activities	9,733	9,733	300	40.00%	19,344	(12,855)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Truetek Technology Ltd.	B.V.I.	Overseas investment activities	16,306	16,306	920	40.00%	50,906	(6,952)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Quanding Technology Holding Ltd.	B.V.I.	Overseas investment activities	31,124	31,124	1,045	40.00%	55,598	8,303	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Santek Holdings Ltd.	B.V.I.	Overseas investment activities	3,758	3,758	180	40.00%	43,334	788	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	New Wave Electronics Holding Ltd.	B.V.I.	Overseas investment activities	24,784	24,784	800	40.00%	77,214	2,108	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Newtek Electronics Ltd.	B.V.I.	Overseas investment activities	8,105	8,105	1,501	40.61%	67,422	(6,620)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Crown Rich Technology Holding Ltd.	B.V.I.	Overseas investment activities	2,641	2,641	80	40.00%	128,464	(7,591)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Fine Chip Electronics Inc.	B.V.I.	Overseas investment activities	7,039	7,039	1	40.00%	806	2,666	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Anchip Technology Corporation	B.V.I.	Overseas investment activities	2,937	2,937	1	60.00%	38,879	994	Note 1,2	The Company's second-tier subsidiary
MCU Holdings Ltd.	Tech Wave Ltd.	Hong Kong	Sales of integrated circuits and technical services	9,907	9,907	2,400	40.00%	13,333	(8,447)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	ETEK Technology Company Ltd.	Hong Kong	Sales of integrated circuits and technical services	5,427	5,427	1,275	33.33%	6,396	(2,211)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	JXY Electronics Corporation	B.V.I.	Overseas investment activities	6,405	6,405	1	40.00%	7,616	(1,287)	Note 1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Best Health Electronics Corporation	B.V.I.	Overseas investment activities	19,808	19,808	5	75.00%	47,046	(1,266)	Note 1,2	The Company's second-tier subsidiary

Holtek Semiconductor and Subsidiaries

Notes to Consolidated Financial Statements

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Best Health Electronics Corp.	Best Health Electronics HK Limited	Hong Kong	Sales of integrated circuits and technical services	1,299	1,299	300	100.00%	7,255	231	Note 1,2	The Company's second-tier subsidiary
MCU Holdings Ltd.	Best Driver-Tech Corporation	B.V.I.	Overseas investment activities	6,753	6,753	2	80.00%	12,041	(2,293)	Note 1,2	The Company's second-tier subsidiary
MCU Holdings Ltd.	Best Module-Tech Corporation	B.V.I.	Overseas investment activities	12,426	12,426	3	100.00%	13,704	48	Note 1	The Company's second-tier subsidiary
The Company	Holtek Semiconductor (India) Private Limited	INDIA	Sales of integrated circuits and technical services	3	3	6	0.10%	4	-	- Note 2	The Company's second-tier subsidiary
The Company	Holtek Investment Co., Ltd.	Hsinchu City	Domestic investment activities	429,826	429,826	42,983	100.00%	677,749	(4,561)	(4,561) Note 2	The Company's Subsidiary
Holtek Investment Co., Ltd	Signal Electronic Co., Ltd.	Taipei City	Sales of integrated circuits and technical services	95,941	95,941	7,880	40.00%	131,216	(11,045)	Note 1	The Subsidiary's investee company by equity method
Signal Electronic Co., Ltd.	Best Solution Technology Inc.	Taipei City	Sales of integrated circuits and technical services	7,375	7,375	738	36.88%	9,938	(1,982)	Note 1	The Company's second-tier subsidiary
Holtek Investment Co., Ltd	Best Solution Technology Inc.	Taipei City	Sales of integrated circuits and technical services	8,000	8,000	800	40.00%	10,780	(1,982)	Note 1	The Company's second-tier subsidiary
Best Solution Technology Inc.	Best Solution Electronics Inc.	B.V.I.	Overseas investment activities	6,140	6,140	200	100.00%	21,340	(479)	Note 1	The Company's third-tier subsidiary
Holtek Investment Co., Ltd	TANGENT Microelectromechanics Corp.	Hsinchu City	Electronic component manufacturing, electronic materials wholesale and retail, telecommunication equipment wholesale and retail, intellectual property rights, information service and international trade	10,002	10,002	380	20.00%	-	(198)	Note 1	The Subsidiary's investee company by equity method
Holtek Investment Co., Ltd	BestComm RF Electronics Inc.	Hsinchu City	Sales of integrated circuits and technical services	40,000	40,000	4,000	100.00%	26,672	927	Note 1,2	The Company's second-tier subsidiary
BestComm RF Electronics Inc.	BestComm RF Electronics (BVI) Inc.	B.V.I.	Overseas investment activities	14,054	14,054	30	100.00%	13,816	63	Note 1,2	The Company's third-tier subsidiary
Holtek Investment Co., Ltd	Best Modules Corp.	Hsinchu City	Electronic component manufacturing, electronic materials wholesale and retail, retail trade not in stores or stalls, and international trade	105,000	105,000	10,500	100.00%	92,740	(598)	Note 1,2	The Company's second-tier subsidiary
Best Modules Corp.	Best Modules (BVI) Corp.	B.V.I.	Overseas investment activities	28,326	28,326	7	100.00%	32,792	555	Note 1,2	The Company's third-tier subsidiary
Holtek Investment Co., Ltd	Holtek Semiconductor (India) Private Limited	INDIA	Sales of integrated circuits and technical services	2,945	2,945	6,479	99.90%	3,647	288	Note 1,2	The Company's second-tier subsidiary

Note1 : The share of profits/losses of the investee company is already included in the share of profits/losses of the investor company.

Note2 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

(3) 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 capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Gains (losses) on investments	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
Xinqun Semiconductor (XIAMEN) Inc.	Sales of integrated circuits and technical services	322,726	(Note 1)	290,645	-	-	290,645	19,594	100%	19,594 (Note5)	342,067	-
Holtek Semiconductor (China) Inc.	Sales of integrated circuits and technical services	292,423	(Note 1)	272,221	-	-	272,221	(7,576)	100%	(7,576) (Note5)	807,545	-
Santek Electronics (Xiamen) Ltd.	Sales of integrated circuits and technical services	6,398	(Note 1)	2,506	-	-	2,506	(2,365)	40%	(946)	18,022	-
New Wave Electronics (Shenzhen) Ltd.	Sales of integrated circuits and technical services	9,287	(Note 1)	3,928	-	-	3,928	2,065	40%	826	70,849	-
ForIC Electronics (Beijing) Ltd.	Sales of integrated circuits and technical services	19,361	(Note 1)	3,601	-	-	3,601	(11,942)	40%	(4,777)	(9,524)	-
E-Micro Technology (Qingdao) Ltd.	Sales of integrated circuits and technical services	6,315	(Note 1)	2,634	-	-	2,634	(918)	40%	(367)	4,702	-
Newtek Electronics (Shenzhen) Ltd.	Sales of integrated circuits and technical services	65,860	(Note 1)	2,647	-	-	2,647	(8,872)	40.61%	(3,603)	38,611	-
Truetek Technology (Shanghai) Ltd.	Sales of integrated circuits and technical services	30,293	(Note 1)	3,911	-	-	3,911	(7,639)	40%	(3,056)	14,603	-
Crown Rich Technology (Shenzhen) Ltd.	Sales of integrated circuits and technical services	18,446	(Note 1)	1,964	-	-	1,964	(7,593)	40%	(3,037)	127,547	-
Quanding Technology (Suzhou) Ltd.	Sales of integrated circuits and technical services	21,670	(Note 1)	1,600	-	-	1,600	8,336	40%	3,334	35,209	-
Holtek Semiconductor (Suzhou) Inc.	Sales of integrated circuits and technical services	69,712	(Note 1)	69,712	-	-	69,712	(10,855)	100%	(10,855) (Note5)	147,267	-
Fine Chip Electronics (Shanghai) Inc.	Sales of integrated circuits and technical services	7,541	(Note 1)	-	-	-	-	2,660	40%	1,064	(60)	-
Anchip Technology (Dongguan) Corporation	Sales of integrated circuits and technical services	1,521	(Note 1)	-	-	-	-	998	60%	599	38,215	-
JXY Electronics (Shenzhen) Corporation	Sales of integrated circuits and technical services	11,974	(Note 1)	-	-	-	-	(1,287)	40%	(515)	7,433	-
Best Health Electronics (Dongguan) Corporation	Sales of integrated circuits and technical services	23,057	(Note 1)	-	-	-	-	(1,509)	75%	(1,132)	40,713	-

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Gains (losses) on investments	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
BestComm RF Electronics (Dongguan) Inc.	Sales of integrated circuits and technical services	13,634	(Note 1)	9,392	-	-	9,392	30	100%	30	13,049	-
Best Solution Technology (Dongguan) Inc.	Sales of integrated circuits and technical services	4,285	(Note1)	-	-	-	-	(516)	54.75%	(283)	10,883	-
Best Driver-tech (Hangzhou) Corporation	Sales of integrated circuits and technical services	6,361	(Note1)					(2,301)	80%	(1,841)	10,236	-
Best Module-tech (Xiamen) Corporation	Sales of integrated circuits and technical services	10,573	(Note1)					35	100%	35	11,405	-
Best Modules Electronic Commerce (Xiamen) Corp.	Sales of integrated circuits and technical services	28,307	(Note1)	28,307			28,307	554	100%	554	32,760	-

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

ii. Limitation on investment in Mainland China:

Name of company	Accumulated Investments in Mainland China as of March 31, 2024 (Note2)	Investment Amounts Authorized by Investment Commission, MOEA (Note3)	Maximum Limit of Investment (Note4)
The Company	655,369 (US\$21,751 in thousands)	855,786 (US\$26,785 in thousands)	2,274,831
Best Modules	28,307 (US\$962 in thousands)	30,742 (US\$962 in thousands)	80,000
BestComm	9,392 (US\$314 in thousands)	14,549 (US\$455 in thousands)	80,000
Best Solution	-	Note3	80,000

Note1 : Investment in companies in Mainland China through the existing companies in the third regions.

Note2 : Accumulated investments in Mainland China are calculated in NTD using exchange rate on the remitting date.

Note3 : Investment amounts authorized by Investment Commission, MOEA are calculated in NTD using exchange rate on the reporting date. Including the Company accumulated remittances from Taiwan for \$693,638 (US\$21,710 in thousands); and from the third regions for \$162,148 (US\$5,075 in thousands); and Best Modules accumulated remittances from the third regions for \$30,742 (US\$962 in thousands); and BestComm accumulated remittances from Taiwan for \$10,016 (US\$314 in thousands); and from the third regions for \$4,533 (US\$141 in thousands); and Best Solution accumulated remittances from the third regions for \$16,530 (US\$517 in thousands).

Note4 : According to "Principle of investment or Technical Cooperation in Mainland China", the Company's accumulated investments in Mainland China do not exceed the maximum limit of investment. Net value $\$3,791,385 \times 60\% = \$2,274,831$; and BestComm, Best Solution and Best Modules comply with the SME standards of the "Measures for the Review of Investment or Technical Cooperation in Mainland China". The upper limit on investment in mainland China is capped at 80,000 or sixty percent (60%) of the Company net worth, whichever is higher.

Note5 : The investment incomes on financial statements of the Company were reviewed by the certificated auditors.

Holtek Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements

3. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the Company Please refer to *(1) Information on significant transactions x. Business relationships and significant intercompany transactions* for further information.

(4) Major shareholders:

Unit : share		
Shareholding	Shares	Percentage
Shareholder's Name		
United Microelectronics Corporation	22,144,257	9.79%

14 、 Segment Information

The Group operates predominantly in single industry segment which includes the research and development, manufacture, and sales of integrated circuits. The segment financial information is consistent with the consolidated financial statements. For sales to unconsolidated entities and income before income tax, please see the consolidated statements of comprehensive income. For assets, please see the consolidated balance sheets.