

**Thinking Electronic Industrial Company
Limited and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Introduction

We have audited the accompanying consolidated financial statements of Thinking Electronic Industrial Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to March 31, 2025 and 2024, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Thinking Electronic Industrial Co., Ltd. and its subsidiaries as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025, and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 7, 2025

Notice to Readers

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

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS MARCH 31, 2025 AND 2024 AND DECEMBER 31, 2024 (In Thousands of New Taiwan Dollars)

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current Assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,233,263	20	\$ 3,069,921	20	\$ 3,055,026	21
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 28)	1,157,808	7	1,142,471	7	1,070,842	7
1136	Financial assets at amortized cost - current (Note 8)	648,232	4	480,242	3	315,517	2
1150	Notes receivable (Notes 10 and 30)	664,882	4	658,417	4	534,750	4
1170	Accounts receivable, net (Note 10)	2,273,551	14	2,349,081	15	1,847,727	13
1180	Accounts receivables from related parties (Notes 10 and 29)	420	-	271	-	438	-
1200	Other receivables	86,124	1	63,152	-	81,935	1
1220	Current income tax assets	36,629	-	5,247	-	55,466	-
1310	Inventories (Note 11)	1,554,221	10	1,455,448	9	1,338,961	9
1476	Other financial assets - current (Notes 12 and 30)	118,654	1	200,389	1	109,049	1
1479	Other current assets	170,883	1	231,209	2	152,396	1
11XX	Total current assets	<u>9,944,667</u>	<u>62</u>	<u>9,655,848</u>	<u>61</u>	<u>8,562,107</u>	<u>59</u>
	Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 28)	2,246	-	-	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 9)	26,666	-	27,903	-	27,373	-
1535	Financial assets at amortized cost - non-current (Note 8)	1,467,110	9	1,356,518	9	1,208,042	8
1600	Property, plant, and equipment (Notes 14, 30 and 31)	3,894,324	24	3,862,150	25	3,758,914	26
1755	Right-of-use assets (Note 15)	518,569	3	516,616	3	552,840	4
1760	Investment property, net (Note 16)	27,454	-	28,692	-	33,182	-
1801	Computer software, net	39,098	-	34,987	-	41,818	-
1840	Deferred tax assets	93,983	1	93,473	1	95,260	1
1915	Prepayments for equipment (Note 29)	107,715	1	113,616	1	169,611	1
1975	Net defined benefit assets - non-current (Notes 4 and 21)	44,673	-	44,292	-	31,416	-
1980	Other financial assets - non-current (Notes 12 and 30)	14,060	-	14,759	-	24,049	-
1990	Other non-current assets	43,560	-	43,675	-	42,288	1
15XX	Total non-current assets	<u>6,279,458</u>	<u>38</u>	<u>6,136,681</u>	<u>39</u>	<u>5,984,793</u>	<u>41</u>
1XXX	Total assets	<u>\$16,224,125</u>	<u>100</u>	<u>\$15,792,529</u>	<u>100</u>	<u>\$14,546,900</u>	<u>100</u>
	Liabilities and Equity						
	Current Liabilities						
2100	Short-term borrowings (Note 17)	\$ 400,000	3	\$ 415,000	3	\$ 360,000	3
2120	Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	8,611	-	4,212	-	10,901	-
2150	Notes payable (Note 18)	347,469	2	394,126	2	95,645	1
2170	Accounts payable (Note 18)	480,679	3	446,649	3	455,871	3
2180	Accounts payable - related parties (Note 29)	1,624	-	1,515	-	1,965	-
2200	Other payables (Note 19)	623,763	4	702,275	5	620,348	4
2220	Other payables - related parties (Note 29)	365	-	883	-	39	-
2230	Current tax liabilities	236,562	1	147,836	1	66,586	1
2280	Lease liabilities - current (Note 15)	25,291	-	30,592	-	51,221	-
2322	Current portion of long-term borrowings (Note 17)	178,612	1	178,612	1	171,620	1
2365	Refund liabilities - current (Note 20)	154,905	1	156,608	1	74,829	1
2399	Other current liabilities (Note 17)	46,326	-	46,408	-	38,450	-
21XX	Total current liabilities	<u>2,504,207</u>	<u>15</u>	<u>2,524,716</u>	<u>16</u>	<u>1,947,475</u>	<u>14</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17)	636,415	4	680,030	4	771,788	5
2570	Deferred tax liabilities	1,750,852	11	1,744,198	11	1,607,908	11
2580	Lease liabilities - non-current (Note 15)	95,478	1	90,056	1	107,679	1
2630	Long-term deferred revenue (Note 17)	29,803	-	30,482	-	29,719	-
2645	Guarantee deposits received	6,589	-	6,483	-	2,218	-
2670	Consolidated loans	5,175	-	5,175	-	5,175	-
25XX	Total non-current liabilities	<u>2,524,312</u>	<u>16</u>	<u>2,556,424</u>	<u>16</u>	<u>2,524,487</u>	<u>17</u>
2XXX	Total liabilities	<u>5,028,519</u>	<u>31</u>	<u>5,081,140</u>	<u>32</u>	<u>4,471,962</u>	<u>31</u>
	Equity attributable to owners of the Company (Note 22)						
3110	Ordinary share	1,281,127	8	1,281,127	8	1,281,127	9
3200	Capital surplus	352,907	2	352,907	2	352,907	2
	Retained earnings						
3310	Legal reserve	1,584,900	10	1,584,900	10	1,454,089	10
3320	Special reserve	256,236	2	256,236	2	140,627	1
3350	Unappropriated earnings	7,363,633	45	6,983,444	44	6,670,202	46
3300	Total retained earnings	<u>9,204,769</u>	<u>57</u>	<u>8,824,580</u>	<u>56</u>	<u>8,264,918</u>	<u>57</u>
3400	Other equity	237,991	1	131,336	1	41,213	-
31XX	Total equity attributable to owners of the Company	<u>11,076,794</u>	<u>68</u>	<u>10,589,950</u>	<u>67</u>	<u>9,940,165</u>	<u>68</u>
36XX	Non-controlling interests (Notes 13 and 22)	<u>118,812</u>	<u>1</u>	<u>121,439</u>	<u>1</u>	<u>134,773</u>	<u>1</u>
3XXX	Total Equity	<u>11,195,606</u>	<u>69</u>	<u>10,711,389</u>	<u>68</u>	<u>10,074,938</u>	<u>69</u>
	Total liabilities and equity	<u>\$16,224,125</u>	<u>100</u>	<u>\$15,792,529</u>	<u>100</u>	<u>\$14,546,900</u>	<u>100</u>

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

Code		For the Three Months Ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 23 and 29)	\$1,895,946	100	\$1,561,384	100
5000	Operating costs (Notes 11, 24 and 29)	<u>1,153,359</u>	<u>61</u>	<u>924,755</u>	<u>59</u>
5900	Gross profit	<u>742,587</u>	<u>39</u>	<u>636,629</u>	<u>41</u>
	Operating expenses (Notes 10, 24 and 29)				
6100	Selling and marketing expenses	81,331	4	76,578	5
6200	General and administrative expenses	115,666	6	99,936	6
6300	Research and development expenses	100,071	5	93,539	6
6450	Expected credit loss (gain)	(<u>2,682</u>)	<u>-</u>	(<u>2,933</u>)	<u>-</u>
6000	Total operating expenses	<u>294,386</u>	<u>15</u>	<u>267,060</u>	<u>17</u>
6900	Profit from operations	<u>448,201</u>	<u>24</u>	<u>369,569</u>	<u>24</u>
	Non-operating income and expenses (Notes 24 and 29)				
7100	Interest income	19,351	1	37,230	2
7010	Other income	14,615	1	9,905	1
7020	Other gains and losses	27,417	1	23,265	1
7050	Finance costs	(<u>6,506</u>)	<u>-</u>	(<u>3,507</u>)	<u>-</u>
7000	Total Other Equity	<u>54,877</u>	<u>3</u>	<u>66,893</u>	<u>4</u>
7900	Consolidated income before income tax	503,078	27	436,462	28
7950	Income tax expense (Notes 4 and 25)	<u>125,516</u>	<u>7</u>	<u>106,786</u>	<u>7</u>
8200	Net profit for the period	<u>377,562</u>	<u>20</u>	<u>329,676</u>	<u>21</u>

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		For the Three Months Ended March 31			
		2025		2024	
Code		Amount	%	Amount	%
	Other comprehensive income (loss)				
	(Notes 22 and 25)				
	Items that will not be reclassified				
	subsequently to profit or loss				
8316	Unrealized gains (losses) on				
	investments in equity				
	instruments at fair value				
	through other				
	comprehensive income	(\$ 1,237)	-	(\$ 309)	-
8310		(1,237)	-	(309)	-
	Items that may be reclassified				
	subsequently to profit or loss				
8361	Exchange differences on				
	translation of foreign				
	operations	134,866	7	372,198	24
8399	Income tax related to items				
	that may be reclassified				
	subsequently to profit or				
	loss	(26,974)	(1)	(74,440)	(5)
8360		107,892	6	297,758	19
8300	Other comprehensive income				
	(loss) for the period, net	106,655	6	297,449	19
8500	Total comprehensive income for the				
	period	\$ 484,217	26	\$ 627,125	40
	Net profit attributable to:				
8610	Owners of the Company	\$ 380,189		\$ 332,940	
8620	Non-controlling interests	(2,627)		(3,264)	
8600		\$ 377,562		\$ 329,676	
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 486,844		\$ 630,389	
8720	Non-controlling interests	(2,627)		(3,264)	
8700		\$ 484,217		\$ 627,125	
	Earnings per share (Note 26)				
9710	Basic	\$ 2.97		\$ 2.60	
9810	Diluted	\$ 2.96		\$ 2.59	

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company											
							Other equity items						
		Capital stock - common shares	Capital surplus	Retained earnings			Exchange differences on translation of foreign operations	Unrealized valuation gain (loss) on financial assets at FVTOCI	Total Other Equity	Total	Non-controlling interests	Total Equity	
Code				Legal reserve	Special reserve	Unappropriated earnings							Total retained earnings
A1	Balance at January 1, 2025	<u>\$1,281,127</u>	<u>\$ 352,907</u>	<u>\$1,584,900</u>	<u>\$ 256,236</u>	<u>\$6,983,444</u>	<u>\$8,824,580</u>	<u>\$ 137,375</u>	<u>(\$ 6,039)</u>	<u>\$ 131,336</u>	<u>\$10,589,950</u>	<u>\$ 121,439</u>	<u>\$10,711,389</u>
D1	Net profit (loss) for the three months ended March 31, 2025	-	-	-	-	380,189	380,189	-	-	-	380,189	(2,627)	377,562
D3	Other comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	-	107,892	(1,237)	106,655	106,655	-	106,655
D5	Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	380,189	380,189	107,892	(1,237)	106,655	486,844	(2,627)	484,217
Z1	Balance at March 31, 2025	<u>\$1,281,127</u>	<u>\$ 352,907</u>	<u>\$1,584,900</u>	<u>\$ 256,236</u>	<u>\$7,363,633</u>	<u>\$9,204,769</u>	<u>\$ 245,267</u>	<u>(\$ 7,276)</u>	<u>\$ 237,991</u>	<u>\$ 11,076,794</u>	<u>\$ 118,812</u>	<u>\$11,195,606</u>
A1	Balance at January 1, 2024	<u>\$1,281,127</u>	<u>\$ 352,907</u>	<u>\$1,454,089</u>	<u>\$ 140,627</u>	<u>\$6,337,262</u>	<u>\$7,931,978</u>	<u>(\$ 249,976)</u>	<u>(\$ 6,260)</u>	<u>(\$ 256,236)</u>	<u>\$9,309,776</u>	<u>\$ 138,037</u>	<u>\$9,447,813</u>
D1	Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	332,940	332,940	-	-	-	332,940	(3,264)	329,676
D3	Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	297,758	(309)	297,449	297,449	-	297,449
D5	Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	332,940	332,940	297,758	(309)	297,449	630,389	(3,264)	627,125
Z1	Balance at March 31, 2024	<u>\$1,281,127</u>	<u>\$ 352,907</u>	<u>\$1,454,089</u>	<u>\$ 140,627</u>	<u>\$6,670,202</u>	<u>\$8,264,918</u>	<u>\$ 47,782</u>	<u>(\$ 6,569)</u>	<u>\$ 41,213</u>	<u>\$9,940,165</u>	<u>\$ 134,773</u>	<u>\$10,074,938</u>

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

Code		For the Three Months Ended March 31	
		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Consolidated income before income tax	\$ 503,078	\$ 436,462
A20010	Adjustments for		
A20100	Depreciation expense	109,790	92,136
A20200	Amortization expense	3,469	2,915
A20300	Expected credit loss (gain) recognized	(2,682)	(2,993)
A20400	Net loss on financial assets or liabilities		
	at fair value through profit or loss	(4,570)	24,232
A20900	Finance costs	6,506	3,507
A21200	Interest income	(19,351)	(37,230)
A22500	Loss on disposal of property, plant, and equipment	3,353	1,019
A22600	Expenses transfer from property, plant, and equipment	5,245	-
A23800	Reversal of write-down of inventories	(1,790)	(33,206)
A29900	Amortization of grants income	(849)	(269)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured		
	at fair value through profit or loss	(76,992)	(13,960)
A31130	Notes receivable	(6,465)	(102,700)
A31150	Accounts receivable	78,063	85,382
A31160	Accounts receivable - related parties	(149)	182
A31180	Other receivables	(2,483)	495
A31200	Inventories	(99,145)	(69,047)
A31240	Other current assets	60,326	18,497
A31990	Net defined benefit assets	(381)	(380)
A32130	Notes payable	(46,657)	30,255
A32150	Accounts payable	34,030	48,843
A32160	Accounts payable - related parties	109	1,145
A32180	Other payables	(92,041)	(98,660)
A32190	Other payables - related parties	(518)	(1,318)
A32230	Other current liabilities	(87)	11,876
A32990	Refund liabilities	(3,013)	(1,513)
A33000	Cash generated from operations	446,796	395,670
A33100	Interest received	5,135	20,881
A33300	Interest paid	(5,268)	(2,276)
A33500	Income tax paid	(89,099)	(40,604)
AAAA	Net cash flows generated from operating activities	<u>357,564</u>	<u>373,671</u>

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Code		For the Three Months Ended March 31	
		2025	2024
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(\$ 344,872)	(\$ 174,745)
B00050	Proceeds from disposal of financial assets at amortized cost	90,307	-
B00100	Acquisition of financial assets at fair value through profit or loss	(722,705)	(986,229)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	805,381	1,087,487
B02700	Acquisition of property, plant, and equipment	(95,358)	(105,010)
B02800	Proceeds from disposal of property, plant and equipment	721	7,926
B04500	Acquisition of intangible assets	(7,392)	(4,301)
B06500	Increase in other financial assets	-	(14,394)
B06600	Decrease in other financial assets	82,434	-
B06700	Increase in other non-current assets	-	(2,180)
B06800	Decrease in other non-current assets	<u>115</u>	<u>-</u>
BBBB	Net cash flows used in investing activities	(<u>191,369</u>)	(<u>191,446</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	425,000	325,000
C00200	Decrease in short-term borrowings	(440,000)	(100,000)
C01700	Repayments of long-term borrowings	(44,653)	(87,491)
C03000	Increase in guarantee deposits received	106	134
C04020	Repayments of the principal portion of lease liabilities	(<u>4,691</u>)	(<u>42,676</u>)
CCCC	Net cash used in financing activities	(<u>64,238</u>)	<u>94,967</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>61,385</u>	<u>178,518</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	163,342	455,710
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,069,921</u>	<u>2,599,316</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,233,263</u>	<u>\$ 3,055,026</u>

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the "Company") was incorporated in July 1979. The Company mainly engages in the manufacturing, processing, sales, and international trade of electronic components, thermistors, varistors, and various types of wires.

The Company's shares have been listed on the Taiwan Stock Exchange since September 2000.

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

2. DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved by the Company's board of directors on May 7, 2025.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Amendment to IAS 21 "Lack of Exchangeability"

The amendment to IAS 21 regarding "Lack of Exchangeability" will not result in significant changes to the accounting policies of the consolidated Company.

- b. FSC-endorsed IFRSs that are applicable from 2026 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance for the classification of financial assets	January 1, 2026 (Note)

Note: Applicable to annual reporting periods beginning on or after January 1, 2026, companies may also choose to apply it in advance starting January 1, 2025.

Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance for the classification of financial assets

The primary amendment modifies the classification regulations for financial assets, including:

- 1) If a financial asset includes a contingent item that can alter the timing or amount of contractual cash flows, and the nature of the contingent item is not directly related to changes in the fundamental lending risk and cost (such as whether the debtor achieves specific carbon emission reductions), then such financial asset's contractual cash flows will still consist entirely of payments of principal and interest on the outstanding principal amount when it meets the following two conditions:
 - a) All potential scenarios (whether before or after the occurrence of relevant events) generate contract cash flows that are entirely composed of interest on the principal amount and the outstanding principal amount.
 - b) There is no significant difference between the cash flows generated under all possible scenarios of the contract and the cash flows of financial instruments with the same contract terms but without or with certain characteristics.
- 2) Financial assets characterized by the absence of recourse rights refer to the ultimate rights of an enterprise to receive cash flows, which are contractually limited to cash flows generated by specific assets.
- 3) The clarification of contract-linked instruments involves the establishment of various tranches of securities through a waterfall payment structure, which determines the payment priority for holders of financial assets. This results in a concentration of credit risk and leads to an imbalanced distribution of cash shortfalls from the underlying pool among the different tranches of securities.

Upon initial application of the amendment, it should be applied retrospectively without the need to recompile comparative periods, and the impact of the initial application should be recognized on the date of initial application. However, if a company does not utilize foresight when it is able to reorganize, it may choose to reorganize during a comparative period.

In addition to the aforementioned impacts, as of the date of publication of this consolidated financial report, the consolidated Company continues to assess the effects of the amendments on its financial position and financial performance.

- c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

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

Note: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Compliance declaration

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, related regulations and IFRS Accounting Standards as endorsed and issued into effect by the FSC. This consolidated financial report does not include all of the IFRS disclosures required by the entire annual consolidated financial report.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

c. Basis of consolidation

See Note 13, Table 8 and 9 for detailed information on subsidiaries (including shareholding ratios and business activities).

d. Other Significant Accounting Policies

In addition to the explanations provided below, please refer to the significant accounting policies in the consolidated financial report for 2024.

1) Defined benefit post-employment benefits

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

2) INCOME TAX

Income tax expenses are the sum of the tax in the current period and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated as per the interim pre-tax income at the tax rate applicable to the estimated total annual earnings.

5. PRIMARY SOURCES OF UNCERTAINTIES IN MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

In developing significant accounting estimates, the Group will take into account the potential impacts of the economic environment on related major estimates such as cash flow

projections, growth rates, discount rates, and profitability. Management will continue to review these estimates and underlying assumptions.

The key sources of major accounting judgments and uncertainty of estimation and assumptions adopted in these consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and petty cash	\$ 3,465	\$ 2,270	\$ 2,523
Bank check deposits	74	74	74
Bank demand deposits	3,196,106	2,860,230	1,264,858
Cash equivalents			
Time deposits with original maturity date within 3 months	33,618	207,347	1,787,571
	<u>\$3,233,263</u>	<u>\$3,069,921</u>	<u>\$3,055,026</u>

The financial institutions that the Group interacts with have a good credit quality, and the Company's dealings with multiple financial institutions help to diversify credit risk. Therefore, the assessment indicates no expected credit losses.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Hybrid financial assets			
— Structured deposits (1)	\$ 1,076,892	\$ 1,142,471	\$ 1,070,842
Derivative instruments (not under hedge accounting)			
— Foreign exchange forward contracts (2)	366	-	-
Non-derivative financial assets			
— Fund beneficiary certificates	80,550	-	-
	<u>\$1,157,808</u>	<u>\$1,142,471</u>	<u>\$1,070,842</u>
<u>Financial assets - non-current</u>			
Non-derivative financial assets			
— Securities Investment Trust Fund	\$ 2,246	\$ -	\$ -
<u>Financial liabilities - current</u>			
Mandatorily classified as at FVTPL			
Derivative instruments (not under hedge accounting)			
— Foreign exchange forward contracts (2)	\$ 8,611	\$ 4,212	\$ 10,901

- a. Structured deposits include an embedded derivative that is not closely related to the main contract. Since the main contract included in this hybrid contract falls within the scope of IFRS 9, the entire hybrid contract is required to be classified as measured at fair value through profit or loss.
- b. At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

March 31, 2025

	Currency	Express Period	Contract Amount (NT\$ thousand)
Forward foreign exchange sold	USD to TWD	April 2025	USD 60,000／NTD 1,978,500
Forward foreign exchange sold	EUR to USD	April 2025	EUR 2,000／USD 2,148
Forward foreign exchange sold	CNY to USD	April 2025	CNY 14,421／USD 2,000

December 31, 2024

	Currency	Express Period	Contract Amount (NT\$ thousand)
Forward foreign exchange sold	USD to TWD	January 2025	USD 33,000／NTD 1,079,640
Forward foreign exchange sold	USD to CNY	January 2025	USD 12,000／CNY 87,581

March 31, 2024

	Currency	Express Period	Contract Amount (NT\$ thousand)
Forward foreign exchange sold	USD to TWD	April 2024	USD 36,000／NTD 1,141,560
Forward foreign exchange sold	USD to JPY	April 2024	USD 1,000／JPY 148,480

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

The gains and losses generated from financial instruments measured at fair value through profit or loss from January 1 to March 31 of the 2024 and 2025 years are detailed in Note 24.

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits with original maturity over 3 months	<u>\$ 2,115,342</u>	<u>\$ 1,836,760</u>	<u>\$ 1,523,559</u>
Current	\$ 648,232	\$ 480,242	\$ 315,517
Non-current	<u>1,467,110</u>	<u>1,356,518</u>	<u>1,208,042</u>
	<u>\$ 2,115,342</u>	<u>\$ 1,836,760</u>	<u>\$ 1,523,559</u>
Annual interest rate (%)	1.7~3.55	1.7~3.55	3~4.18

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	March 31, 2025	December 31, 2024	March 31, 2024
Investments in equity instruments			
Domestic unlisted (OTC) stocks	<u>\$26,666</u>	<u>\$27,903</u>	<u>\$27,373</u>

The Group will invest in domestic company stocks in accordance with its medium- to long-term strategic objectives, and anticipates generating profits through long-term investments. The management chose to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

10. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable			
At amortized cost			
Gross carrying amount - operating	<u>\$ 664,882</u>	<u>\$ 658,417</u>	<u>\$ 534,750</u>
Accounts receivable - non-related parties			
At amortized cost			
Gross carrying amount - operating	\$ 2,289,875	\$ 2,367,938	\$ 1,865,301
Less: Loss allowance	<u>16,324</u>	<u>18,857</u>	<u>17,574</u>
	<u>\$ 2,273,551</u>	<u>\$ 2,349,081</u>	<u>\$ 1,847,727</u>
Accounts receivable - related parties			
At amortized cost			
Gross carrying amount - operating	<u>\$ 420</u>	<u>\$ 271</u>	<u>\$ 438</u>

Refer to Note 30 for information related to notes receivable pledged as security.

The Group's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 28 for information related to credit management policy.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

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

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

March 31, 2025

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$2,173,046	(\$ 1,543)	\$ 2,171,503
1 to 30 Days Past Due	0.5	\$ 13,102	(\$ 66)	\$ 13,036
31 to 60 Days Past Due	1	86,614	(866)	85,748
61 to 90 Days Past Due	30	2,564	(769)	1,795
91 to 180 Days Past Due	50	3,778	(1,889)	1,889
Over 180 Days Past Due	100	11,191	(11,191)	-
Total Other Equity		<u>\$2,290,295</u>	<u>(\$ 16,324)</u>	<u>\$ 2,273,971</u>

December 31, 2024

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$2,261,546	(\$ 1,023)	\$ 2,260,523
1 to 30 Days Past Due	0.5	16,756	(84)	16,672
31 to 60 Days Past Due	1	54,968	(550)	54,418
61 to 90 Days Past Due	30	16,686	(5,006)	11,680
91 to 180 Days Past Due	50	12,118	(6,059)	6,059
Over 180 Days Past Due	100	6,135	(6,135)	-
Total Other Equity		<u>\$2,368,209</u>	<u>(\$ 18,857)</u>	<u>\$ 2,349,352</u>

March 31, 2024

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$ 1,729,413	(\$ 856)	\$ 1,728,557
1 to 30 Days Past Due	0.5	8,893	(44)	8,849
31 to 60 Days Past Due	1	108,158	(1,082)	107,076
61 to 90 Days Past Due	30	1	-	1
91 to 180 Days Past Due	50	7,364	(3,682)	3,682
Over 180 Days Past Due	100	<u>11,910</u>	<u>(11,910)</u>	<u>-</u>
Total Other Equity		<u>\$ 1,865,739</u>	<u>(\$ 17,574)</u>	<u>\$ 1,848,165</u>

The movements of the loss allowance of accounts receivable were as follows:

	March 31, 2025	March 31, 2024
Balance at beginning of the period	\$ 18,857	\$ 20,079
Remeasurement (reversal) of loss allowance for the period	(2,682)	(2,993)
Foreign exchange gains and losses	149	488
Balance at end of period	<u>\$ 16,324</u>	<u>\$ 17,574</u>

11. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Finished goods	\$ 684,227	\$ 681,201	\$ 651,003
Work-in-process	273,450	265,844	242,406
Semi-finished	231,972	222,349	199,603
Raw materials	328,731	253,152	219,874
Supplies	35,841	28,729	26,075
Inventory in transit	-	4,173	-
	<u>\$ 1,554,221</u>	<u>\$ 1,455,448</u>	<u>\$ 1,338,961</u>

The cost of goods sold related to inventories includes the reversal of write-down of inventory and unallocated production overhead. The amounts were as follows:

	For the Three Months Ended March 31	
	2025	2024
Operating costs	<u>\$ 1,153,359</u>	<u>\$ 924,755</u>
Loss of inventory scrapped	\$ 6,115	\$ 10,715
Inventory write-downs (reversed)	(7,905)	(43,921)
Unallocated manufacturing overhead	<u>5,424</u>	<u>3,486</u>
	<u>\$ 3,634</u>	<u>(\$ 29,720)</u>

Unallocated fixed overheads attributable to idle capacity are recognized as cost of goods sold in the period when they are incurred.

12. OTHER FINANCIAL ASSETS

	March 31, 2025	December 31, 2024	March 31, 2024
Pledge demand deposits	\$104,206	\$ 94,869	\$ 80,249
Pledge time deposits	4,860	33,660	28,800
Deposits of banker's acceptance	9,588	71,860	-
Refundable deposits	14,060	14,759	24,049
	<u>\$132,714</u>	<u>\$215,148</u>	<u>\$133,098</u>
Current	\$118,654	\$200,389	\$109,049
Non-current	14,060	14,759	24,049
	<u>\$132,714</u>	<u>\$215,148</u>	<u>\$133,098</u>
The annual interest rate of pledge time deposits (%)	0.67	0.67	1.445

For other financial assets pledged information please refer to Note 30.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements are listed as follows:

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of Ownership (%)		
			March 31, 2025	December 31, 2024	March 31, 2024
The Company	Yenyo Technology Co., Ltd. (Yenyo)	Note 1	63.76	63.76	63.76
	Greenish Co., Ltd. (Greenish)	Note 2	100.00	100.00	100.00
	Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	Note 3	47.39	47.39	47.39
	Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	Note 2	100.00	100.00	100.00
	Thinking Electronic USA, Inc. (Thinking USA)	Note 4	100.00	100.00	100.00
	Thinking (Vietnam) Electronic Co., Ltd. (Thinking Vietnam)	Note 3	100.00	100.00	100.00
Greenish	Thinking Changzhou	Note 3	52.61	52.61	52.61
Thinking Holding	Thinking International Co., Ltd. (Thinking International)	Note 2	100.00	100.00	100.00
	Thinking (HK) Enterprises Limited (Thinking HK)	Note 2	100.00	100.00	100.00
	View Full (Samoa) Ltd. (View Full Samoa)	Note 2	100.00	100.00	100.00
	Thinking Electronic (Samoa) Ltd. (Thinking Samoa)	Note 2	100.00	100.00	100.00
	Thinking (Yichang) Electronic Co., Ltd. (Thinking Yichang)	Note 3	100.00	100.00	100.00
Thinking International	Thinking (Yichang) Electronic Co., Ltd. (Thinking Yichang)	Note 3	100.00	100.00	100.00
Thinking HK	Jiang Xi Thinking Electronic Co., Ltd. (Jiang Xi Thinking)	Note 5	100.00	100.00	100.00
View Full Samoa	Dong Guan Welkin Electronic Co., Ltd. (Dong Guan Welkin)	Note 6	64.96	64.96	64.96
Thinking Samoa	Dong Guan Welkin	Note 6	8.76	8.76	8.76
Thinking Changzhou	Dong Guan Welkin	Note 6	26.28	26.28	26.28
Dong Guan Welkin	Welkin Electronic Co., Ltd. (Zhongshan Welkin)	Note 3	100.00	100.00	100.00

Note 1: Processing, selling and manufacturing diodes.

Note 2: International trading and investment.

Note 3: Manufacturing and selling thermistors, varistors and sensors.

Note 4: Electronic product design and marketing.

Note 5: Manufacturing and selling thermistors and sensors.

Note 6: Manufacturing and selling thermistors, varistors, sensors and equipment.

14. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in costs and accumulated depreciation:

For the Three Months Ended March 31, 2025

	Land	Buildings	Machinery and Equipment	Leasehold improvements	Others	Construction in Progress and Equipment to be Inspected	Total Other Equity
Cost							
Balance at January 1, 2025	\$ 195,719	\$2,100,307	\$2,916,230	\$ 150,858	\$1,002,966	\$ 112,842	\$6,478,922
Addition	-	18,975	57,387	883	36,394	2,002	115,641
Disposals	-	-	(19,222)	-	(4,420)	(5,245)	(28,887)
Effect of foreign currency exchange differences	-	16,481	27,352	2,056	3,776	643	50,308
Balance at March 31, 2025	<u>\$ 195,719</u>	<u>\$2,135,763</u>	<u>\$2,981,747</u>	<u>\$ 153,797</u>	<u>\$1,038,716</u>	<u>\$ 110,242</u>	<u>\$6,615,984</u>
Accumulated depreciation							
Balance at January 1, 2025	\$ -	\$ 459,103	\$1,612,837	\$ 131,188	\$ 413,644	\$ -	\$2,616,772
Depreciation expense	-	19,331	59,314	1,503	21,614	-	101,762
Disposals	-	-	(16,022)	-	(3,546)	-	(19,568)
Effect of foreign currency exchange differences	-	4,395	14,057	1,802	2,440	-	22,694
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 482,829</u>	<u>\$1,670,186</u>	<u>\$ 134,493</u>	<u>\$ 434,152</u>	<u>\$ -</u>	<u>\$2,721,660</u>
Net amount at December 31, 2024, and January 1, 2025	<u>\$ 195,719</u>	<u>\$1,641,204</u>	<u>\$1,303,393</u>	<u>\$ 19,670</u>	<u>\$ 589,322</u>	<u>\$ 112,842</u>	<u>\$3,862,150</u>
Net amount at March 31, 2025	<u>\$ 195,719</u>	<u>\$1,652,934</u>	<u>\$1,311,561</u>	<u>\$ 19,304</u>	<u>\$ 604,564</u>	<u>\$ 110,242</u>	<u>\$3,894,324</u>

For the Three Months Ended March 31, 2024

	Land	Buildings	Machinery and Equipment	Leasehold improvements	Others	Construction in Progress and Equipment to be Inspected	Total Other Equity
Cost							
Balance at January 1, 2024	\$ 195,719	\$1,181,170	\$2,635,190	\$ 137,591	\$ 479,303	\$1,301,005	\$5,929,978
Addition	-	-	44,381	1,281	8,653	21,098	75,413
Disposals	-	(667)	(23,507)	-	(222)	-	(24,396)
Effect of foreign currency exchange differences	-	37,023	73,873	5,736	9,972	7,729	134,333
Balance at March 31, 2024	<u>\$ 195,719</u>	<u>\$1,217,526</u>	<u>\$2,729,937</u>	<u>\$ 144,608</u>	<u>\$ 497,706</u>	<u>\$1,329,832</u>	<u>\$6,115,328</u>
Accumulated depreciation							
Balance at January 1, 2024	\$ -	\$ 384,236	\$1,388,832	\$ 117,601	\$ 345,496	\$ -	\$2,236,165
Depreciation expense	-	12,654	54,691	1,894	9,297	-	78,536
Disposals	-	(667)	(14,564)	-	(220)	-	(15,451)
Effect of foreign currency exchange differences	-	10,463	35,739	4,919	6,043	-	57,164
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 406,686</u>	<u>\$1,464,698</u>	<u>\$ 124,414</u>	<u>\$ 360,616</u>	<u>\$ -</u>	<u>\$2,356,414</u>
Net amount at March 31, 2024	<u>\$ 195,719</u>	<u>\$ 810,840</u>	<u>\$1,265,239</u>	<u>\$ 20,194</u>	<u>\$ 137,090</u>	<u>\$1,329,832</u>	<u>\$3,758,914</u>

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the consolidated statements of cash flows is as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	\$115,641	\$ 75,413
Decrease (increase) in payables for equipment (in other payables)	(13,329)	2,893
Increase (decrease) in prepayments for equipment	(5,901)	27,532
Capitalization of depreciation	(1,053)	(828)
Payments of acquisition of property, plant and equipment	<u>\$ 95,358</u>	<u>\$105,010</u>

b. Useful lives

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

Buildings	
Main plants	20-60 years
Improvement engineering	2-60 years
Machinery and Equipment	1-19 years
Leasehold improvements	10 years
Others	3-19 years

- c. As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group didn't provide property, plant and equipment as guarantee.

15. LEASE AGREEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Right-of-use assets			
Land	\$470,725	\$468,905	\$471,351
Buildings	<u>47,844</u>	<u>47,711</u>	<u>81,489</u>
	<u>\$518,569</u>	<u>\$516,616</u>	<u>\$552,840</u>
For the Three Months Ended March 31			
	2025	2024	
Additions to right-of-use assets	<u>\$ 3,950</u>	<u>\$177,786</u>	
Depreciation charge for right-of-use assets			
Land	\$ 3,042	\$ 2,658	
Buildings	<u>4,446</u>	<u>10,229</u>	
	<u>\$ 7,488</u>	<u>\$ 12,887</u>	

Except for the recognized depreciation and additions, the Group did not have impairment or subleasing of right-of-use assets for the periods ended March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount of lease liabilities			
Current	\$ 25,291	\$ 30,592	\$ 51,221
Non-current	<u>95,478</u>	<u>90,056</u>	<u>107,679</u>
	<u>\$120,769</u>	<u>\$120,648</u>	<u>\$158,900</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	0.75~5.8	0.75~5.8	0.75~5.8
Buildings	1.35~4.7	1.35~4.7	3.72~5.13

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants and offices.

1) Land

The land is located in Nanzih Export Processing Zone with the remaining useful life of 1 to 5 years, and the leases are renewable upon expiration. The government reserves the right to adjust rent according to the assessed land value.

The right-of-use land is located in mainland China with the remaining useful life of 29 to 47 years.

The right-of-use land is located in Vietnam with the remaining useful life of 34 years. The government of Vietnam adjusts rent annually according to the assessed land value per square meter.

2) Buildings

The building is located in Zuoying District, Kaohsiung City with the remaining useful life of 2 years. The Company is granted the right to renew the lease upon expiration.

The building is located in mainland China with the remaining useful life of 1 to 3 years. The lease payments will be adjusted every 3 years based on the changes in market rental rates.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease period. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 1,558</u>	<u>\$ 1,421</u>
Expenses relating to low-value asset leases	<u>\$ 374</u>	<u>\$ 253</u>
Total cash outflow for leases	<u>\$ 7,256</u>	<u>\$ 45,453</u>

Lease arrangements under operating leases for the leasing out of investment properties are presented in Note 16.

16. INVESTMENT PROPERTIES

	For the Three Months Ended March 31		
	2025	2024	
Cost			
Balance at beginning of the period	\$119,093	\$113,190	
Effect of foreign currency exchange differences	<u>1,619</u>	<u>4,738</u>	
Balance at end of period	<u>\$120,712</u>	<u>\$117,928</u>	
Accumulated depreciation			
Balance at beginning of the period	\$ 90,401	\$ 79,815	
Depreciation expense	1,593	1,541	
Effect of foreign currency exchange differences	<u>1,264</u>	<u>3,390</u>	
Balance at end of period	<u>\$ 93,258</u>	<u>\$ 84,746</u>	
	March 31, 2025	December 31, 2024	March 31, 2024
Net amount at end of period	<u>\$27,454</u>	<u>\$28,692</u>	<u>\$33,182</u>

Depreciation is provided on a straight-line basis over the estimated useful lives of 5-22 years.

The Group has buildings located in Beijing, Suzhou, and Nanchang, China with fair values that are not evaluated by an independent valuer but valued by the management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The calculated fair value was \$81,399 thousand as of December 31, 2024. Following an assessment by the Group's management, there has been no significant change in fair value as of March 31, 2025 and 2024.

17. BORROWINGS

a. Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Credit loans	<u>\$400,000</u>	<u>\$415,000</u>	<u>\$360,000</u>
The annual interest rate (%)	1.77~1.81	1.77~2.105	0.5~1.8

b. Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Credit loans	\$ 817,249	\$ 861,902	\$ 949,831
Less: Government grants discount	2,222	3,260	6,423
Current portion of long-term borrowings	<u>178,612</u>	<u>178,612</u>	<u>171,620</u>
	<u>\$ 636,415</u>	<u>\$ 680,030</u>	<u>\$ 771,788</u>
The annual interest rate (%)	1.225	1.225	1.225

The Company obtained borrowings under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”, which have interest at prime rate and are used for capital expenditures and operating turnovers. Monthly installments start on the fourth year from the date of initial drawdown until October 2030. The borrowing interest rate is lower than the market rate due to government subsidy policies, as a result, a portion of the loan is classified as government grants, recognized as deferred revenue (other current liabilities) and long-term deferred revenue, and transferred to profit or loss over the useful lives of the related assets.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

The Group’s notes payable and accounts payable were from operating activities and were not secured by collaterals.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Payables for salaries and bonuses	\$293,817	\$417,451	\$275,748
Payable for purchase of equipment	39,572	26,243	61,500
Payable for employees’ compensation	102,386	84,452	89,011
Payable for remuneration of directors	32,090	25,991	27,145
Others	<u>155,898</u>	<u>148,138</u>	<u>166,944</u>
	<u>\$623,763</u>	<u>\$702,275</u>	<u>\$620,348</u>

20. REFUND LIABILITIES

	For the Three Months Ended March 31	
	2025	2024
Balance at beginning of the period	\$156,608	\$ 76,342
Actual payment	(3,013)	(1,513)
Effect of foreign currency exchange differences	<u>1,310</u>	<u>-</u>
Balance at end of period	<u>\$154,905</u>	<u>\$ 74,829</u>

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

21. RETIREMENT BENEFIT PLANS

The defined benefit plan-related pension expenses recognized for the three months ended March 31, 2025 and 2024 were calculated based on the pension cost rate as actuarially determined at December 31, 2024 and 2023, respectively, amounting to (\$93) thousand and \$38 thousand.

22. EQUITY

a. Capital stock - common shares

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital authorized	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>128,113</u>	<u>128,113</u>	<u>128,113</u>
Share capital issued	<u>\$1,281,127</u>	<u>\$1,281,127</u>	<u>\$1,281,127</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)			
Premium on conversion of corporate bonds	\$265,446	\$265,446	\$265,446
Issuance of ordinary shares	59,168	59,168	59,168
Treasury share transactions	23,649	23,649	23,649
Difference between consideration and carrying amount of the subsidiaries acquired	<u>4,644</u>	<u>4,644</u>	<u>4,644</u>
	<u>\$352,907</u>	<u>\$352,907</u>	<u>\$352,907</u>

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

c. Retained earnings and dividend policy

Under the dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividend policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023 were approved in the shareholders' meeting on February 20, 2025 and June 18, 2024, respectively. The appropriations of earnings for 2024 and 2023 were as follows:

	2024	2023
Legal reserve	\$155,878	\$130,811
Special reserve (reversed)	(256,236)	115,609
Cash dividends	<u>781,488</u>	<u>666,186</u>
	<u>\$681,130</u>	<u>\$912,606</u>
Cash dividends per share (NT\$)	\$ <u>6.1</u>	\$ <u>5.2</u>

The appropriations of earnings for 2024 is subject to the resolution in the shareholders' meeting on June 17, 2025.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Three Months Ended March 31	
	2025	2024
Balance at beginning of the period	\$137,375	(\$ 249,976)
Exchange differences on translation of foreign operations	134,866	372,198
Income tax benefit (expenses) relating to exchange differences arising on translation of foreign operations	(26,974)	(74,440)
Balance at end of period	<u>\$245,267</u>	<u>\$ 47,782</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2025	2024
Balance at beginning of the period	(\$ 6,039)	(\$ 6,260)
Unrealized gain (loss) - equity instruments	(1,237)	(309)
Balance at end of period	<u>(\$ 7,276)</u>	<u>(\$ 6,569)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2025	2024
Balance at beginning of the period	\$121,439	\$138,037
Net loss for the period	(2,627)	(3,264)
Balance at end of period	<u>\$118,812</u>	<u>\$134,773</u>

23. REVENUE

	For the Three Months Ended March 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	\$1,895,937	\$1,561,371
Service revenue	<u>9</u>	<u>13</u>
	<u>\$1,895,946</u>	<u>\$1,561,384</u>

a. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Notes and accounts receivable (Note 10)	<u>\$2,938,853</u>	<u>\$3,007,769</u>	<u>\$2,382,915</u>	<u>\$2,363,274</u>

b. Breakdown of revenue from contracts with customers

For the Three Months Ended March 31, 2025

Reporting Department	Income Type		Total Other Equity
	Product Revenue	Service revenue	
The Company	\$ 760,443	\$ 9	\$ 760,452
Thinking Changzhou	407,498	-	407,498
Thinking Yichang	111,484	-	111,484
Jiang Xi Thinking	9,200	-	9,200
Dong Guan Welkin and Zhongshan Welkin	562,344	-	562,344
Others	44,968	-	44,968
	<u>\$1,895,937</u>	<u>\$ 9</u>	<u>\$1,895,946</u>

For the Three Months Ended March 31, 2024

Reporting Department	Income Type		Total Other Equity
	Product Revenue	Service revenue	
Thinking	\$ 612,787	\$ 13	\$ 612,800
Thinking Changzhou	395,193	-	395,193
Thinking Yichang	76,291	-	76,291
Jiang Xi Thinking	11,673	-	11,673
Dong Guan Welkin and Zhongshan Welkin	424,289	-	424,289
Others	41,138	-	41,138
	<u>\$1,561,371</u>	<u>\$ 13</u>	<u>\$1,561,384</u>

24. NET PROFIT FOR THE PERIOD

The net profit for this period included the following items:

a. Interest income

	For the Three Months Ended March 31	
	2025	2024
Bank deposits	\$ 5,313	\$ 17,154
Financial assets at amortized cost	13,569	11,405
Others	469	8,671
	<u>\$19,351</u>	<u>\$37,230</u>

b. Other income

	For the Three Months Ended March 31	
	2025	2024
Grants	\$ 12,559	\$ 5,439
Rental income	1,340	2,609
Others	716	1,857
	<u>\$14,615</u>	<u>\$ 9,905</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2025	2024
Net gain (loss) on financial assets at fair value through profit or loss	\$ 4,570	(\$24,232)
Foreign exchange gains, net	29,174	50,649
Loss on disposal of property, plant, and equipment	(3,353)	(1,019)
Others	(2,974)	(2,133)
	<u>\$27,417</u>	<u>\$23,265</u>

d. Finance costs

	For the Three Months Ended March 31	
	2025	2024
Interest on lease liabilities	\$ 633	\$1,103
Interest on bank loans	<u>5,873</u>	<u>4,671</u>
	6,506	5,774
Less: Amount included in the cost of qualifying assets	<u>-</u>	<u>2,267</u>
	<u>\$6,506</u>	<u>\$3,507</u>

Information on capitalized interest is as follows:

	For the Three Months Ended March 31	
	2025	2024
Capitalized interest amount	<u>\$ -</u>	<u>\$2,267</u>
Capitalization rate (%)	-	1.1~1.23

e. Depreciation and amortization expenses

	For the Three Months Ended March 31	
	2025	2024
Property, plant, and equipment	\$101,762	\$78,536
Right-of-use assets	7,488	12,887
Investment properties	1,593	1,541
Computer Software	<u>3,469</u>	<u>2,915</u>
	114,312	95,879
Less: Amount included in the cost of qualifying assets	<u>1,053</u>	<u>828</u>
	<u>\$113,259</u>	<u>\$95,051</u>
Depreciation expenses by function		
Operating costs	\$89,069	\$74,445
Operating expenses	19,128	16,150
Other gains and losses	<u>1,593</u>	<u>1,541</u>
	<u>\$109,790</u>	<u>\$92,136</u>

	For the Three Months Ended March 31	
	2025	2024
Operating costs	\$ 611	\$ 508
Operating expenses	<u>2,858</u>	<u>2,407</u>
	<u>\$ 3,469</u>	<u>\$ 2,915</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits		
Salary	\$423,712	\$387,483
Others	<u>56,403</u>	<u>54,945</u>
	<u>480,115</u>	<u>442,428</u>
Benefits after retirement		
Defined contribution plans	32,641	28,275
Defined benefit plans (Note 21)	(<u>93</u>)	<u>38</u>
	<u>32,548</u>	<u>28,313</u>
	<u>\$512,663</u>	<u>\$470,741</u>
By function		
Operating costs	\$342,267	\$299,145
Operating expenses	<u>170,396</u>	<u>171,596</u>
	<u>\$512,663</u>	<u>\$470,741</u>

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

Based on amendments to the Securities and Exchange Act in August 2024, the Company plans to propose an amendment to the Articles of Incorporation at the 2025 shareholders' meeting, stipulating that no less than 35% of the amount allocated for employee compensation in that year shall be designated for entry-level employee compensation. The appropriations of employees' compensation (including compensation for entry-level employees) and remuneration of directors for the three months ended March 31, 2025 and 2024 were as follows:

	For the Three Months Ended March 31	
	2025	2024
<u>Estimated percentage</u>		
Employees' compensation (%)	3.6	3.2
Remuneration of directors (%)	1.2	1.1
<u>Amount</u>		
Compensation of Employees	\$ 17,934	\$ 13,678
Remuneration of directors	6,099	4,651

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

The Company approved the cash distribution of employees' compensation and remuneration of directors for the 2024 and 2023 on February 20, 2025 and February 26, 2024, respectively, as resolved by the Board of Directors as follows:

	2024	2023
Compensation of Employees	\$76,450	\$66,157
Remuneration of directors	25,991	22,494

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

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

25. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2025	2024
Current income tax		
In respect of the current period	\$145,853	\$ 51,162
Adjustments from previous years	<u>590</u>	<u>487</u>
	<u>146,443</u>	<u>51,649</u>
Deferred income tax		
In respect of the current period	(<u>20,927</u>)	<u>55,137</u>
Income tax expense recognized in profit or loss	<u>\$125,516</u>	<u>\$106,786</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2025	2024
Deferred income tax benefit		
Exchange differences on translation of foreign operations recognized in other comprehensive income	(\$ 26,974)	(\$ 74,440)

c. Income tax assessment

The tax returns of the Company and Yenyo through 2023 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended March 31	
	2025	2024
Profit for the year attributable to owners of the Company	<u>\$380,189</u>	<u>\$332,940</u>

Number of shares

Unit: Thousand shares

	For the Three Months Ended March 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of Employees	<u>376</u>	<u>334</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>128,489</u>	<u>128,447</u>

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

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the last 2 years.

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

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value level

March 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
— Structured deposits	\$ -	\$ -	\$ 1,076,892	\$ 1,076,892
— Derivatives	-	366	-	366
— Fund beneficiary certificates	80,550	-	-	80,550
— Securities Investment Trust Fund	2,246	-	-	2,246
	<u>\$ 82,796</u>	<u>\$ 366</u>	<u>\$ 1,076,892</u>	<u>\$ 1,160,054</u>
<u>Financial assets at fair value through other comprehensive income</u>				
— Domestic unlisted (OTC) stocks	-	-	26,666	26,666
<u>Financial liabilities at fair value through profit or loss</u>				
— Derivatives	\$ -	\$ 8,611	\$ -	\$ 8,611

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
— Structured deposits	\$ -	\$ -	\$ 1,142,471	\$ 1,142,471
<u>Financial assets at fair value through other comprehensive income</u>				
— Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 27,903	\$ 27,903
<u>Financial liabilities at fair value through profit or loss</u>				
— Derivatives	\$ -	\$ 4,212	\$ -	\$ 4,212

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
— Structured deposits	\$ -	\$ -	\$ 1,070,842	\$ 1,070,842
<u>Financial assets at fair value through other comprehensive income</u>				
— Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 27,373	\$ 27,373
<u>Financial liabilities at fair value through profit or loss</u>				
— Derivatives	\$ -	\$ 10,901	\$ -	\$ 10,901

There were no transfers between Level 1 and Level 2 in 2025 and 2024.

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

For the Three Months Ended March 31, 2025

	Debt instruments	Equity instruments	
	Measured at FVTPL	Measured at fair value through other comprehensive income	Total Other Equity
<u>Financial assets</u>			
Balance at beginning of the period	\$ 1,142,471	\$ 27,903	\$ 1,170,374
Purchases	720,356	-	720,356
Disposals	(796,712)	-	(796,712)
Recognized in profit or loss	5,149	-	5,149
Recognized in other comprehensive income	-	(1,237)	(1,237)
Effect of foreign currency exchange differences	5,628	-	5,628
Balance at end of period	\$ 1,076,892	\$ 26,666	\$ 1,103,558

For the Three Months Ended March 31, 2024

	Debt instruments	Equity instruments	
	Measured at FVTPL	Measured at fair value through other comprehensive income	Total Other Equity
<u>Financial assets</u>			
Balance at beginning of the period	\$ 1,127,549	\$ 27,682	\$ 1,155,231
Purchases	986,229	-	986,229
Disposals	(1,087,487)	-	(1,087,487)
Recognized in other comprehensive income	-	(309)	(309)
Effect of foreign currency exchange differences	44,551	-	44,551
Balance at end of period	\$ 1,070,842	\$ 27,373	\$ 1,098,215

3) Valuation techniques and inputs of Level 2 fair value measurement

Category of Financial Instruments	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs of Level 3 fair value measurement

- a) The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of the company.
- b) The fair values of structured deposits mined using discounted cash flow method.

c. Category of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets			
Measured at FVTPL			
Mandatorily classified as at FVTPL	\$ 1,160,054	\$ 1,142,471	\$ 1,070,842
Measured at amortized cost (Note 1)	8,502,348	8,190,415	7,174,205
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	26,666	27,903	27,373
Financial liabilities			
Measured at FVTPL			
Mandatorily classified as at FVTPL	8,611	4,212	10,901
Measured at amortized cost (Note 2)	2,675,516	2,825,573	2,479,494

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (excluding income tax refund receivable) and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

Financial risks associated with the management and operations of the Group included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The treasury function reports monthly to the Group's management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. The Group engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the year are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the risk from the fluctuations of the USD and the CNY, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency. When the functional currency appreciates by 1% against each relevant foreign currency, the impact on the net profit will be the negative sum of the same amount.

	For the Three Months Ended March 31	
	2025	2024
Impact of 1% change on profit and loss		
USD	<u>\$ 15,115</u>	<u>\$ 14,259</u>
CNY	<u>\$ 1,624</u>	<u>\$ 4,636</u>

b) Interest rate risk

The domestic individual companies of the Group currently borrow funds at both fixed and floating interest rates. These rates are calculated based on the New Taiwan Dollar (TWD) money market interest rate plus a margin. Furthermore, total amount of the Group's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Group.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates as of the reporting date were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$2,280,308	\$2,225,589	\$3,415,428
Financial liabilities	420,769	220,648	518,900
Cash flow interest rate risk			
Financial assets	4,274,364	4,036,367	2,364,500
Financial liabilities	915,027	1,173,642	943,408

Sensitivity analysis

The Group specializes in financial products with floating interest rates. Fluctuations in market interest rates will lead to variations in its effective interest rate, resulting in changes to future cash flows. If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2025 and 2024

would have been higher/lower by \$8,398 thousand and by \$3,553 thousand, respectively.

c) Other price risk

The impact of equity price exposure on the equity securities investments held by the Group, measured at fair value through profit or loss and at fair value through other comprehensive income. If the equity price changes by 1% on the balance sheet date, the pre-tax net income for the three months ended March 31, 2025, and 2024 will increase/decrease by \$828 thousand and \$0 thousand, respectively. The pre-tax other comprehensive income will increase/decrease by \$267 thousand and \$274 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Group, could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are a major source of liquidity risk for the Group.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

The table has been drawn up based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate as of the balance sheet date.

March 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest-bearing liabilities	\$ 343,209	\$ 869,710	\$ 240,641	\$ -	\$ -
Lease liabilities	1,786	4,841	24,368	43,601	90,218
Variable interest rate instruments	15,939	31,690	241,161	591,838	69,583
Fixed interest rate Instruments	<u>724</u>	<u>300,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 361,658</u>	<u>\$ 1,206,890</u>	<u>\$ 506,170</u>	<u>\$ 635,439</u>	<u>\$ 159,801</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 30,995	\$ 43,601	\$ 13,422	\$ 13,422	\$ 13,422	\$ 49,952
Variable interest rate instruments	<u>288,790</u>	<u>591,838</u>	<u>69,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 319,785</u>	<u>\$ 635,439</u>	<u>\$ 83,005</u>	<u>\$ 13,422</u>	<u>\$ 13,422</u>	<u>\$ 49,952</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest-bearing liabilities	\$ 346,949	\$ 869,417	\$ 328,943	\$ -	\$ -
Lease liabilities	2,219	5,699	21,336	37,650	91,403
Variable interest rate instruments	16,395	247,178	241,432	608,713	99,615
Fixed interest rate Instruments	<u>100,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 465,710</u>	<u>\$ 1,122,294</u>	<u>\$ 591,711</u>	<u>\$ 646,363</u>	<u>\$ 191,018</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 29,254	\$ 37,650	\$ 13,367	\$ 13,367	\$ 13,367	\$ 51,302
Variable interest rate instruments	<u>505,005</u>	<u>608,713</u>	<u>99,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 534,259</u>	<u>\$ 646,363</u>	<u>\$ 112,982</u>	<u>\$ 13,367</u>	<u>\$ 13,367</u>	<u>\$ 51,302</u>

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest-bearing liabilities	\$ 353,587	\$ 615,020	\$ 205,028	\$ -	\$ -
Lease liabilities	4,188	9,645	37,222	56,636	90,855
Variable interest rate instruments	15,213	30,497	136,514	629,322	179,248
Fixed interest rate Instruments	688	325,447	35,074	-	-
	<u>\$ 373,676</u>	<u>\$ 980,609</u>	<u>\$ 413,838</u>	<u>\$ 685,958</u>	<u>\$ 270,103</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 51,055	\$ 56,636	\$ 13,422	\$ 13,422	\$ 13,422	\$ 50,589
Variable interest rate instruments	182,224	629,322	179,248	-	-	-
	<u>\$ 233,279</u>	<u>\$ 685,958</u>	<u>\$ 192,670</u>	<u>\$ 13,422</u>	<u>\$ 13,422</u>	<u>\$ 50,589</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year. Liquidity of derivative financial instruments of the Group is paid on demand or less than 1 month.

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Gross settled</u>			
Forward exchange contracts			
Inflows	\$ 2,115,786	\$ 1,468,413	\$ 1,172,729
Outflows	(2,124,031)	(1,472,625)	(1,183,630)
	<u>(\$ 8,245)</u>	<u>(\$ 4,212)</u>	<u>(\$ 10,901)</u>

e. Transfer of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid

at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of March 31, 2025, December 31, 2024, and March 31, 2024, the face amounts of these unsettled bills receivable were \$394,141 thousand, \$620,065 thousand, and \$327,555 thousand, respectively. The unsettled bills receivable will be due in 7 months, 6 months, and 6 months after the balance sheet date, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the three months ended March 31, 2025 and 2024, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

29. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions and revenues and expenses among the Group have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were as follows:

a. Related party name and its relationship with the Group

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd. (Honungxin Technology)	Related party in substance
Thinking Education Foundation	Related party in substance

b. Sales

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Related party in substance–Pingtung Welkin	<u>\$ 542</u>	<u>\$ 417</u>

The sale prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

c. Purchase of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2025	2024
Related party in substance–Pingtung Welkin	\$ 2,087	\$ 2,091
Related party in substance–Hongxin Technology	<u>80</u>	<u>65</u>
	<u>\$ 2,167</u>	<u>\$ 2,156</u>

The purchase prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable - related parties	Related party in substance–Pingtung Welkin	<u>\$ 420</u>	<u>\$ 271</u>	<u>\$ 438</u>

The payment terms between the Group and the related parties were 60 days from the end of the month, and the outstanding payment receivables from related parties were unsecured and no impairment losses were recognized.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable - related parties	Related party in substance–Pingtung Welkin	\$1,539	\$1,515	\$1,896
	Related party in substance–Hongxin Technology	<u>85</u>	<u>-</u>	<u>69</u>
		<u>\$1,624</u>	<u>\$1,515</u>	<u>\$1,965</u>
Other payables - related parties	Related party in substance–Pingtung Welkin	\$ 168	\$ 745	\$ 4
	Related party in substance–Hongxin Technology	<u>197</u>	<u>138</u>	<u>35</u>
		<u>\$ 365</u>	<u>\$ 883</u>	<u>\$ 39</u>

The payment terms between the Group and the related parties were 60 days from the end of the month, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments (recorded as prepayments for equipment)

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Related party in substance–Pingtung Welkin	\$ 596	\$ 596	\$ 370
Related party in substance–Hongxin Technology	<u>7,382</u>	<u>7,382</u>	<u>8,132</u>
	<u>\$7,978</u>	<u>\$7,978</u>	<u>\$8,502</u>

g. Other transactions with related parties

1) Consigned processing

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2025	2024
Processing expense	Related party in substance–Pingtung Welkin	\$ 165	\$ 5
	Related party in substance–Hongxin Technology	<u>210</u>	<u>32</u>
		<u>\$ 375</u>	<u>\$ 37</u>

The prices and payment terms with substantial related parties were not comparable because the Group did not have other consigned processing businesses with non-related parties. The payment term was 60 days from the end of the month.

2) Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2025	2024
Lease expense	Related party in substance – Boh Chin Investment	<u>\$ 120</u>	<u>\$ 120</u>

The lease contract between the Group and related parties in substance is based on the market rental agreement under the general payment terms.

3) Donation

For the promotion of culture and education, the Company donated \$2,000 thousand to Thinking Education Foundation, a related party in substance, and recognized the donation expense in the first quarter of 2025.

h. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$15,754	\$16,947
Benefits after retirement	<u>264</u>	<u>293</u>
	<u>\$16,018</u>	<u>\$17,240</u>

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

30. PLEDGED ASSETS

The Group provided the following assets as performance guarantees for payment of goods, construction of facilities, and acquisition of government subsidies:

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$283,826	\$297,197	\$190,587
Other financial assets	<u>118,654</u>	<u>200,389</u>	<u>109,049</u>
	<u>\$402,480</u>	<u>\$497,586</u>	<u>\$299,636</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Due to the construction of factory buildings and the acquisition of production equipment, the Group has the following unexecuted contractual commitments as of each balance sheet date:

	March 31, 2025	December 31, 2024	March 31, 2024
Acquisition of property, plant, and equipment	\$745,526	\$807,651	\$200,227

There is a dispute with the supplier regarding the settlement of construction costs for the plant, and the Group has entrusted a lawyer for negotiation or pre-litigation mediation. The Group has assessed that the above issues will not materially impact financial or operation.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount
March 31, 2025				
Monetary financial assets				
USD	\$ 9,988	7.1752	(USD:CNY)	\$ 330,603
USD	38,487	33.1	(USD:TWD)	1,273,920
CNY	98,470	4.6131	(CNY:TWD)	454,252
Monetary financial liabilities				
USD	1,164	7.1752	(USD:CNY)	38,528
USD	1,644	33.1	(USD:TWD)	54,416
CNY	63,398	4.6131	(CNY:TWD)	292,461
December 31, 2024				
Monetary financial assets				
USD	\$ 9,600	7.1889	(USD:CNY)	\$ 314,160
USD	29,736	32.725	(USD:TWD)	973,111
CNY	180,269	4.5522	(CNY:TWD)	820,621
CNY	8,482	0.1391	(CNY:USD)	38,612
Monetary financial liabilities				
USD	203	7.1889	(USD:CNY)	6,643
USD	2,020	32.725	(USD:TWD)	66,105
CNY	73,895	4.5522	(CNY:TWD)	336,385
March 31, 2024				
Monetary financial assets				
USD	\$ 21,164	7.0948	(USD:CNY)	\$ 677,036
USD	33,108	31.99	(USD:TWD)	1,059,125
CNY	96,475	4.5089	(CNY:TWD)	434,996
CNY	9,990	0.1409	(CNY:USD)	45,044
Monetary financial liabilities				
USD	331	7.0948	(USD:CNY)	10,589
USD	9,369	31.99	(USD:TWD)	299,714
CNY	3,656	4.5089	(CNY:TWD)	16,485

Refer to Note 24 (c) for information related to the Group's realized and unrealized net foreign exchange loss. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

33. ADDITIONAL DISCLOSURES

a. Information on significant transactions and b. invested companies

- 1) Financing provided for others: None.
- 2) Endorsement/guarantee provided: Table 1.

- 3) Significant marketable securities held at the end of the period (excluding investments in subsidiaries): Table 2.
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 6) Information on investees: Table 5.
 - 7) Intercompany relationships and significant intercompany transaction: Table 7.
- c. Information on investments in Mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 6.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 3.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 3.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rates range, and total current period interest with respect to financing of funds: None.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. For details regarding the nature of the business operations of the Group's reporting department, please refer to Note 13. The analysis of revenue and operational results is as follows:

	The Company	Thinking Changzhou	Thinking Yichang	Jiang Xi Thinking	Dong Guan Welkin and Zhongshan Welkin	Others	Adjustment and Elimination	Total Other Equity
<u>For the Three Months Ended March 31, 2025</u>								
Revenue from external customers	\$ 760,452	\$ 407,498	\$ 111,484	\$ 9,200	\$ 562,344	\$ 44,968	\$ -	\$1,895,946
Intersegment revenue	<u>244,669</u>	<u>314,059</u>	<u>253,908</u>	<u>269,938</u>	<u>633,823</u>	<u>628</u>	<u>(1,717,025)</u>	-
Segment revenue	<u>\$1,005,121</u>	<u>\$ 721,557</u>	<u>\$ 365,392</u>	<u>\$ 279,138</u>	<u>\$1,196,167</u>	<u>\$ 45,596</u>	<u>(\$1,717,025)</u>	<u>\$1,895,946</u>
Segment equity	<u>\$ 167,421</u>	<u>\$ 64,957</u>	<u>\$ 35,416</u>	<u>\$ 49,573</u>	<u>\$ 139,712</u>	<u>(\$ 11,190)</u>	<u>\$ 2,312</u>	\$ 448,201
Interest income								19,351
Other income								14,615
Other gains and losses								27,417
Finance costs								(6,506)
Net income before tax								503,078
Income tax expenses								<u>125,516</u>
Net income after tax								<u>\$ 377,562</u>
<u>March 31, 2025</u>								
Total segment assets	<u>\$4,881,526</u>	<u>\$3,705,129</u>	<u>\$1,707,013</u>	<u>\$1,386,748</u>	<u>\$4,648,471</u>	<u>\$1,358,622</u>	<u>(\$1,463,384)</u>	<u>\$16,224,125</u>
Total segment liabilities	<u>\$3,950,301</u>	<u>\$ 627,496</u>	<u>\$ 225,703</u>	<u>\$ 175,604</u>	<u>\$1,312,024</u>	<u>\$ 64,553</u>	<u>(\$1,327,162)</u>	<u>\$5,028,519</u>
<u>For the Three Months Ended March 31, 2024</u>								
Revenue from external customers	\$ 612,800	\$ 395,193	\$ 76,291	\$ 11,673	\$ 424,289	\$ 41,138	\$ -	\$1,561,384
Intersegment revenue	<u>223,270</u>	<u>246,907</u>	<u>168,512</u>	<u>217,838</u>	<u>541,392</u>	<u>320</u>	<u>(1,398,239)</u>	-
Segment revenue	<u>\$ 836,070</u>	<u>\$ 642,100</u>	<u>\$ 244,803</u>	<u>\$ 229,511</u>	<u>\$ 965,681</u>	<u>\$ 41,458</u>	<u>(\$1,398,239)</u>	<u>\$1,561,384</u>
Segment equity	<u>\$ 165,701</u>	<u>\$ 69,035</u>	<u>\$ 11,741</u>	<u>\$ 49,283</u>	<u>\$ 94,448</u>	<u>(\$ 11,400)</u>	<u>(\$ 9,239)</u>	\$ 369,569
Interest income								37,230
Other income								9,905
Other gains and losses								23,265
Finance costs								(3,507)
Net income before tax								436,462
Income tax expenses								<u>106,786</u>
Net income after tax								<u>\$ 329,676</u>
<u>March 31, 2024</u>								
Total segment assets	<u>\$4,089,202</u>	<u>\$4,115,033</u>	<u>\$1,425,889</u>	<u>\$1,154,254</u>	<u>\$3,648,544</u>	<u>\$1,369,090</u>	<u>(\$1,255,112)</u>	<u>\$14,546,900</u>
Total segment liabilities	<u>\$3,655,076</u>	<u>\$ 489,910</u>	<u>\$ 171,331</u>	<u>\$ 170,648</u>	<u>\$ 994,699</u>	<u>\$ 156,137</u>	<u>(\$1,165,839)</u>	<u>\$4,471,962</u>

Segment profit represents the profit before tax earned by each segment without interest income, other income, other gains and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor Name of Company	Endorsee/Guarantee		Limit on Endorsement/Guarant ee Given on Behalf of Each Party (Note 2)	Maximum Endorsement/Guarante e Balance	Ending Balance	Actual Amount Drawn	Amount of Endorsements/Guarante es Collateralized by Property	Ratio of Accumulated Endorsements/Guarant ees to Net Worth per Latest Financial Statements (%)	Maximum Amount Endorsed/Guarant eed (Note 2)	Endorsement/Guarant ee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarante e Given by Subsidiaries on Behalf of Parent	Endorsement/Guarant ee Given on Behalf of Companies in Mainland China	Note
		Name of Company	Relationship (Note 1)											
0	The Company	Thinking Vietnam	2	\$ 3,323,038	\$ 331,000 (US\$10,000 thousand)	\$ 331,000 (US\$10,000 thousand)	\$ -	\$ -	2.99	\$ 5,538,397	Y	N	N	

Note 1: Types of relationships between endorsers and endorsees:

1. The companies with which it has business relations.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding common stocks.
3. Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
4. The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
5. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements/guarantees for their mutually invested company in proportion to their shareholding ratio.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 50% of the Company's net asset; the total amount of guarantee provided by the Company to any single entity shall not exceed 30% of the Company's net asset stated.

TABLE 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD
MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of Period				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Thinking Yichang	Renminbi Wealth Management Products Bank of China - Corporate Structured Deposits	-	Financial assets at fair value through profit or loss - current	-	CNY 90,318 thousand	-	CNY 90,318 thousand	
Dong Guan Welkin	Renminbi Wealth Management Products CTBC Bank - Hui Ji XinFu Structured Deposits	-	Financial assets at fair value through profit or loss - current	-	CNY 80,604 thousand	-	CNY 80,604 thousand	

TABLE 3

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**PURCHASES OR SALES WITH RELATED PARTIES AMOUNTING TO NT\$100 MILLION OR 20% OF PAID-UP CAPITAL OR MORE
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note
			Purchases/Sales	Amount	Percentage of Total Purchases (Sales) (%)	Payment Terms			Ending Balance (Note)	% of Total	
							Unit Price	Payment Terms			
The Company	Thinking Changzhou	Subsidiaries	Purchase of goods	\$ 218,460	38	Monthly settlement: 60 Days	\$ -	-	\$ 137,868	38	
	Dong Guan Welkin	Subsidiaries	Purchase of goods	268,419	47	Monthly settlement: 60 Days	-	-	180,086	49	
	Zhongshan Welkin	Subsidiaries	Sales	(113,780)	(11)	Monthly settlement: 60 Days	-	-	(91,832)	(9)	
Thinking Yichang	Dong Guan Welkin	Brother company	Sales	(123,660)	(34)	Monthly settlement: 60 Days	-	-	(107,997)	(25)	
Dong Guan Welkin	Zhongshan Welkin	Subsidiaries	Purchase of goods	327,376	50	Monthly settlement: 60 Days	-	-	241,792	26	

Note: This has been offset in the preparation of the consolidated financial report.

TABLE 4

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Thinking Changzhou	The Company	Parent company	\$ 137,868	5.65	\$ -	-	\$ 38,699	\$ -
Thinking Yichang	Dong Guan Welkin	Brother company	107,997	4.60	-	-	49,180	-
Dong Guan Welkin	The Company	Parent company	180,086	5.59	-	-	54,476	-
Zhongshan Welkin	Dong Guan Welkin	Parent company	241,792	5.44	-	-	119,307	-

Note: This has been offset in the preparation of the consolidated financial report.

TABLE 5

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEEES FOR THE THREE MONTHS ENDED MARCH 31, 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Investee Company Net Income (Loss)	Recognized for this period Investment Profit (Loss)	Note
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan County	Processing, sales and manufacturing of diodes	\$ 304,410	\$ 304,410	25,732,508	63.76	\$ 204,052	(\$ 7,249)	(\$ 4,622)	Note 1
	Greenish	British Virgin Islands	International trading and investment	242,300 (US\$ 7,375 thousand)	242,300 (US\$ 7,375 thousand)	7,374,997	100	2,796,754	55,580	56,690	Note 1
	Thinking Holding	Cayman	International trading and investment	792,506 (US\$25,476 thousand)	792,506 (US\$25,476 thousand)	25,476,302	100	5,063,960	184,254	182,756	Note 1
	Thinking USA	United States	Electronic product design and marketing	30,715 (US\$ 1,000 thousand)	30,715 (US\$ 1,000 thousand)	1,000,000	100	(729)	(1,723)	(1,723)	
	Thinking Vietnam	Vietnam	Manufacturing and selling thermistors, varistors and sensors	149,313 (US\$ 4,800 thousand)	149,313 (US\$ 4,800 thousand)	-	100	144,176	(235)	(235)	
Thinking Holding	Thinking International	Mauritius	International trading and investment	205,781 (US\$ 6,375 thousand)	205,781 (US\$ 6,375 thousand)	6,375,000	100	1,482,496	35,705	35,705	
	Thinking HK	Hong Kong	International trading and investment	311,753 (US\$10,040 thousand)	311,753 (US\$10,040 thousand)	10,040,000	100	1,211,762	47,456	47,456	
	View Full Samoa	Samoa	International trading and investment	155,108 (US\$ 5,055 thousand)	155,108 (US\$ 5,055 thousand)	5,055,000	100	2,168,929	89,079	89,079	
	Thinking Samoa	Samoa	International trading and investment	112,518 (US\$ 3,864 thousand)	112,518 (US\$ 3,864 thousand)	3,864,354	100	292,846	12,013	12,013	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: For the information of investees located in mainland China, refer to Table 6.

TABLE 6

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE THREE MONTHS ENDED MARCH 31, 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	Ownership of Direct or Indirect Investment %	Investment Gain (Loss) Recognized (Note 6)	Carrying Amount as of March 31, 2025 (Note 6)	Accumulated Investment Income Repatriated at End of Period	Note
					Remitted	Repatriated							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	\$ 1,008,050 (USD\$ 31,260 thousand)	Note 1	\$ 452,725	\$ -	\$ -	\$ 452,725	\$ 104,422	100	\$ 106,531	\$ 3,918,365	\$ 1,971,107 (US\$ 64,494)	Notes 9 and 10
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	203,439 (USD\$ 6,300 thousand)	Note 2	203,439	-	-	203,439	35,724	100	35,724	1,481,310	-	Note 10
Jiang Xi Thinking	Manufacturing and selling thermistors and sensors	310,330 (USD\$ 10,000 thousand)	Note 3	310,330	-	-	310,330	47,455	100	47,455	1,211,144	-	Note 10
Dong Guan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	868,640 (CNY\$194,782 thousand)	Note 4	265,306	-	-	265,306	137,129	100	137,129	3,344,471	-	Note 10
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	658,145 (CNY\$150,000 thousand)	Note 5	-	-	-	-	30,686	100	30,686	896,943	-	Note 10

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by the Investment Commission, MOEA (Note 7)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 8)
\$ 1,231,800 (US\$38,774 thousand)	\$ 400,642 (US\$12,104 thousand)	\$ 6,646,076

- Note 1: Indirectly invested in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.
- Note 2: Indirectly invested in mainland China through companies registered in the third area (Thinking International).
- Note 3: Indirectly invested in mainland China through companies registered in the third area (Thinking HK).
- Note 4: Indirectly invested in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.
- Note 5: Indirectly invested in mainland China through subsidiary (Dongguan Welkin).
- Note 6: The financial statements have been audited by the ultimate parent company's certified public accountant.
- Note 7: The amount of US\$26,670 thousand was the difference between the MOEA approved investment amount of US\$12,104 thousand and the amount of accumulated outflow of investment from Taiwan of US\$38,774 thousand. Such difference was the result of deducting the capital increase of US\$32,024 thousand from the subsidiary in mainland China, deductions of US\$176 thousand for remittance of liquidation proceeds to third parties not yet approved. The added surplus of the subsidiary in mainland China, which was approximately US\$58,821 thousand, was repatriated, and the difference between the exchange rate of the remitted funds and US\$49 thousand. The balance as of March 31, 2025 was based on the exchange rate of US\$1=NT\$33.1.
- Note 8: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.
- Note 9: The Company recognized share of profits of Thinking Changzhou was \$50,488 thousand, and Greenish recognized share of profits of Thinking Changzhou was \$56,043 thousand. Total amount of share of profits was \$106,531 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.
- Note 10: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Relationship (Note)	Description of Transactions			
				Ledger Account	Amount	Transaction Term	Percentage of Consolidated Total Revenue or Total Assets (%)
0	The Company	Thinking Changzhou	1	Sales	\$ 97,709	Cost-plus pricing	5
		Thinking Changzhou	1	Purchase of goods	218,460	Cost-plus pricing	12
		Thinking Changzhou	1	Accounts receivable	86,415	Monthly settlement: 60 Days	1
		Thinking Changzhou	1	Accounts payable	137,868	Monthly settlement: 60 Days	1
		Thinking Yichang	1	Sales	2,273	Cost-plus pricing	-
		Thinking Yichang	1	Purchase of goods	22,536	Cost-plus pricing	1
		Thinking Yichang	1	Accounts receivable	1,929	Monthly settlement: 60 Days	-
		Thinking Yichang	1	Accounts payable	13,318	Monthly settlement: 60 Days	-
		Thinking Yichang	1	Other payables	887	Monthly settlement: 60 Days	-
		Dong Guan Welkin	1	Sales	30,907	Cost-plus pricing	2
		Dong Guan Welkin	1	Purchase of goods	268,419	Cost-plus pricing	14
		Dong Guan Welkin	1	Accounts receivable	25,441	Monthly settlement: 60 Days	-
		Dong Guan Welkin	1	Accounts payable	180,086	Monthly settlement: 60 Days	1
		Yenyo	1	Purchase of goods	628	Cost-plus pricing	-
		Yenyo	1	Accounts payable	505	Monthly settlement: 60 Days	-
		Zhongshan Welkin	1	Sales	113,780	Cost-plus pricing	6
		Zhongshan Welkin	1	Accounts receivable	91,832	Monthly settlement: 60 Days	1
1	Thinking Changzhou	Thinking Yichang	2	Sales	25,933	Cost-plus pricing	1
		Thinking Yichang	2	Purchase of goods	92,557	Cost-plus pricing	5
		Thinking Yichang	2	Accounts receivable	15,661	Monthly settlement: 60 Days	-
		Thinking Yichang	2	Accounts payable	68,395	Monthly settlement: 60 Days	-
		Jiang Xi Thinking	2	Sales	30,242	Cost-plus pricing	2
		Jiang Xi Thinking	2	Purchase of goods	61,027	Cost-plus pricing	3
		Jiang Xi Thinking	2	Accounts receivable	35,290	Monthly settlement: 60 Days	-
		Jiang Xi Thinking	2	Other receivables	541	Monthly settlement: 60 Days	-
		Jiang Xi Thinking	2	Accounts payable	43,055	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Sales	31,427	Cost-plus pricing	2
		Dong Guan Welkin	2	Purchase of goods	14,813	Cost-plus pricing	1
		Dong Guan Welkin	2	Accounts receivable	18,857	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Accounts payable	7,715	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Advance payment	1,457	Monthly settlement T/T	-
		Zhongshan Welkin	2	Sales	7,997	Cost-plus pricing	-
		Zhongshan Welkin	2	Purchase of goods	3,353	Cost-plus pricing	-
		Zhongshan Welkin	2	Accounts receivable	6,217	Monthly settlement: 60 Days	-
		Zhongshan Welkin	2	Accounts payable	2,554	Monthly settlement: 60 Days	-

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No.	Company	Counterparty	Relationship (Note)	Description of Transactions			
				Ledger Account	Amount	Transaction Term	Percentage of Consolidated Total Revenue or Total Assets (%)
2	Thinking Yichang	Jiang Xi Thinking	2	Sales	\$ 5,522	Cost-plus pricing	-
		Jiang Xi Thinking	2	Purchase of goods	80,925	Cost-plus pricing	4
		Jiang Xi Thinking	2	Accounts receivable	4,302	Monthly settlement: 60 Days	-
		Jiang Xi Thinking	2	Accounts payable	61,831	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Sales	123,660	Cost-plus pricing	7
		Dong Guan Welkin	2	Purchase of goods	3,898	Cost-plus pricing	-
		Dong Guan Welkin	2	Accounts receivable	107,997	Monthly settlement: 60 Days	1
		Dong Guan Welkin	2	Accounts payable	1,583	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Advance payment	834	Monthly settlement T/T	-
		Zhongshan Welkin	2	Sales	9,633	Cost-plus pricing	1
		Zhongshan Welkin	2	Accounts receivable	8,742	Monthly settlement: 60 Days	-
		Zhongshan Welkin	2	Advance receipts	1,116	Monthly settlement T/T	-
3	Jiang Xi Thinking	Dong Guan Welkin	2	Sales	73,712	Cost-plus pricing	4
		Dong Guan Welkin	2	Purchase of goods	2,502	Cost-plus pricing	-
		Dong Guan Welkin	2	Accounts receivable	58,400	Monthly settlement: 60 Days	-
		Dong Guan Welkin	2	Accounts payable	1,269	Monthly settlement: 60 Days	-
		Dong guan Welkin	2	Other payables	1,010	Monthly settlement: 60 Days	-
		Zhongshan Welkin	2	Sales	54,274	Cost-plus pricing	3
		Zhongshan Welkin	2	Accounts receivable	44,015	Monthly settlement: 60 Days	-
4	Dong Guan Welkin	Zhongshan Welkin	1	Sales	13,291	Cost-plus pricing	1
		Zhongshan Welkin	1	Purchase of goods	327,376	Cost-plus pricing	17
		Zhongshan Welkin	1	Accounts receivable	14,376	Monthly settlement: 60 Days	-
		Zhongshan Welkin	1	Accounts payable	241,792	Monthly settlement: 60 Days	1

Note: Relationship

1. Parent company to subsidiaries
2. Subsidiaries to subsidiaries