

C-MEDIA ELECTRONICS INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of C-Media Electronics Inc.

Opinion

We have audited the accompanying parent company only balance sheets of C-Media Electronics Inc. (the "Company") as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 parent company only financial statements of the current period are stated as follows:

Existence and occurrence of sales revenue from significant customers

Description

Please refer to Note 4(27) for accounting policy on recognition of revenue and Note 6(17) for details of sales revenue.

For the year ended December 31, 2025, the Company's sales revenue amounted to NT\$489,828 thousand. The Company is mainly engaged in the design, manufacturing and sales of electronic components and integrated circuits. The sales type includes integrated circuit sales through domestic and foreign dealers. The existence of sales revenue from the Company's top 10 significant customers is significant to the parent company only financial statements and sales revenue is inherently high risk. Therefore, we determined the existence and occurrence of sales revenue from significant customers as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures on the existence and occurrence of sales revenue from the top 10 significant customers:

1. Obtained an understanding and assessed internal control on sales revenue recognition, and confirmed the top 10 significant customers internal controls were performed effectively.
2. Obtained detailed listing of sales revenue from the top 10 significant customers in the current year, and verified relevant evidences including customer sales invoices, purchase orders and delivery documents.
3. Inspected contents and relevant evidences of the top 10 significant customers in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for a description of the accounting policy on inventory valuation; please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation; and please refer to Note 6(5) for information on the allowance for inventory valuation losses.

As of December 31, 2025, the Company's inventories and allowance for inventory valuation losses amounted to NT \$272,507 thousand and NT \$212,700 thousand, respectively. The Company is mainly engaged in the design, manufacturing and sales of electronic components and integrated circuits. The rapid changes in the technology of the industries in which the Company is involved and the net realisable value used in the evaluation of obsolete inventories often involve subjective judgements and therefore highly uncertain estimates. Inventories are measured at the lower of cost and net realisable value. The impact of inventories and its allowance for diminution in value has a significant impact on parent company only financial statements. Therefore, we determined the assessment of allowance for inventory valuation losses as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures on the valuation of allowance for inventory valuation losses:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Company's operations and the characteristics of its industry.
2. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Verified the appropriateness of the logic for evaluating the inventory aging report to confirm that the report information is consistent with the Company's policies.
4. Checked the appropriateness of the estimation basis adopted by the Company for the evaluation of net realisable value, verified accuracy of inventory selling prices and net realisable value, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Hsien-Cheng

Lin, Se-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

C-MEDIA ELECTRONICS INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 162,374	11	\$ 207,588	12
1136	Current financial assets at amortised cost	6(3)	11,600	1	113,100	7
1170	Accounts receivable, net	6(4)	32,256	2	51,855	3
1200	Other receivables		947	-	1,008	-
1220	Current income tax assets	6(23)	273	-	333	-
130X	Inventories	6(5)	59,807	4	69,607	4
1476	Other current financial assets		3,533	-	1,680	-
1479	Other current assets - others		19,139	1	36,290	2
11XX	Current Assets		<u>289,929</u>	<u>19</u>	<u>481,461</u>	<u>28</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	108,022	7	9,069	1
1535	Non-current financial assets at amortised cost	6(3) and 8	1,000	-	1,000	-
1550	Investments accounted for under equity method	6(6)	886,277	57	938,793	55
1600	Property, plant and equipment	6(7) and 8	254,886	16	257,525	15
1755	Right-of-use assets	6(8)	1,726	-	3,702	-
1780	Intangible assets	6(9)	12,940	1	13,715	1
1900	Other non-current assets		8,839	-	3,737	-
15XX	Non-current assets		<u>1,273,690</u>	<u>81</u>	<u>1,227,541</u>	<u>72</u>
1XXX	Total assets		<u>\$ 1,563,619</u>	<u>100</u>	<u>\$ 1,709,002</u>	<u>100</u>

(Continued)

C-MEDIA ELECTRONICS INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 84	-	\$ 84	-
2170	Accounts payable		9,946	1	12,606	1
2180	Accounts payable - related parties	7	1,201	-	4,725	-
2200	Other payables	6(10) and 7	42,806	3	45,591	3
2280	Current lease liabilities		1,772	-	2,529	-
2399	Other current liabilities - others		1,214	-	1,911	-
21XX	Current Liabilities		<u>57,023</u>	<u>4</u>	<u>67,446</u>	<u>4</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)	6,000	-	-	-
2580	Non-current lease liabilities		-	-	1,250	-
25XX	Non-current liabilities		<u>6,000</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
2XXX	Total Liabilities		<u>63,023</u>	<u>4</u>	<u>68,696</u>	<u>4</u>
Equity						
	Share capital	6(14)				
3110	Share capital - ordinary shares		796,454	51	796,454	47
	Capital surplus	6(15)				
3200	Capital surplus		519,127	33	519,491	30
	Retained earnings	6(16)				
3310	Legal reserve		153,256	10	153,256	9
3320	Special reserve		-	-	2,302	-
3350	Unappropriated retained earnings		28,281	2	161,195	10
	Other equity interest					
3400	Other equity interest		3,478	-	7,608	-
3XXX	Total equity		<u>1,500,596</u>	<u>96</u>	<u>1,640,306</u>	<u>96</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 1,563,619</u>	<u>100</u>	<u>\$ 1,709,002</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

C-MEDIA ELECTRONICS INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except for losses per share)

Year ended December 31

Items	Notes	2025		2024	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 489,828	100	\$ 439,181	100
5000 Operating costs	6(5)(21)(22) and 7	(270,770)	(55)	(177,667)	(41)
5950 Gross profit from operations		<u>219,058</u>	<u>45</u>	<u>261,514</u>	<u>59</u>
Operating expenses	6(21)(22) and 7				
6100 Selling expenses		(43,339)	(9)	(50,867)	(11)
6200 Administrative expenses		(81,781)	(17)	(96,004)	(22)
6300 Research and development expenses		(173,539)	(35)	(183,261)	(42)
6000 Total operating expenses		(298,659)	(61)	(330,132)	(75)
6900 Net operating loss		(79,601)	(16)	(68,618)	(16)
Non-operating income and expenses					
7100 Interest income	6(3)(18)	2,422	1	3,886	1
7010 Other income	6(19) and 7	479	-	553	-
7020 Other gains and losses	6(20)	891	-	3,032	1
7050 Finance costs		(92)	-	(148)	-
7070 Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(47,023)	(10)	(29,690)	(7)
7000 Total non-operating income and expenses		(43,323)	(9)	(37,013)	(9)
7900 Loss before income tax		(122,924)	(25)	(31,605)	(7)
7950 Income tax benefit	6(23)	1,524	-	9,966	2
8200 Loss for the year		(\$ 121,400)	(25)	(\$ 21,639)	(5)
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plans	6(12)(23)	\$ 7,619	2	\$ 20,164	4
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(2,467)	(1)	7,581	2
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(1,524)	-	(4,033)	(1)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>3,628</u>	<u>1</u>	<u>23,712</u>	<u>5</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		(1,663)	-	2,329	1
8360 Components of other comprehensive income that will be reclassified to profit or loss		(1,663)	-	2,329	1
8300 Other comprehensive income, net		\$ 1,965	1	\$ 26,041	6
8500 Total comprehensive (loss) income		(\$ 119,435)	(24)	(\$ 4,402)	(1)
Losses per share	6(24)				
9750 Total basic losses per share		(\$ 1.52)		(\$ 0.27)	
9850 Total diluted losses per share		(\$ 1.52)		(\$ 0.27)	

The accompanying notes are an integral part of these parent company only financial statements.

C-MEDIA ELECTRONICS INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings				Other equity interest			Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Year 2024									
January 1		\$ 786,454	\$ 486,656	\$ 153,256	\$ 3,025	\$ 186,483	(\$ 705)	(\$ 1,597)	\$ 1,613,572
Loss for the year		-	-	-	-	(21,639)	-	-	(21,639)
Other comprehensive income for the year		-	-	-	-	16,131	2,329	7,581	26,041
Total comprehensive income (loss)		-	-	-	-	(5,508)	2,329	7,581	4,402
Appropriation and distribution of 2023 earnings:	6(16)								
Reversal of special reserve		-	-	-	(723)	723	-	-	-
Cash dividends paid from earnings		-	-	-	-	(19,661)	-	-	(19,661)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)(15)	-	(115)	-	-	-	-	-	(115)
Issued restricted stock awards	6(13)(14)(15)	10,000	32,950	-	-	-	-	-	42,950
Adjustments arising from changes in percentage of ownership in subsidiaries		-	-	-	-	(842)	-	-	(842)
December 31		\$ 796,454	\$ 519,491	\$ 153,256	\$ 2,302	\$ 161,195	\$ 1,624	\$ 5,984	\$ 1,640,306
Year 2025									
January 1		\$ 796,454	\$ 519,491	\$ 153,256	\$ 2,302	\$ 161,195	\$ 1,624	\$ 5,984	\$ 1,640,306
Loss for the year		-	-	-	-	(121,400)	-	-	(121,400)
Other comprehensive income (loss) for the year		-	-	-	-	6,095	(1,663)	(2,467)	1,965
Total comprehensive loss		-	-	-	-	(115,305)	(1,663)	(2,467)	(119,435)
Appropriation and distribution of 2024 earnings:	6(16)								
Reversal of special reserve		-	-	-	(2,302)	2,302	-	-	-
Cash dividends paid from earnings		-	-	-	-	(19,911)	-	-	(19,911)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)(15)	-	(364)	-	-	-	-	-	(364)
December 31		\$ 796,454	\$ 519,127	\$ 153,256	\$ -	\$ 28,281	(\$ 39)	\$ 3,517	\$ 1,500,596

The accompanying notes are an integral part of these parent company only financial statements.

C-MEDIA ELECTRONICS INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 122,924)	(\$ 31,605)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(21)	7,840	7,820
Amortisation expense	6(9)(21)	5,325	2,610
Interest revenue	6(18)	(2,422)	(3,886)
Interest expense		92	148
Share-based payments	6(13)(22)	-	42,950
Share of profit (loss) of associates and joint ventures accounted for using equity method	6(6)	47,023	(29,690)
Unrealised foreign exchange losses (gains)		401	(2,534)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		19,599	(19,070)
Other receivables		(13)	90
Inventories		9,800	(991)
Other current assets		17,150	(23,609)
Other non-current assets		(15)	3,559
Changes in operating liabilities			
Accounts payable		(2,660)	(4,165)
Accounts payable - related parties		(3,524)	(3,106)
Other payables		(2,687)	(5,363)
Other current liabilities		(697)	(1,210)
Cash outflow generated from operations		(27,712)	(68,052)
Interest received		2,496	3,919
Dividends received		1,083	36,798
Interest paid		(11)	-
Income taxes paid		(121)	(153)
Income taxes refunded		181	-
Net cash flows used in operating activities		(24,084)	(27,488)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(99,037)	-
Redemption of financial assets measured at amortized cost	6(3)	101,500	-
Acquisition of property, plant and equipment	6(7)(25)	(2,545)	(2,260)
Acquisition of intangible assets	6(9)(25)	(4,550)	(9,514)
Decrease in refundable deposits		680	648
Net cash flows used in investing activities		(3,952)	(11,126)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term debt	6(26)	7,000	-
Repayment of long-term debt	6(26)	(1,000)	-
Payments of lease liabilities	6(26)	(2,866)	(2,998)
Cash dividends paid	6(16)	(19,911)	(19,661)
Net cash flows used in financing activities		(16,777)	(22,659)
Effect of exchange rate changes on cash and cash equivalents		(401)	2,534
Net decrease in cash and cash equivalents		(45,214)	(58,739)
Cash and cash equivalents at beginning of year	6(1)	207,588	266,327
Cash and cash equivalents at end of year	6(1)	\$ 162,374	\$ 207,588

The accompanying notes are an integral part of these parent company only financial statements.

C-MEDIA ELECTRONICS INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

- (1) C-Media Electronics Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 5, 1991. The Company is primarily engaged in import and export of electronic components, integrated circuits, computers and its peripherals, as well as the manufacturing of electronic components, providing information software service, manufacturing of optical instruments and manufacturing of lighting equipment.
- (2) On April 21, 2003, the Company’s stock was listed on the Taiwan Stock Exchange in accordance with the approval from the Securities and Futures Bureau.
- (3) The Company focuses on a professional business model to improve the business performance in response to the development trend of cultural and creative industries. On May 10, 2019, the Board of Directors resolved, and on June 21, 2019, the shareholders at their meeting approved the Company’s reorganization. Due to the reorganization, the Company transferred the ordinary shares of HIM International Music Inc. to C-Media Cultural Creative Technology Inc. which was 100% owned by the Company, and the consideration for the transfer was the new shares issued by C-Media Cultural Creative Technology Inc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 2026.

3. Application of New Standards, Amendments and Interpretations

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets that are held primarily for the purpose of trading;
 - (c) Assets that are expected to be realised within twelve months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

- A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method-subidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognises loss continuously in proportion to its ownership.
- D. When changes in ownership interest in a subsidiary do not result in a loss of control (transactions with non-controlling interests), it is treated as an equity transaction, which means it is considered as a transaction between owners. The difference between the adjustment amount for the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control over a subsidiary, any retained investment in the former subsidiary is remeasured at fair value, and this fair value is used as the initial recognition of a financial asset or as the cost of an investment in an associate or joint venture. The difference between the fair value and the carrying amount is recognized as a gain or loss in the current period. Any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for in the same manner as would be required if the Company had directly disposed of the related assets or liabilities. This means that if any gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, then such gain or loss is reclassified from equity to profit or loss upon the loss of control over the subsidiary.
- F. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50 years
Buildings and structure improvements	3~16 years
Machinery and equipment	3~ 7 years
Office equipment	6 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising of the amount of the initial measurement of lease liability.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Intangible assets, mainly royalty and computer software, are stated at historical cost and amortised on a straight-line basis over their estimated useful lives of 5 ~ 10 years and 1 ~ 3 years, respectively.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings comprise long-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost ; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled or expired.

(21) Provisions

Provisions (including warranties, decommissioning, restructuring, onerous contracts, and contingent liabilities from business combinations, etc.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pension

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payments

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where employees do not have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company will redeem at no consideration and retire those stocks. For restricted stocks issued with with the grant date set on or after October 11, 2024, the Company recognizes the payments from the employees who had paid to acquire the stocks as liabilities at the grant date ; For restricted stocks issued with consideration with the grant date set on or before October 10, 2024, the Company recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors.

(27) Revenue recognition

Sales of goods

- A. The Company manufactures and sells electronic related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- B. The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts and sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to 90 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2025, the carrying amount of inventories was \$59,807.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 378	\$ 384
Checking accounts and demand deposits	124,006	167,204
Time deposits	<u>37,990</u>	<u>40,000</u>
	<u>\$ 162,374</u>	<u>\$ 207,588</u>

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Equity instruments		
Unlisted shares	\$ 109,686	\$ 10,649
Valuation adjustment	<u>(1,664)</u>	<u>(1,580)</u>
	<u>\$ 108,022</u>	<u>\$ 9,069</u>

A. The Company has elected to classify unlisted shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$108,022 and \$9,069 as at December 31, 2025 and 2024, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income (loss) are (\$84) and \$17 for the years ended December 31, 2025 and 2024, respectively.

C. The Company's financial assets at fair value through other comprehensive income are not pledged to others as collateral.

D. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current		
Time deposits with maturity over three months	\$ 11,600	\$ 113,100
Non-current		
Pledged time deposits	<u>1,000</u>	<u>1,000</u>
	<u>\$ 12,600</u>	<u>\$ 114,100</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Interest income	\$ 1,068	\$ 1,997

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were \$12,600 and \$114,100, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Company's investments in time deposits were financial institutions who have good credit quality, so it expects that the probability of counterparty default is remote.

(4) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 32,688	\$ 52,287
Less: Loss allowance	(432)	(432)
	<u>\$ 32,256</u>	<u>\$ 51,855</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 32,688	\$ 52,287
Up to 30 days	-	-
31 to 90 days	-	-
91 to 180 days	-	-
Over 180 days	-	-
	<u>\$ 32,688</u>	<u>\$ 52,287</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to \$33,217.

C. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$32,256 and \$51,855, respectively.

D. As of December 31, 2025 and 2024, the Company held promissory notes and standby letters of credit provided by customers as collateral for accounts receivable amounting to \$86,433 and \$122,963, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,776	(\$ 8,776)	\$ -
Work in progress	92,900	(65,199)	27,701
Finished goods	40,637	(15,426)	25,211
Goods	130,194	(123,299)	6,895
	<u>\$ 272,507</u>	<u>(\$ 212,700)</u>	<u>\$ 59,807</u>

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 20,585	(\$ 9,671)	\$ 10,914
Work in progress	91,598	(64,789)	26,809
Finished goods	46,069	(14,873)	31,196
Goods	123,670	(122,982)	688
	<u>\$ 281,922</u>	<u>(\$ 212,315)</u>	<u>\$ 69,607</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2025	2024
Cost of goods sold	\$ 270,385	\$ 208,360
Loss on inventory (Gain from price recovery) obsolescence and market price decline	385	(30,693)
	<u>\$ 270,770</u>	<u>\$ 177,667</u>

The gain on reversal of decline in market value was mainly due to the Company's active disposal of obsolete and slow-moving inventories during 2024.

(6) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Subsidiaries:		
C-Media Investments Limited	\$ 24,533	\$ 37,817
C-Media Cultural Creative Technology Inc.	861,744	900,976
	<u>\$ 886,277</u>	<u>\$ 938,793</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2025 consolidated financial statements.
- B. The investment loss of (\$47,023) and profit of \$29,690 recognised for the investments accounted for using equity method for the years ended December 31, 2025 and 2024, respectively, was based on each investee's audited financial statements for the corresponding period.

C. Investments accounted for under the equity method in which the company has control are included in the consolidated financial statements of the company, with separate consolidated financial reports also prepared.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Total</u>
At January 1, 2025					
Cost	\$ 202,582	\$ 84,044	\$ 12,055	\$ 951	\$ 299,632
Accumulated depreciation	-	(36,965)	(4,656)	(486)	(42,107)
	<u>\$ 202,582</u>	<u>\$ 47,079</u>	<u>\$ 7,399</u>	<u>\$ 465</u>	<u>\$ 257,525</u>
<u>2025</u>					
At January 1	\$ 202,582	\$ 47,079	\$ 7,399	\$ 465	\$ 257,525
Additions	-	747	1,700	-	2,447
Depreciation expense	-	(1,861)	(3,070)	(155)	(5,086)
At December 31	<u>\$ 202,582</u>	<u>\$ 45,965</u>	<u>\$ 6,029</u>	<u>\$ 310</u>	<u>\$ 254,886</u>
At December 31, 2025					
Cost	\$ 202,582	\$ 84,791	\$ 12,225	\$ 761	\$ 300,359
Accumulated depreciation	-	(38,826)	(6,196)	(451)	(45,473)
	<u>\$ 202,582</u>	<u>\$ 45,965</u>	<u>\$ 6,029</u>	<u>\$ 310</u>	<u>\$ 254,886</u>
<u>2024</u>					
At January 1, 2024	\$ 202,582	\$ 83,840	\$ 10,613	\$ 839	\$ 297,874
Accumulated depreciation	-	(35,174)	(2,142)	(346)	(37,662)
	<u>\$ 202,582</u>	<u>\$ 48,666</u>	<u>\$ 8,471</u>	<u>\$ 493</u>	<u>\$ 260,212</u>
<u>2024</u>					
At January 1	\$ 202,582	\$ 48,666	\$ 8,471	\$ 493	\$ 260,212
Additions	-	204	1,944	112	2,260
Depreciation expense	-	(1,791)	(3,016)	(140)	(4,947)
At December 31	<u>\$ 202,582</u>	<u>\$ 47,079</u>	<u>\$ 7,399</u>	<u>\$ 465</u>	<u>\$ 257,525</u>
At December 31, 2024					
Cost	\$ 202,582	\$ 84,044	\$ 12,055	\$ 951	\$ 299,632
Accumulated depreciation	-	(36,965)	(4,656)	(486)	(42,107)
	<u>\$ 202,582</u>	<u>\$ 47,079</u>	<u>\$ 7,399</u>	<u>\$ 465</u>	<u>\$ 257,525</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements—lessee

A. The Company leases various assets including business vehicles. Rental contracts are typically made for periods of one to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise office equipment.

C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Book value</u>	<u>Book value</u>
Transportation equipment (Business vehicles)	\$ <u>1,726</u>	\$ <u>3,702</u>
	<u>Year ended December 31</u>	<u>Year ended December 31</u>
	<u>2025</u>	<u>2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Transportation equipment (Business vehicles)	\$ <u>2,754</u>	\$ <u>2,873</u>

D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$778 and \$747, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 81	\$ 148
Expense on short-term lease contracts	951	1,511

F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$3,898 and \$4,657, respectively.

(9) Intangible assets

	<u>2025</u>		
	<u>Royalty</u>	<u>Software</u>	<u>Total</u>
At January 1, 2025			
Cost	\$ 6,878	\$ 9,801	\$ 16,679
Accumulated amortisation and impairment	(1,664)	(1,300)	(2,964)
	<u>\$ 5,214</u>	<u>\$ 8,501</u>	<u>\$ 13,715</u>
<u>2025</u>			
At January 1	\$ 5,214	\$ 8,501	\$ 13,715
Additions - acquired separately	-	4,550	4,550
Amortisation expense	(758)	(4,567)	(5,325)
At December 31	<u>\$ 4,456</u>	<u>\$ 8,484</u>	<u>\$ 12,940</u>
At December 31, 2025			
Cost	\$ 6,878	\$ 14,351	\$ 21,229
Accumulated amortisation and impairment	(2,422)	(5,867)	(8,289)
	<u>\$ 4,456</u>	<u>\$ 8,484</u>	<u>\$ 12,940</u>

	2024		
	Royalty	Software	Total
At January 1, 2024			
Cost	\$ 6,878	\$ 1,578	\$ 8,456
Accumulated amortisation and impairment	(907)	(698)	(1,605)
	<u>\$ 5,971</u>	<u>\$ 880</u>	<u>\$ 6,851</u>
<u>2024</u>			
At January 1	\$ 5,971	\$ 880	\$ 6,851
Additions - acquired separately	-	9,474	9,474
Amortisation expense	(757)	(1,853)	(2,610)
At December 31	<u>\$ 5,214</u>	<u>\$ 8,501</u>	<u>\$ 13,715</u>
At December 31, 2024			
Cost	\$ 6,878	\$ 9,801	\$ 16,679
Accumulated amortisation and impairment	(1,664)	(1,300)	(2,964)
	<u>\$ 5,214</u>	<u>\$ 8,501</u>	<u>\$ 13,715</u>

Details of amortisation expense on intangible assets are as follows:

	Year ended December 31	
	2025	2024
Operating costs	\$ 153	\$ 157
Selling expenses	132	162
Administrative expenses	107	143
Research and development expenses	4,933	2,148
	<u>\$ 5,325</u>	<u>\$ 2,610</u>

(10) Other payables

	December 31, 2025	December 31, 2024
Salaries and bonuses payable	\$ 31,697	\$ 32,148
Pension payable	1,723	1,824
Labor and health insurance payable	1,425	1,551
Others	7,961	10,068
	<u>\$ 42,806</u>	<u>\$ 45,591</u>

(11) Long-term borrowings (no such transaction in 2024)

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from November 28, 2025 to November 27, 2032; interest is repayable monthly in equal installments with a grace period of 2 years.	2.20%	Land、Buildings and structures (Note)	\$ 6,000
Less: Current portion				-
				<u>\$ 6,000</u>

Note : Details of the Company's assets pledged as collateral for the borrowings are provided in Note 8.

(12) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	(\$ 748)	(\$ 28,858)
Fair value of plan assets	<u>9,347</u>	<u>29,823</u>
Net defined benefit asset	<u>\$ 8,599</u>	<u>\$ 965</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
<u>2025</u>			
At January 1	(\$ 28,858)	\$ 29,823	\$ 965
Interest (expense) income	(462)	477	15
	(29,320)	30,300	980
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,053	2,053
Change in financial assumptions	(16)	-	(16)
Experience adjustments	5,582	-	5,582
	5,566	2,053	7,619
Paid pension	23,006	(23,006)	-
At December 31	(\$ 748)	\$ 9,347	\$ 8,599
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2024</u>			
At January 1	(\$ 45,939)	\$ 26,967	(\$ 18,972)
Interest (expense) income	(551)	324	(227)
	(46,490)	27,291	(19,199)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,532	2,532
Change in financial assumptions	695	-	695
Experience adjustments	16,937	-	16,937
	17,632	2,532	20,164
At December 31	(\$ 28,858)	\$ 29,823	\$ 965

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) Because the Company's labor pension reserve has reached the current labor's future pension, the Company received approval letters from the Department of Labor, Taipei City Government on May 3, 2019, April 24, 2020, May 19, 2021, May 24, 2022, May 8, 2023, May 9, 2024 and May 5, 2025, which the latest approval letter NO. 1146020316 was issued, and the contributions for labor retirement reserves were suspended from June 2019 to May 2026.
- (f) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2025	2024
Discount rate	1.30%	1.60%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ 14)	\$ 14	\$ 12	(\$ 12)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 420)	\$ 431	\$ 353	(\$ 347)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(g) There are no expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026.

(h) As of December 31, 2025, the weighted average duration of the retirement plan is 8 years.

Within 1 year	\$	12
2~5 years		286
6~10 years		376

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024, were \$8,276 and \$8,351, respectively.

(13) Share-based payments (no such transaction in 2025)

A. For the year ended December 31, 2024, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in shares)	Contract period	Vesting conditions
Restricted stocks to employees (Note)	2024.08.08	1,000,000	1 month	1 month's service and performance conditions

Note: The restricted employee shares issued by the company are subject to the following restrictions before vesting conditions are met:

- a. Before meeting the vesting conditions, the restricted stocks granted to or subscribed by employees cannot be sold, pledged, transferred, donated to others, set, or disposed of in any other method during the vesting period.
- b. During the vesting period, the restricted stocks cannot participate in the distribution of stocks and dividends. For restricted stocks where employees do not meet the vesting condition, the Company will redeem and retire all the stocks at no consideration.

B. The fair value of share options granted by the Company in share-based payment transactions is estimated using the closing price of the stock on the grant date. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividend rate	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	2024.08.08	42.95	42.95	-	1 month	-	-	42.95

Note: Expected price volatility rate was estimated by using the share prices of the most recent period with length of this period approximate to the length of the share options' expected life and taking into consideration the effect on changes in share trading prices due to annual earnings distribution.

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2025	2024
Equity-settled	\$ -	\$ 42,950

D. The Company passed a resolution of the Board of Directors on May 9, 2024, and received approval from the Financial Supervisory Commission to issue employee stock warrants on July 15, 2024. The total issuance amount is 1,000 thousand units, with each unit of stock warrant entitling the holder to subscribe for 1 share. The plan to issue employee stock warrants was subsequently revised and approved in a Board of Directors resolution on August 8, 2024. As of December 31, 2025, the warrants have not yet been issued.

(14) Share capital

A. As of December 31, 2025, the Company's authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary share (including 20,000 thousand shares reserved for employee share options, preferred shares with warrants and convertible bonds with warrant), and the paid-in capital was \$796,454 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousand shares)

	2025	2024
January 1	79,645	78,645
Restricted stocks to employees	-	1,000
December 31	79,645	79,645

- B. On May 9, 2024, the Company's Board of Directors resolved to issue employee share options certificates, which was subsequently approved by the Financial Supervisory Commission on July 15, 2024. The total issuance amount was 1,000 thousand units. The Board of Directors approved to amend the issuance plan of employee share options, which was subsequently resolved on August 8, 2024. The effective date of issuance of new shares was set on August 8, 2024, and the registration was completed. The information relating to the restrictions on the shareholder's right is provided in Note 6(13). On September 7, 2024, shares that met the vesting condition and lifted the restrictions were 1000 thousand shares.
- C. To fulfil the Company's working capital or to bring in strategic investors, the stockholders at their meeting on June 21, 2024 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement shall not exceed 20,000 thousand shares with a par value of \$10 per share. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares. The Company passed a resolution of the Board of Directors to cancel the private placement of ordinary shares on May 8, 2025, and reported to the shareholders' meeting on June 18, 2025.
- D. To fulfil the Company's working capital or to bring in strategic investors, the stockholders at their meeting on June 18, 2025 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement shall not exceed 20,000 thousand shares with a par value of \$10 per share. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares. The Company passed a resolution of the Board of Directors to cancel the private placement of ordinary shares on March 12, 2026 and will report to the shareholders' meeting.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2025

	Changes in equity of associates and joint ventures accounted for using equity method					
	Share premium	Treasury shares transactions	Employee share options	Expired employee share options	Total	
At January 1	\$ 394,354	\$ 34,256	\$ 2,012	\$ 528	\$ 88,341	\$ 519,491
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(364)	-	-	(364)
At December 31	<u>\$ 394,354</u>	<u>\$ 34,256</u>	<u>\$ 1,648</u>	<u>\$ 528</u>	<u>\$ 88,341</u>	<u>\$ 519,127</u>

2024

	Changes in equity of associates and joint ventures accounted for using equity method					
	Share premium	Treasury shares transactions	Employee share options	Expired employee share options	Total	
At January 1	\$ 361,404	\$ 34,256	\$ 2,127	\$ 528	\$ 88,341	\$ 486,656
Restricted stocks to employees	32,950	-	-	-	-	32,950
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(115)	-	-	(115)
At December 31	<u>\$ 394,354</u>	<u>\$ 34,256</u>	<u>\$ 2,012</u>	<u>\$ 528</u>	<u>\$ 88,341</u>	<u>\$ 519,491</u>

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to cover accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital. After that, special reserve shall be set aside or reversed in accordance with the laws or related regulations issued by the Regulator. The remainder, if any, along with unappropriated earnings at the beginning of the year shall be proposed by the Board of Directors. The proposal of appropriation shall be resolved by the shareholders at their meeting if dividends would be distributed by issuing new shares.
- B. The Company's dividend policy takes into consideration the Company's current and future development plan, investing environment, capital needs, as well as domestic industry competition and shareholders' interest, at least 1% of the Company's distributable earnings annually shall be appropriated as dividends unless the accumulated distributable earnings is lower than 10% of paid-in share capital. The dividends will be distributed in the form of cash or shares, if both cash and stock dividends are paid, 10%~90% of cash dividends shall be paid, and the remaining shall be paid in the form of stock dividends.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with Paragraph 5 of Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by at least two-thirds of the total number of directors, and then reported it to the shareholders.
- E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- F. The appropriation of 2024 and 2023 deficits and the distribution of 2024 and 2023 cash dividends as resolved by the shareholders on June 18, 2025 and June 21, 2024, respectively, are as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Reversal of special reserve	(\$ 2,302)		(\$ 723)	
Cash dividends	19,911	\$ 0.25	19,661	\$ 0.25

The off-setting of 2024 deficits and the distribution of 2023 earnings were proposed pursuant to a resolution passed by the Board of Directors on March 6, 2025 and March 7, 2024, respectively. For the information relating to the distribution of earnings as approved by the shareholders, please refer to the Market Observation Post System at the website of the Taiwan Stock Exchange.

- G. Details of the off-setting of 2025 deficits as proposed by the Board of Directors on March 12, 2026 are provided in Note 11.

(17) Operating revenue

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time. The revenue is subdivided in the following major geographical regions:

	2025	2024
Taiwan	\$ 41,809	\$ 64,603
Mainland China	428,471	356,589
Others	19,548	17,989
	<u>\$ 489,828</u>	<u>\$ 439,181</u>

(18) Interest income

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 2,357	\$ 3,818
Other interest income	65	68
	<u>\$ 2,422</u>	<u>\$ 3,886</u>

(19) Other income

	<u>2025</u>	<u>2024</u>
Rent income	\$ 307	\$ 264
Other income, others	172	289
	<u>\$ 479</u>	<u>\$ 553</u>

(20) Other gains and losses

	<u>2025</u>	<u>2024</u>
Foreign exchange gains	\$ 891	\$ 5,144
Other losses	-	(2,112)
	<u>\$ 891</u>	<u>\$ 3,032</u>

(21) Expenses by nature

	<u>2025</u>	<u>2024</u>
Employee benefit expense	\$ 212,425	\$ 246,180
Processing fees	32,442	40,764
Professional service fees	28,071	29,437
Commissioned research expense	8,901	2,901
Depreciation expense	7,840	7,820
Research and development materials	7,059	10,988
Royalty fees	6,032	4,574
Amortisation expense on intangible assets	5,325	2,610
Operating lease payments	951	1,511
	<u>\$ 309,046</u>	<u>\$ 346,785</u>

(22) Employee benefit expense

	<u>2025</u>	<u>2024</u>
Wages and salaries	\$ 171,900	\$ 174,938
Compensation cost of share-based payments	-	42,950
Labor and health insurance fees	13,881	14,114
Pension costs	8,261	8,578
Other personnel expenses	18,383	5,600
	<u>\$ 212,425</u>	<u>\$ 246,180</u>

A. Under the Company's Articles of Incorporation, the current year's earnings (profit before tax that excludes employees' compensation and directors' remuneration.), if any, shall first be used to cover accumulated deficit. The remainder, if any, shall be appropriated no less than 1% for employees' compensation and no higher than 1% for directors' remuneration. The employees' compensation shall be distributed no less than 10% to non-managerial employees.

B. No compensation of employees and remuneration of directors were estimated as the company reported net losses for the years ended December 31, 2025 and 2024, respectively.

(23) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	<u>2025</u>	<u>2024</u>
Current income tax:		
Current income tax on profits for the year	\$ -	\$ -
Tax on unappropriated retained earnings	-	-
Prior year income tax overestimation	<u>-</u>	<u>(5,933)</u>
Total current income tax	<u>-</u>	<u>(5,933)</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>(1,524)</u>	<u>(4,033)</u>
Total deferred income tax	<u>(1,524)</u>	<u>(4,033)</u>
Income tax benefit	<u><u>(\$ 1,524)</u></u>	<u><u>(\$ 9,966)</u></u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>2025</u>	<u>2024</u>
Remeasurement of defined benefit plans	<u>\$ 1,524</u>	<u>\$ 4,033</u>

(c) There was no income tax charged/(credited) to equity during the period.

B. Reconciliation between income tax benefit and accounting profit

	<u>2025</u>	<u>2024</u>
Tax calculated based on loss before tax and statutory tax rate	(\$ 24,585)	(\$ 6,321)
Effect from items disallowed by tax regulation	(7,080)	(5,133)
Temporary differences not recognised as deferred tax assets	30,141	7,421
Prior year income tax overestimation	<u>-</u>	<u>(5,933)</u>
Income tax benefit	<u><u>(\$ 1,524)</u></u>	<u><u>(\$ 9,966)</u></u>

C. Amounts of deferred income tax assets as a result of temporary differences are as follows:

	<u>2025</u>			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
-Temporary differences				
Accrued pension liabilities	<u>\$ -</u>	<u>\$ 1,524</u>	<u>(\$ 1,524)</u>	<u>\$ -</u>

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets:				
-Temporary differences				
Accrued pension liabilities	\$ -	\$ 4,033	(\$ 4,033)	\$ -

D. The amounts of deductible temporary difference that are not recognised as deferred income tax assets are as follows:

	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 716,147	\$ 565,441

E. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

F. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	Assessed	\$ 120,953	\$ 120,953	2033
2024	Amount filed	92,268	92,268	2034
2025	Estimated	147,338	147,338	2035
		<u>\$ 360,559</u>	<u>\$ 360,559</u>	
December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	Amount filed	\$ 120,953	\$ 120,953	2033
2024	Estimated	92,268	92,268	2034
		<u>\$ 213,221</u>	<u>\$ 213,221</u>	

(24) Losses per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of common shares outstanding (in thousands)	Losses per share (in dollars)
<u>Basic and diluted losses per share</u>			
Loss attributable to common shareholders	(\$ 121,400)	79,645	(\$ 1.52)

Year ended December 31, 2024

	Amount after tax	Weighted average number of common shares outstanding (in thousands)	Losses per share (in dollars)
<u>Basic and diluted losses per share</u>			
Loss attributable to common shareholders	(\$ 21,639)	78,962	(\$ 0.27)

The potential ordinary shares have anti-dilutive effect due to net loss for the year ended December 31, 2024, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	2025	2024
Purchase of intangible assets	\$ 4,550	\$ 9,474
Purchase of property, plant and equipment	2,447	2,260
Add: Opening balance of payable on equipment	373	413
Less: Ending balance of payable on equipment	(275)	(373)
Cash paid during the year	\$ 7,095	\$ 11,774

(26) Changes in liabilities from financing activities

	2025		
	Long-term borrowings	Leasing liabilities	Liabilities from financing activities-gross
At January 1	\$ -	\$ 3,779	\$ 3,779
Changes in cash flow from financing activities	6,000	(2,866)	3,134
Changes in other non-cash items	-	859	859
At December 31	\$ 6,000	\$ 1,772	\$ 7,772
	2024		
	Long-term borrowings	Leasing liabilities	Liabilities from financing activities-gross
At January 1	\$ -	\$ 5,882	\$ 5,882
Changes in cash flow from financing activities	-	(2,998)	(2,998)
Changes in other non-cash items	-	895	895
At December 31	\$ -	\$ 3,779	\$ 3,779

7. Related Party Transactions

(1) Parent and ultimate controlling party

None.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
C-Media Cultural Creative Technology Inc. (C-Media Cultural Creative)	The Company's subsidiary
Global Good Music Multimedia Co., Ltd (Global Good Music)	The Company's second-tier subsidiary
Good Music Cultural Creative Technology Inc.(Good Music)	Associate(Note 1)
HIM International Music Inc.(HIM International Music)	Associate
Realtek Semiconductor Corporation (Realtek Semiconductor)	Other related party
Taowisdom Inc.(Taowisdom)	Other related party
CKTI Company Ltd.(CKTI)	Other related party
Yida International Hospital Management & Consultant Co., Ltd.(Yida International)	Other related party
Abu Trading Co., Ltd(Abu Trading)	Other related party(Note 2)

Note 1 : On March 20, 2025, the Company's former second-tier subsidiary, Good Music, increased its capital. As the Company did not acquire shares proportionately, the shareholding ratio was decreased from 61.90% to 48.15%, and the Company lost its control over the second-tier subsidiary. Thus, Good Music was listed as the associate since March 20, 2025.

Note 2 : Abu Trading was no longer a related party since September 15, 2025.

(3) Significant related party transactions

A. Purchases

	2025	2024
Purchases of goods:		
- Realtek Semiconductor	\$ 10,355	\$ 13,158

Purchases from related parties have no other similar transactions for comparison, and the price and term are made under mutual agreement. The payment terms are the same as that of the general suppliers, 30 to 60 days. The payables are non-interest bearing.

B. Licensing agreement

	2025	2024
Royalty fees:		
- Realtek Semiconductor	\$ 190	\$ 827

The Company paid the royalty fees for the technology authorization of related products to the above-mentioned related parties based on the contract, and the payment terms are 30-49 days after the monthly billings.

C. Other expenses

(a) Service charge

	<u>2025</u>	<u>2024</u>
- Other related parties	\$ 444	\$ 363

It pertained to the service charge for health management consultation which was paid based on mutual agreements.

(b) Other expenses

	<u>2025</u>	<u>2024</u>
- Associate company	\$ 158	\$ -

It pertained to the payments for event performance expenses paid to HIM International.

D. Other income

	<u>2025</u>	<u>2024</u>
Leasing income:		
- Subsidiary/second-tier subsidiary	\$ 148	\$ 118
- Associate company	40	-
- Other related parties	119	146
	<u>\$ 307</u>	<u>\$ 264</u>

E. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
- Realtek Semiconductor	\$ 1,201	\$ 4,725
Other payables		
- Realtek Semiconductor	\$ 20	\$ 33
- Other related parties	-	382
	<u>\$ 20</u>	<u>\$ 415</u>

The payables to related parties mainly from purchases. Other payables mainly consist of royalty fees and health management consulting service fees.

(4) Key management compensation

	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 24,556	\$ 24,751
Share-based payments	-	36,508
Post-employment benefits	10,350	448
Termination benefits	2,486	-
	<u>\$ 37,392</u>	<u>\$ 61,707</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Non-current financial assets at amortised cost			
- certificates of deposit	\$ 1,000	\$ 1,000	Customs guarantee
Property, plant and equipment			
- land	202,582		- Medium-term Secured Loans
- buildings	45,965		- Medium-term Secured Loans

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

The Company has contingent liabilities of legal claims arising from ordinary operating activities, but it is not expected that any material liabilities will arise from the contingent liabilities.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) The appropriations of 2025 deficits and the distribution of 2025 cash dividends as proposed by the Board of Directors on March 12, 2026 are as follows:

	Year ended December 31, 2025	
	Amount	Dividends per share (in dollars)
Cash dividends	7,965	\$ 0.10

As of March 12, 2026, the appropriations of 2025 deficits and the distribution of 2025 cash dividends has not been resolved at the stockholders' meeting.

(2) On March 12, 2026, the Company passed a resolution of the Board of Directors to cancel the private placement of ordinary shares which was passed on June 18, 2025. Please refer to the Note 6(14)D for details.

(3) To fulfil the Company's working capital or to bring in strategic investors, the stockholders at their meeting on March 12, 2026 adopted a resolution to raise additional cash through private placement with the limit of 20,000 thousands shares with a par value of \$10 per share. As of March 12, 2026, it has not yet been passed at the shareholders' meeting.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus total liabilities.

During the year ended December 31, 2025, the Company's strategy, which was unchanged from 2024, was to maintain the gearing ratio below 20%. The gearing ratios at December 31, 2025 and 2024 were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 63,023	\$ 68,696
Total equity	<u>1,500,596</u>	<u>1,640,306</u>
Total capital	<u>\$ 1,563,619</u>	<u>\$ 1,709,002</u>
Gearing ratio	4%	4%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 108,022	\$ 9,069
Financial assets at amortised cost		
Cash and cash equivalents	\$ 162,374	\$ 207,588
Financial assets at amortised cost	12,600	114,100
Accounts receivable	32,256	51,855
Other receivables	947	1,008
Guarantee deposits paid	239	2,772
Other financial assets	<u>3,533</u>	<u>1,680</u>
	<u>\$ 211,949</u>	<u>\$ 379,003</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 84	\$ 84
Accounts payable(including related parties)	11,147	17,331
Other payables	42,806	45,591
Long-term loans	<u>6,000</u>	<u>-</u>
	<u>\$ 60,037</u>	<u>\$ 63,006</u>
Lease liabilities	<u>\$ 1,772</u>	<u>\$ 3,779</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

- (b) Risk management is carried out by a central finance department (Company finance) under policies approved by the Board of Directors. Company finance identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,560	31.43	\$ 49,033
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD:NTD	\$ 781	31.43	\$ 24,533
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 96	31.43	\$ 3,005

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,979	32.79	\$ 64,897
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD:NTD	\$ 1,153	32.79	\$ 37,817
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 360	32.79	\$ 11,810

- v. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to \$891 and \$5,144, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income before tax
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 490	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 30	\$ -

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income before tax
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 649	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased /decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2025 and 2024 would have increased/decreased by \$864 and \$73, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only rated parties with a good credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the general managers. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company classifies customers' accounts receivable in accordance with geographical characteristics. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

- vii. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2025 and 2024, the Company's expected loss rates on past due and not past due accounts receivable were both insignificant.
- viii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2025</u>	<u>2024</u>
	Loss allowance for accounts receivable	Loss allowance for accounts receivable
At January 1 (December 31)	<u>\$ 432</u>	<u>\$ 432</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company finance. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the compliance with balance sheet ratio targets and external regulatory and legal requirements.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2025

	<u>Within 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Notes payable	\$ 84	\$ -	\$ -
Accounts payable (including related parties)	11,147	-	-
Other payables	42,806	-	-
Lease liabilities	1,789	-	-
Non-current portion of non-current borrowings	133	4,109	2,351

Non-derivative financial liabilities:

December 31, 2024

	<u>Within 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Notes payable	\$ 84	\$ -	\$ -
Accounts payable (including related parties)	17,331	-	-
Other payables	45,591	-	-
Lease liabilities	2,603	1,263	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, notes payable, accounts payable and other payables) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 and 2024 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 108,022	\$ 108,022
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 9,069	\$ 9,069

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The fair value of financial instruments is obtained by evaluation techniques or refer to quotations from counterparties.
- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
At January 1	\$ 9,069	\$ 9,052
Gain or loss recognised in other comprehensive income		
Recorded as unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	(84)	17
Acquired in the period	<u>99,037</u>	<u>-</u>
At December 31	<u>\$ 108,022</u>	<u>\$ 9,069</u>

F. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.

G. Company finance is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at	Valuation	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	<u>December 31, 2025</u>	<u>technique</u>	<u>input</u>	<u>average)</u>	<u>value</u>
Unlisted shares	\$ 99,037	Discounted cash flow	Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value
	8,985	Net asset value	Weighted Average Cost of Capital	17.02%	
			Not applicable	Not applicable	Not applicable
	Fair value at	Valuation	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	<u>December 31, 2024</u>	<u>technique</u>	<u>input</u>	<u>average)</u>	<u>value</u>
Unlisted shares	\$ 9,069	Net asset value	Not applicable	Not applicable	Not applicable

13. Supplementary Disclosure

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. Trading in derivative instruments undertaken during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

14. Segment Information

Not applicable.

C-Media Electronics Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2025				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
C-Media Electronics Inc.	Stocks-Yida International Hospital Management & Consultant Co., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income	819	\$ 8,985	8.26%	\$ 8,985	
	Stocks-MeiHwa MultiMedia Technology Co.,Ltd.	Not applicable	Financial assets at fair value through other comprehensive income	474	99,037	11.94%	99,037	
C-Media Cultural Creative Technology Inc.	Beneficiary certificates-Fubon Digital Music Fund L.P.	Not applicable	Financial assets at fair value through profit or loss	-	15,526	-	15,526	
	Stocks-DeepWave Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income	1,050	16,278	15.09%	16,278	
	Stocks-DeepMentor Inc.	Not applicable	Financial assets at fair value through other comprehensive income	208	5,379	1.11%	5,379	
	Stocks-Fun2 Studio CO., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income	200	4,015	6.95%	4,015	

C-Media Electronics Inc.
Information on investees
Year ended December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
C-Media Electronics Inc.	C-Media Investments Limited	Hong Kong	Holding company	\$ 166,579	\$ 173,787	5,300,000	100.00%	\$ 24,533	(\$ 11,621)	(\$ 11,621)	Subsidiaries
C-Media Electronics Inc.	C-Media Cultural Creative Technology Inc.	Taiwan	Related operations for cultural, and creative industry and multimedia entertainment	948,058	948,058	94,800,000	100.00%	861,744	(36,669)	(35,402)	Subsidiaries
C-Media Cultural Creative Technology Inc.	Global Good Music Multimedia Co., Ltd	Taiwan	Information Software Services and Development	3,300	3,300	100,000	100.00%	3,311	128	(145)	Subsidiaries
C-Media Cultural Creative Technology Inc.	Good Music Cultural Creative Technology Inc.	Taiwan	Related operations for cultural, and creative industry and multimedia entertainment	65,000	65,000	6,500,000	48.15%	55,793	(21,256)	(4,317)	Investments accounted for using equity method (Note 1)
C-Media Cultural Creative Technology Inc.	HIM International Music Inc.	Taiwan	Production and release of popular music, copyright licensing, and artist performance management	701,056	706,062	5,388,109	10.18%	639,061	545,179	55,722	Investee accounted for using equity method (Note 2)

Note 1: As the Group lost its control over Good Music on March 20, 2025, Good Music was transferred to associate accounted for using equity method. During the period from March 21, 2025 to December 31, 2025, the Group recognised the investment loss amounting to (\$4,317).

Note 2: The Group is one of the directors of the HIM International Music Inc., therefore the Group has significant influence over the company under the assessment.

C-MEDIA ELECTRONICS INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Petty cash		\$ 355
Cash on hand		
- Foreign currency	USD 0.7235 thousand dollars, exchange rate 31.43	23
Demand deposits		
- NTD deposits		107,394
- Foreign currency deposits	USD 521 thousand dollars, exchange rate 31.43	16,376
Checking accounts		
- NTD checking accounts		236
Time deposits		
- NTD time deposits		37,990
		<u>\$ 162,374</u>

C-MEDIA ELECTRONICS INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Description	Amount	Note
Non-related parties			
F		\$ 21,374	
E		6,538	
I		2,821	
			The balance of each client has not exceeded 5% of total accounts balance.
Others		<u>1,955</u>	
		32,688	
Less: Loss allowance		<u>(432)</u>	
		<u>\$ 32,256</u>	

C-MEDIA ELECTRONICS INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount		Note	
	Cost	Market price		
Goods	\$ 130,194	\$ 116,364	The market price is based on the net realisable value.	
Finished goods	40,637	83,900		"
Work in progress	92,900	99,871		"
Raw materials	8,776	-		"
	<u>272,507</u>	<u>\$ 300,135</u>		
Less: Allowance for valuation loss	(212,700)			
	<u>\$ 59,807</u>			

C-MEDIA ELECTRONICS INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Balance at January 1, 2025		Addition		Decrease		Balance at December 31, 2025			Net Assets Value		Pledged to others as collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of ownership	Amount	Unit Price (in dollars)	Total amount		
C-Media Investments Limited	5,300	\$ 37,817	-	\$ -	-	(\$ 13,284) (Note 1)	5,300	100%	\$ 24,533	4.63	\$ 24,533	None	-
C-Media Cultural Creative Technology Inc.	94,800	<u>900,976</u>	-	<u>-</u>	-	<u>(39,232)</u> (Note 2)	94,800	100%	<u>861,744</u>	9.09	<u>861,744</u>	None	-
		<u>\$ 938,793</u>		<u>\$ -</u>		<u>(\$ 52,516)</u>			<u>\$ 886,277</u>		<u>\$ 886,277</u>		

Note1: This represents the recognised cumulative translation adjustments and investment losses amounting to (\$1,663) and (\$11,621), respectively.

Note2: This represents the recognised investment losses amounting to (\$35,402), other comprehensive profit and loss (\$2,383), capital reserves (\$364) and cash dividends paid by subsidiaries (\$1,083).

C-MEDIA ELECTRONICS INC.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Supplier Name	Description	Amount	Note
Non-related parties			
A		\$ 3,624	
B		2,020	
C		1,061	
D		969	
E		710	
F		570	
			The balance of each client has not exceeded 5% of total accounts balance.
Others		<u>992</u>	
		9,946	
Related parties			
Realtek Semiconductor		<u>1,201</u>	
		<u>\$ 11,147</u>	

C-MEDIA ELECTRONICS INC.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Quantity	Amount	Note
Sales revenue			
IC solution	18,436 thousand	\$ 488,156	
Service revenue		679	
Royalty income		993	
Net operating revenue		<u>\$ 489,828</u>	

C-MEDIA ELECTRONICS INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Amount	Note
Opening balance of goods	\$ 123,670	
Add: Goods purchased	152,945	
Less: Ending balance of goods	(130,194)	
Reclassified as expenses	(7)	
Cost of purchasing and selling	<u>146,414</u>	
Beginning raw materials	20,585	
Add: Raw materials purchased	55,712	
Less: Ending raw materials	(8,776)	
Reclassified as expenses	(428)	
Raw materials used	67,093	
Manufacturing overhead	<u>49,260</u>	
Manufacturing cost	116,353	
Beginning balance of work in progress	91,598	
Add: Work in progress from purchase	3,787	
Research materials transferred-in	72	
Less: Ending balance of work in progress	(92,900)	
Reclassified as expenses	(213)	
Cost of finished goods	118,697	
Add: Beginning balance of finished goods	46,069	
Less: Ending balance of finished goods	(40,637)	
Reclassified as expenses	(82)	
Production and marketing cost	124,047	
Gain on reversal of inventory valuation and obsolescence loss	385	
Other operating cost adjustments	(76)	
Operating costs	<u>\$ 270,770</u>	

C-MEDIA ELECTRONICS INC.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Description	Amount	Note
Processing fees		\$ 32,442	
Testing fees		5,507	
Royalty fees		4,749	
Indirect labor		4,257	
Others		<u>2,305</u>	The balance of each expense account has not exceeded 5% of total account balance.
		<u>\$ 49,260</u>	

C-MEDIA ELECTRONICS INC.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Description	Amount	Note
Wages and salaries		\$ 28,908	
Insurance expense		2,460	
Others		11,971	
		<u>\$ 43,339</u>	The balance of each expense account has not exceeded 5% of total account balance.

C-MEDIA ELECTRONICS INC.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Wages and salaries		\$ 40,757	
Pension benefits		9,848	
Professional service fees		9,047	
			The balance of each expense account has not exceeded
Others		22,129	5% of total account balance.
		<u>\$ 81,781</u>	

C-MEDIA ELECTRONICS INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Wages and salaries		\$ 106,239	
Professional service fees		16,955	
Insurance expense		9,216	
Commissioned research fees		8,901	
			The balance of each expense account has not exceeded
Others		32,228	5% of total account balance.
		<u>\$ 173,539</u>	

C-MEDIA ELECTRONICS INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Nature \ Function	Year ended December 31, 2025			Year ended December 31, 2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expense	\$ 4,819	\$ 207,606	\$ 212,425	\$ 4,804	\$ 241,376	\$ 246,180
Wages and salaries (Including stock options)	4,042	166,438	170,480	4,058	212,470	216,528
Labor and health insurance fees	378	13,503	13,881	368	13,746	14,114
Pension costs	215	8,046	8,261	220	8,358	8,578
Directors' remuneration	-	1,420	1,420	-	1,360	1,360
Other personnel expenses	184	18,199	18,383	158	5,442	5,600
Depreciation expense	\$ 92	\$ 7,748	\$ 7,840	\$ 44	\$ 7,776	\$ 7,820
Amortisation expense	\$ 152	\$ 5,173	\$ 5,325	\$ 157	\$ 2,453	\$ 2,610

Note:

A. As at December 31, 2025 and 2024, the Company had 118 and 135 employees, all including 7 and 5 non-employee directors.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :

(1) Average employee benefit expense in current year was \$1,901 thousand ('total employee benefit expense in current year-total directors' remuneration in current year' / 'the number of employees in current year-the number of non-employee directors in current year').

Average employee benefit expense in previous year was \$1,883 thousand ('total employee benefit expense in previous year-total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year')

C-MEDIA ELECTRONICS INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES BY FUNCTION
(Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

(2) Average employee salaries in current year was \$1,536 thousand (total wages and salaries in current year / ‘the number of employees in current year-the number of non-employee directors in current year’).

Average employee salaries in previous year was \$1,666 thousand (total wages and salaries in previous year / ‘the number of employees in previous year-the number of non-employee directors in previous year’)

(3) Adjustments of average employees salaries was (7.80%) (‘the average employee salaries and wages in current year - the average employee salaries and wages in previous year’ / the average employee salaries and wages in previous year)

(4) The Company’s Salary and Compensation Policy (including directors, managers and employees) is as follows:

A. Policy

- a. Confirmed that the Company’s salary and compensation arrangement comply with the relevant laws and regulations, which is sufficient to attract outstanding talents.
- b. All employees’ compensation shall be in reference to internal and external equity, including industry standards and taking into consideration the individual's time commitment, responsibilities, achievement of goals, and the Company’s recent salary compensation for the same position, as well as the Company's short-term annual goals and long-term strategic goals, and the Company’s financial position, etc. to assess the reasonableness of the correlation between the individual's performance and the Company's operating performance and future risks.

B. System

- a. Fixed base salary: Evaluated the market value of our employees’ responsibilities and core competencies and the internal fairness of the company. The employees were paid in accordance with the salary standard of each position. The salary structure was mainly consisted of base salary, duty allowance and meal allowance.
- b. Variable salaries: Variable salaries were connected to operational performance and were paid aperiodically.
- c. Long-term motivation: The Company may issue restricted stock and employee share options aperiodically depending on the needs for talents retention or capital increase.
- d. Benefits: Granted for the physical and mental health care and capacity enhancement of employees, such as subsidies for health examination, training courses, etc.

C-MEDIA ELECTRONICS INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES BY FUNCTION
(Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

- e. The managers' salary and bonus shall be paid in accordance with the "Procedures for managing the remuneration and evaluating the performance of directors and managers", or shall be reviewed by the remuneration committee.
- f. Employee and director remuneration : Under the Company's Articles of Incorporation, based on the company's profit situation for the year , if any, shall first be used to cover accumulated deficit. The remainder, if any, shall be appropriated no less than 1% for employees' compensation and no higher than 1% for directors' remuneration. The employees' compensation shall be distributed no less than 10% to non-managerial employees.