

**C-MEDIA ELECTRONICS INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2025 AND 2024**

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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.

## **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of C-MEDIA ELECTRONICS INC. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2025 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of C-MEDIA ELECTRONICS INC. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, C-MEDIA ELECTRONICS INC. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

C-MEDIA ELECTRONICS INC.

By

Cheng, Chi-Chen, Chairman

March 12, 2026

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Group 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 Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2025 consolidated 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(29) for accounting policy on recognition of revenue and Note 6(20) for details of sales revenue.

For the year ended December 31, 2025, the Group's sales revenue amounted to NT\$501,191 thousand.

The Group 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 Group's top 10 significant customers is significant to the consolidated 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(14) 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(6) for information on the allowance for inventory valuation losses.

As of December 31, 2025, the Group's inventories and allowance for inventory valuation losses amounted to NT\$274,618 thousand and NT\$214,761 thousand, respectively. The Group 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 Group 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 consolidated 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 Group's operations and the characteristics of its industry.
2. Understood the Group'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 Group's policies.
4. Checked the appropriateness of the estimation basis adopted by the Group 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.

***Other matter – Reference to the reports of other auditors***

We did not audit the financial statements of certain investee companies accounted for under the equity method and included in the consolidated financial statements of Hsuan Group, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these companies, is based solely on the reports of the other auditors. The total balances of these investments accounted for under the equity method amounted to NT\$55,793 thousand, constituting 4% of the consolidated total assets as at December 31, 2025, and the share of comprehensive income of these companies accounted for under the equity method amounted to NT\$(4,317) thousand from March 21 to December 31, 2025, constituting 3% of the consolidated total comprehensive income for the period then ended.

***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of C-Media Electronics Inc. as at and for the years ended December 31, 2025 and 2024.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated 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 consolidated 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

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The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 286,142	18	\$ 489,182	28
1110	Financial assets at fair value through profit or loss - current	6(2)	15,526	1	16,504	1
1136	Current financial assets at amortised cost	6(4)	11,600	1	114,100	7
1170	Accounts receivable, net	6(5)	33,493	2	53,619	3
1200	Other receivables		999	-	661	-
1220	Current tax assets	6(26)	452	-	452	-
130X	Inventories	6(6)	59,857	4	69,860	4
1476	Other current financial assets		3,533	-	1,680	-
1479	Other current assets-others		35,648	2	57,454	3
11XX	<b>Current Assets</b>		<u>447,250</u>	<u>28</u>	<u>803,512</u>	<u>46</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	-	-	2,922	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	133,694	9	37,124	2
1535	Non-current financial assets at amortised cost	6(4) and 8	1,000	-	1,000	-
1550	Investments accounted for under equity method	6(7) and 8	694,854	44	633,063	36
1600	Property, plant and equipment	6(8) and 8	254,945	16	257,613	15
1755	Right-of-use assets	6(9)	4,391	-	5,909	-
1780	Intangible assets	6(10)	33,079	2	14,982	1
1900	Other non-current assets		10,588	1	4,838	-
15XX	<b>Non-current assets</b>		<u>1,132,551</u>	<u>72</u>	<u>957,451</u>	<u>54</u>
1XXX	<b>Total assets</b>		<u>\$ 1,579,801</u>	<u>100</u>	<u>\$ 1,760,963</u>	<u>100</u>

(Continued)

**C-MEDIA ELECTRONICS INC. AND SUBSIDIARIES**  
**CONSOLIDATED 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	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 5,000	-	\$ -	-
2150	Notes payable		84	-	84	-
2170	Accounts payable		9,946	1	12,607	1
2180	Accounts payable - related parties	7	1,201	-	4,725	1
2200	Other payables	6(13) and 7	50,903	3	53,841	3
2280	Current lease liabilities		3,129	-	3,469	-
2399	Other current liabilities-others		1,521	-	2,486	-
21XX	<b>Current Liabilities</b>		<u>71,784</u>	<u>4</u>	<u>77,212</u>	<u>5</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14)	6,000	1	-	-
2570	Deferred tax liabilities	6(26)	79	-	100	-
2580	Non-current lease liabilities		1,342	-	2,527	-
25XX	<b>Non-current liabilities</b>		<u>7,421</u>	<u>1</u>	<u>2,627</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>		<u>79,205</u>	<u>5</u>	<u>79,839</u>	<u>5</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Share capital - ordinary shares	6(17)	796,454	50	796,454	45
Capital surplus						
3200	Capital surplus	6(18)	519,127	33	519,491	30
Retained earnings						
3310	Legal reserve	6(19)	153,256	10	153,256	9
3320	Special reserve		-	-	2,302	-
3350	Unappropriated retained earnings		28,281	2	161,195	9
Other equity interest						
3400	Other equity interest		3,478	-	7,608	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,500,596</u>	<u>95</u>	<u>1,640,306</u>	<u>93</u>
36XX	<b>Non-controlling interests</b>	6(28)	-	-	40,818	2
3XXX	<b>Total equity</b>		<u>1,500,596</u>	<u>95</u>	<u>1,681,124</u>	<u>95</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,579,801</u>	<u>100</u>	<u>\$ 1,760,963</u>	<u>100</u>

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

**C-MEDIA ELECTRONICS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Expressed in thousands of New Taiwan dollars, except for losses per share)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 501,191	100	\$ 448,741	100
5000	Operating costs	6(6)(24)(25) and 7	( 281,196)	( 56)	( 184,373)	( 41)
5950	Gross profit from operations		219,995	44	264,368	59
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		( 73,532)	( 15)	( 62,006)	( 14)
6200	Administrative expenses		( 135,470)	( 27)	( 128,851)	( 28)
6300	Research and development expenses		( 191,490)	( 38)	( 183,534)	( 41)
6000	Total operating expenses		( 400,492)	( 80)	( 374,391)	( 83)
6900	Net operating loss		( 180,497)	( 36)	( 110,023)	( 24)
	Non-operating income and expenses					
7100	Interest income	6(4)(21)	4,160	1	6,802	1
7010	Other income	6(22) and 7	2,755	1	7,422	2
7020	Other gains and losses	6(2)(23)	( 4,972)	( 1)	( 3,281)	( 1)
7050	Finance costs		( 217)	-	( 167)	-
7060	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	51,405	10	67,609	15
7000	Total non-operating revenue and expenses		53,131	11	78,385	17
7900	<b>Loss before income tax</b>		( 127,366)	( 25)	( 31,638)	( 7)
7950	Income tax benefit	6(26)	1,284	-	9,975	2
8200	<b>Loss for the year</b>		<u>( \$ 126,082)</u>	<u>( 25)</u>	<u>( \$ 21,663)</u>	<u>( 5)</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plans	6(15)(26)	\$ 7,619	2	\$ 20,164	4
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 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(26)	( 1,524)	-	( 4,033)	( 1)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		3,628	1	23,712	5
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation		( 1,663)	( 1)	2,329	1
8360	Components of other comprehensive income that will be reclassified to profit or loss		( 1,663)	( 1)	2,329	1
8300	<b>Other comprehensive income, net</b>		<u>\$ 1,965</u>	<u>-</u>	<u>\$ 26,041</u>	<u>6</u>
8500	<b>Total comprehensive (loss) income</b>		<u>( \$ 124,117)</u>	<u>( 25)</u>	<u>\$ 4,378</u>	<u>1</u>
	Loss attributable to:					
8610	Owners of parent		( \$ 121,400)	( 24)	( \$ 21,639)	( 5)
8620	Non-controlling interests		( 4,682)	( 1)	( 24)	-
			<u>( \$ 126,082)</u>	<u>( 25)</u>	<u>( \$ 21,663)</u>	<u>( 5)</u>
	Other comprehensive income (loss) attributable to:					
8710	Owners of parent		( \$ 119,435)	( 24)	\$ 4,402	1
8720	Non-controlling interests		( 4,682)	( 1)	( 24)	-
			<u>( \$ 124,117)</u>	<u>( 25)</u>	<u>\$ 4,378</u>	<u>1</u>
	Losses per share	6(27)				
9750	Total basic losses per share		<u>( \$ 1.52)</u>		<u>( \$ 0.27)</u>	
9850	Total diluted losses per share		<u>( \$ 1.52)</u>		<u>( \$ 0.27)</u>	

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

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

	Equity attributable to owners of the parent										
	Notes	Retained earnings					Other equity interest				Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	
<b>Year 2024</b>											
January 1		\$ 786,454	\$ 486,656	\$ 153,256	\$ 3,025	\$ 186,483	(\$ 705)	(\$ 1,597)	\$ 1,613,572	\$ -	\$ 1,613,572
Loss for the year		-	-	-	-	( 21,639)	-	-	( 21,639)	( 24)	( 21,663)
Other comprehensive income for the year		-	-	-	-	16,131	2,329	7,581	26,041	-	26,041
Total comprehensive income (loss)		-	-	-	-	( 5,508)	2,329	7,581	4,402	( 24)	4,378
Appropriation and distribution of 2023 earnings: 6(19)											
Reversal of special reserve		-	-	-	( 723)	723	-	-	-	-	-
Cash dividends paid from earnings ownership in subsidiaries		-	-	-	-	( 19,661)	-	-	( 19,661)	-	( 19,661)
Changes in equity of associates and joint ventures 6(7)(18) accounted for using equity method		-	( 115)	-	-	-	-	-	( 115)	-	( 115)
Issued restricted stock awards 6(16)(17)(18)		10,000	32,950	-	-	-	-	-	42,950	-	42,950
Adjustments arising from changes in percentage of ownership in subsidiaries		-	-	-	-	( 842)	-	-	( 842)	40,842	40,000
December 31		<u>\$ 796,454</u>	<u>\$ 519,491</u>	<u>\$ 153,256</u>	<u>\$ 2,302</u>	<u>\$ 161,195</u>	<u>\$ 1,624</u>	<u>\$ 5,984</u>	<u>\$ 1,640,306</u>	<u>\$ 40,818</u>	<u>\$ 1,681,124</u>
<b>Year 2025</b>											
January 1		\$ 796,454	\$ 519,491	\$ 153,256	\$ 2,302	\$ 161,195	\$ 1,624	\$ 5,984	\$ 1,640,306	\$ 40,818	\$ 1,681,124
Loss for the year		-	-	-	-	( 121,400)	-	-	( 121,400)	( 4,682)	( 126,082)
Other comprehensive income (loss) for the year		-	-	-	-	6,095	( 1,663)	( 2,467)	1,965	-	1,965
Total comprehensive income		-	-	-	-	( 115,305)	( 1,663)	( 2,467)	( 119,435)	( 4,682)	( 124,117)
Appropriation and distribution of 2024 earnings: 6(19)											
Reversal of special reserve		-	-	-	( 2,302)	2,302	-	-	-	-	-
Cash dividends paid from earnings ownership in subsidiaries		-	-	-	-	( 19,911)	-	-	( 19,911)	-	( 19,911)
Changes in equity of associates and joint ventures 6(7)(18) accounted for using equity method		-	( 364)	-	-	-	-	-	( 364)	-	( 364)
Diminution of non-controlling interests		-	-	-	-	-	-	-	-	( 36,136)	( 36,136)
December 31		<u>\$ 796,454</u>	<u>\$ 519,127</u>	<u>\$ 153,256</u>	<u>\$ -</u>	<u>\$ 28,281</u>	<u>(\$ 39)</u>	<u>\$ 3,517</u>	<u>\$ 1,500,596</u>	<u>\$ -</u>	<u>\$ 1,500,596</u>

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

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

	Year ended December 31		
	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		( \$ 127,366 )	( \$ 31,638 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(24)	9,518	8,084
Amortisation expense	6(10)(24)	9,267	2,655
Loss on financial assets at fair value through profit or loss	6(2)(23)	6,263	5,150
Interest expense		217	167
Profit from lease modification	6(9)(23)	( 18 )	-
Interest revenue	6(21)	4,160	( 6,802 )
Dividend income		( 730 )	( 5,691 )
Share-based payments	6(16)(25)	-	42,950
Share of profit of associates and joint ventures accounted for using equity method	6(7)	( 51,405 )	( 67,609 )
Unrealised foreign exchange loss (gains)		446	( 2,611 )
Impairment loss recognized on non-financial assets	6(11)(23)	186	-
Loss on disposals of investments	6(23)	833	1,253
Gain on disposal of subsidiary	6(23)	( 1,401 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		20,126	( 20,834 )
Other receivables		( 403 )	2,773
Inventories		10,003	( 1,244 )
Other current assets		19,988	( 44,749 )
Other non-current assets		( 15 )	3,559
Changes in operating liabilities			
Accounts payable		( 2,661 )	( 4,164 )
Accounts payable - related parties		( 3,524 )	( 3,106 )
Other payables		( 2,747 )	1,181
Other current liabilities		( 933 )	( 979 )
Cash outflow generated from operations		( 118,516 )	( 121,655 )
Interest received		4,219	6,850
Dividends received		44,259	42,070
Interest paid		( 18 )	-
Income taxes paid		( 447 )	805
Income taxes refunded		181	4
Net cash flows used in operating activities		( 70,322 )	( 73,536 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through profit or loss	6(2)	( 8,000 )	( 2,868 )
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	2,715	9,002
Acquisition of financial assets at fair value through other comprehensive income	6(3)	( 99,037 )	( 4,999 )
Acquisition of financial assets measured at amortized cost	6(4)	-	( 1,000 )
Redemption of financial assets measured at amortized cost	6(4)	101,500	-
Principal repayment of financial assets measured at amortized cost upon maturity	6(4)	1,000	-
Proceeds from disposal of investments accounted for using equity method	6(7)	5,007	122,464
Net cash outflow from disposal of subsidiary	6(30)	( 90,220 )	-
Net cash flow from acquisition of subsidiaries	6(29)	-	( 1,133 )
Acquisition of property, plant and equipment	6(8)(30)	( 2,545 )	( 2,374 )
Acquisition of intangible assets	6(10)(30)	( 27,550 )	( 9,514 )
Decrease (increase) in refundable deposits		1,883	( 453 )
Increase in other financial assets		( 1,854 )	-
Net cash flows (used in) from investing activities		( 117,101 )	109,125
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term loans	6(31)	16,000	-
Repayment of short-term loans	6(31)	( 11,000 )	-
Proceeds from long-term debt	6(31)	7,000	-
Repayment of long-term debt	6(31)	( 1,000 )	-
Payments of lease liabilities	6(31)	( 4,591 )	( 3,246 )
Cash dividends paid	6(19)	19,911	( 19,661 )
Changes in non-controlling interests	6(28)	-	40,000
Net cash flows (used in) from financing activities		( 13,502 )	17,093

(Continued)

C-MEDIA ELECTRONICS INC. AND SUBSIDIARIES  
CONSOLIDATED 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
Effect of exchange rate changes on cash and cash equivalents		( \$ 2,115 )	\$ 4,931
Net (decrease) increase in cash and cash equivalents		( 203,040 )	57,613
Cash and cash equivalents at beginning of year	6(1)	489,182	431,569
Cash and cash equivalents at end of year	6(1)	\$ 286,142	\$ 489,182

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

C-MEDIA ELECTRONICS INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED 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 and its subsidiaries (collectively referred herein as the “Group”) are 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 Director resolved, and on June 21, 2019, the shareholders on 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 consolidated 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<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 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 Group’s financial condition and financial performance based on the Group’s assessment.

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 Group’s financial condition and financial performance based on the Group’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 managementdefined 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

(c) 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	C-Media Investments Limited (C-Media Investments)	Holding company	100	100	-
The Company	C-Media Cultural Creative Technology Inc. (C-Media Cultural Creative)	Related hardware/software development for technology cultural, and creative industry and multimedia entertainment, technology research and development and market operation	100	100	-
C-Media Cultural Creative Technology Inc.	Good Music Cultural Creative Technology Inc. (Good Music)	Related hardware/software development for technology cultural, and creative industry and multimedia entertainment, technology research and development and market operation	48.15	61.90	Note1
C-Media Cultural Creative Technology Inc.	Global Good Music Multimedia Co., Ltd (Global Good Music)	Information Software Services and Development	100	100	Note2

Note1: On March 20, 2025, Good Music increased its capital. As the Group did not acquire shares proportionately, the shareholding ratio was decreased from 61.90% to 48.15%, and the Group lost its control over Good Music. The Group recognised its investment retained in Good Music at fair value on the date that control ceased and recognised gains of \$1,401 presented in the 'other gains and losses' line item in the statements of comprehensive income. Cash flow information relating to Good Music is provided in Note 6(30) Supplemental cash flow information.

Note2: Please refer to Note 6(29) for more details.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None

F. Subsidiaries that have non-controlling interests that are material to the Group: None

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated 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 group 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.

#### (5) 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 realised, or are intended to be sold or consumed in 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 for at least 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.

(6) 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.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group 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 Group measures the financial assets at fair value plus transaction costs. The Group 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 Group and the amount of the dividend can be measured reliably.

(9) 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 Group'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 Group 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 Group'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.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group 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 Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) 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.

(14) 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.

(15) Investments accounted for using equity method-associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group
- E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. At the balance sheet date, the Group performs an impairment test for an investment in an associate when there is an indication that the investment may be impaired. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

(16) 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 Group 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 subsequently measured using the cost model. 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

(17) 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 Group. 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 Group 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.

(18) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

C. Copyrights

Copyrights are music copyrights, which are stated at cost and amortised on a straight-line basis over their estimated lives.

D. Intangible assets other than goodwill and computer software, mainly royalties, are amortised on a straight-line basis over their estimated useful lives of 5~10 years.

(19) Impairment of non-financial assets

A. The Group 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. Except for goodwill, 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.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

A. Borrowings comprise long-term and short-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 the 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 it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) 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.

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions (including warranties, decommissioning, restructuring, onerous contracts, and contingent liabilities from business combinations, etc.) are recognised when the Group 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.

(24) 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. Pensions

(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 Group'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 Group 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

#### (25) 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 consideration with the grant date set on or after October 11, 2024, the Company recognises 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 recognises 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’.

(26) 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 Group 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. 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 Group 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.

(27) 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.

(28) Dividends

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

(29) Revenue recognition

Sales of goods

- A. The Group 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 wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group 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 Group 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.

(30) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 \$59,857.

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	\$ 382	\$ 384
Checking accounts and demand deposits	201,972	354,198
Time deposits	83,788	134,600
	<u>\$ 286,142</u>	<u>\$ 489,182</u>

The Group 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 profit or loss

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private Fund-Fubon Digital Music Fund L.P.	\$ 20,100	\$ 20,100
Valuation adjustment	(4,574)	(3,596)
	<u>\$ 15,526</u>	<u>\$ 16,504</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private Fund-TAIWAN MEDICAL BIOTECH FUND	\$ -	\$ 2,868
Valuation adjustment	-	54
	<u>\$ -</u>	<u>\$ 2,922</u>

A. Amounts recognised in profit or loss in relation to the financial assets at fair value through profit or loss are loss of \$6,263 and loss \$5,150 for the years ended December 31, 2025 and 2024, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

D. The Group has entered into a concert investment agreement with Shi Xuan Brand LTD. for the concert titled "GUNS N' ROSES 2025 LIVE IN TAIWAN," with a total investment amount of \$8,000. The settlement has been completed, and a total amount of \$2,715 has been recovered.

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

Items	December 31, 2025	December 31, 2024
Non-current items:		
Equity instruments		
Unlisted shares	\$ 130,177	\$ 31,140
Valuation adjustment	3,517	5,984
	\$ 133,694	\$ 37,124

A. The Group 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 \$133,694 and \$37,124 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 are loss of (\$2,467) and profit \$7,581 for the years ended December 31, 2025 and 2024, respectively.

C. The Group'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).

(4) Financial assets at amortised cost

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

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

	Year ended December 31	
	2025	2024
Interest income	\$ 1,069	\$ 2,003

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 Group were \$12,600 and \$115,100, respectively.

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

(5) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 33,925	\$ 54,051
Less: Loss allowance	( 432)	( 432)
	<u>\$ 33,493</u>	<u>\$ 53,619</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	\$ 33,925	\$ 54,035
Up to 30 days	-	-
31 to 90 days	-	16
91 to 180 days	-	-
Over 180 days	-	-
	<u>\$ 33,925</u>	<u>\$ 54,051</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 Group's accounts receivable was \$33,493 and \$53,619, respectively.

D. As of December 31, 2025 and 2024, the Group held promissory notes and standby letters of credit provided by customers as collateral for accounts receivable amounting to \$91,433 and \$127,963, respectively.

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

(6) Inventories

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 8,776	(\$ 8,776)	\$ -
Work in progress	92,900	( 65,199)	27,701
Finished goods	40,637	( 15,426)	25,211
Goods	<u>132,305</u>	<u>( 125,360)</u>	<u>6,945</u>
	<u>\$ 274,618</u>	<u>(\$ 214,761)</u>	<u>\$ 59,857</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	126,951	( 126,010)	941
	<u>\$ 285,203</u>	<u>(\$ 215,343)</u>	<u>\$ 69,860</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2025	2024
Cost of goods sold	\$ 281,778	\$ 212,038
Gain from price recovery	( 582)	( 27,665)
	<u>\$ 281,196</u>	<u>\$ 184,373</u>

The gain on reversal of decline in market value was mainly due to the Group's active disposal of obsolete and slow-moving inventories during 2025 and 2024.

(7) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Associates:		
HIM International Music Inc.	\$ 639,061	\$ 633,063
Good Music Cultural Creative Technology Inc.	55,793	-
	<u>\$ 694,854</u>	<u>\$ 633,063</u>

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2025	December 31, 2024		
HIM International Music Inc.	Republic of China	10.18%	10.28%	Note 1	Equity method
Good Music Cultural Creative Technology Inc.	Republic of China	48.15%	-	Note 2	Equity method

Note 1: 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.

Note 2: On March 20, 2025, the former subsidiary, Good Music, increased its capital. As the Group did not acquire shares proportionately, the shareholding ratio was decreased from 61.90% to 48.15%. Based on the assessment, the Group lost its control over Good Music. Therefore, the Group ceased to include Good Music in the consolidated financial statements since the date that control ceased, and the Group transferred the aforementioned investment retained at fair value on the date that control ceased to investments accounted for using equity method. Cash flow information relating to Good Music is provided in Note 6(30) Supplemental cash flow information.

B. The summarised financial information of the associates that are material to the Group is as follows:

(a) Balance sheet

	<u>HIM International Music Inc.</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 1,427,605	\$ 1,330,675
Non-current assets	1,449,052	1,524,588
Current liabilities	( 546,473)	( 605,618)
Non-current liabilities	( 98,442)	( 140,430)
Total net assets	<u>\$ 2,231,742</u>	<u>\$ 2,109,215</u>
Share in associate's net assets	\$ 227,251	\$ 216,827
Goodwill	411,810	416,236
Carrying amount of the associate	<u>\$ 639,061</u>	<u>\$ 633,063</u>
	<u>Good Music Cultural Creative Technology Inc.</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 13,022	\$ 105,039
Non-current assets	103,342	2,922
Current liabilities	( 487)	( 829)
Non-current liabilities	-	-
Total net assets	<u>\$ 115,877</u>	<u>\$ 107,132</u>
Share in associate's net assets	\$ 55,793	\$ -
Goodwill	-	-
Carrying amount of the associate	<u>\$ 55,793</u>	<u>\$ -</u>

(b) Statement of comprehensive income

	<u>HIM International Music Inc.</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 1,031,983	\$ 1,298,024
Profit for the year from continuing operations	\$ 545,179	\$ 605,429
Profit (loss) from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>\$ 545,179</u>	<u>\$ 605,429</u>
Dividends received from associates	<u>\$ 43,521</u>	<u>\$ 36,229</u>

	<u>Good Music Cultural Creative Technology Inc.</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ -	\$ -
Loss for the year from continuing operations	(\$ 21,256)	(\$ 206)
Profit (loss) from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	(\$ 21,256)	(\$ 206)
Dividends received from associates	\$ -	\$ -

C. The Group's material associates HIM International Music Inc. has quoted market prices. As of December 31, 2025 and 2024, the fair value was \$523,185 and \$631,053, respectively.

D. For the years ended December 31, 2025 and 2024, cash inflow from disposal of investments accounted for using equity method amounted to \$5,007 and \$122,464, respectively.

E. Details of the Group's investments accounted for using equity method pledged to others are provided in Note 8.

(8) 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	\$ 12,169	\$ 951	\$ 299,746
Accumulated depreciation	-	( 36,965)	( 4,682)	( 486)	( 42,133)
	<u>\$ 202,582</u>	<u>\$ 47,079</u>	<u>\$ 7,487</u>	<u>\$ 465</u>	<u>\$ 257,613</u>
<u>2025</u>					
At January 1	\$ 202,582	\$ 47,079	\$ 7,487	\$ 465	\$ 257,613
Additions	-	747	1,700	-	2,447
Depreciation expense	-	( 1,861)	( 3,099)	( 155)	( 5,115)
At December 31	<u>\$ 202,582</u>	<u>\$ 45,965</u>	<u>\$ 6,088</u>	<u>\$ 310</u>	<u>\$ 254,945</u>
At December 31, 2025					
Cost	\$ 202,582	\$ 84,791	\$ 12,339	\$ 761	\$ 300,473
Accumulated depreciation	-	( 38,826)	( 6,251)	( 451)	( 45,528)
	<u>\$ 202,582</u>	<u>\$ 45,965</u>	<u>\$ 6,088</u>	<u>\$ 310</u>	<u>\$ 254,945</u>

	Land	Buildings and structures	Machinery equipment	Office equipment	Total
At January 1, 2024					
Cost	\$ 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	2,058	112	2,374
Depreciation expense	-	( 1,791)	( 3,042)	( 140)	( 4,973)
At December 31	<u>\$ 202,582</u>	<u>\$ 47,079</u>	<u>\$ 7,487</u>	<u>\$ 465</u>	<u>\$ 257,613</u>
At December 31, 2024					
Cost	\$ 202,582	\$ 84,044	\$ 12,169	\$ 951	\$ 299,746
Accumulated depreciation	-	( 36,965)	( 4,682)	( 486)	( 42,133)
	<u>\$ 202,582</u>	<u>\$ 47,079</u>	<u>\$ 7,487</u>	<u>\$ 465</u>	<u>\$ 257,613</u>

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

(9) Leasing arrangements — lessee

A. The Group 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:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Transportation equipment (Business vehicles)	\$ 4,391	\$ 5,909
	Year ended December 31	
	2025	2024
	Depreciation expense	Depreciation expense
Transportation equipment (Business vehicles)	\$ 4,403	\$ 3,111

D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$3,909 and \$3,193, respectively.

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

	Year ended December 31	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 199	\$ 167
Expense on short-term lease contracts	2,195	1,742
Profit from lease modification	18	-

F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$6,985 and \$5,155, respectively.

(10) Intangible assets

	2025					
	Royalty	Software	Goodwill	Copyright	Other	Total
At January 1, 2025						
Cost	\$ 6,878	\$ 9,801	\$ 766	\$ -	\$ 546	\$ 17,991
Accumulated amortisation and impairment	( 1,664)	( 1,300)	-	-	( 45)	( 3,009)
	<u>\$ 5,214</u>	<u>\$ 8,501</u>	<u>\$ 766</u>	<u>\$ -</u>	<u>\$ 501</u>	<u>\$ 14,982</u>
<u>2025</u>						
At January 1	\$ 5,214	\$ 8,501	\$ 766	\$ -	\$ 501	\$ 14,982
Additions - acquired separately	-	4,550	-	23,000	-	27,550
Amortisation expense	( 758)	( 4,567)	-	( 3,833)	( 109)	( 9,267)
Impairment loss	-	-	( 186)	-	-	( 186)
At December 31	<u>\$ 4,456</u>	<u>\$ 8,484</u>	<u>\$ 580</u>	<u>\$ 19,167</u>	<u>\$ 392</u>	<u>\$ 33,079</u>
At December 31, 2025						
Cost	\$ 6,878	\$ 14,351	\$ 766	\$ 23,000	\$ 546	\$ 45,541
Accumulated amortisation and impairment	( 2,422)	( 5,867)	( 186)	( 3,833)	( 154)	( 12,462)
	<u>\$ 4,456</u>	<u>\$ 8,484</u>	<u>\$ 580</u>	<u>\$ 19,167</u>	<u>\$ 392</u>	<u>\$ 33,079</u>
	2024					
	Royalty	Software	Goodwill	Other	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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,851</u>
<u>2024</u>						
At January 1	\$ 5,971	\$ 880	\$ -	\$ -	\$ -	\$ 6,851
Additions - acquired separately	-	9,474	-	-	-	9,474
Additions - acquired through business combinations	-	-	766	546	-	1,312
Amortisation expense	( 757)	( 1,853)	-	( 45)	-	( 2,655)
At December 31	<u>\$ 5,214</u>	<u>\$ 8,501</u>	<u>\$ 766</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ 14,982</u>
At December 31, 2024						
Cost	\$ 6,878	\$ 9,801	\$ 766	\$ 546	\$ -	\$ 17,991
Accumulated amortisation and impairment	( 1,664)	( 1,300)	-	( 45)	-	( 3,009)
	<u>\$ 5,214</u>	<u>\$ 8,501</u>	<u>\$ 766</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ 14,982</u>

A. Details of amortisation expense on intangible assets are as follows:

	Year ended December 31	
	2025	2024
Operating costs	\$ 3,986	\$ 157
Selling expenses	241	207
Administrative expenses	107	143
Research and development expenses	4,933	2,148
	<u>\$ 9,267</u>	<u>\$ 2,655</u>

B. Impairment information about the intangible assets is provided in Note 6(11).

(11) Impairment of non-financial assets (no such transaction in 2024)

A. The Group recognised impairment loss for the years ended December 31, 2025 was \$186. Details of such loss are as follows:

	Year ended December 31, 2025	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss – Intangible assets	<u>\$ 186</u>	<u>\$ -</u>

B. In 2025, decrease in the future cash inflow was due to the actual growth of operating revenue which was not as expected that resulted in an impairment in the Group's intangible assets. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$186 accordingly.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The main assumptions used in calculating value in use are set out below.

- (a) Gross margin: referenced related information in the market and took into consideration the estimated operation and sales plans.
- (b) Growth rate: calculated based on the historical data and took into consideration the estimated operation and sales plans.
- (c) Discount rate: pertained to the weighted average cost of capital, and the discount rate was 9.40% for the year ended December 31, 2025.

(12) Short-term borrowings (no such transaction in 2024)

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	<u>\$ 5,000</u>	2.40%	Shares (Note)

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

(13) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonuses payable	\$ 36,913	\$ 37,891
Pension payable	2,011	1,997
Labor and health insurance payable	1,703	1,748
Others	10,276	12,205
	<u>\$ 50,903</u>	<u>\$ 53,841</u>

(14) 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 Group's assets pledged as collateral for the borrowings are provided in Note 8.

(15) Pension

A. (a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by 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 and its domestic subsidiaries 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:

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

(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 Group's labor pension reserve has reached the current labor's future pension, the Group 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 with 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 Group 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 and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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. The Company's foreign subsidiaries do not have any employees.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024, were \$9,331 and \$8,835, respectively.

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

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

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

Note: Restricted stocks issued by the Company before meeting the vesting conditions are as follows:

(a) Before meeting the vesting conditions, employees granted or subscribed to new shares cannot be sold, pledged, transferred, donated to others, set, or disposed 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 collect 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.

(17) 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(16). On September 7, 2024, shares that met the vesting condition and lifted the restrictions were 1000 thousand shares.

- C. To fulfil the Group'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 subsequently reported this 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.

(18) 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

	Share premium	Treasury shares transactions	Changes in equity of associates and joint ventures accounted for using equity method	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

	Share premium	Treasury shares transactions	Changes in equity of associates and joint ventures accounted for using equity method	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>

**(19) 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 appropriations of 2024 and 2023 earnings 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.

## (20) Operating revenue

Disaggregation of revenue from contracts with customers

The Group 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	\$ 52,878	\$ 74,039
Mainland China	428,471	356,589
Others	19,842	18,113
	<u>\$ 501,191</u>	<u>\$ 448,741</u>

(21) Interest income

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 4,061	\$ 6,730
Other interest income	99	72
	<u>\$ 4,160</u>	<u>\$ 6,802</u>

(22) Other income

	<u>2025</u>	<u>2024</u>
Dividend income	\$ 730	\$ 5,691
Rent income	307	268
Other income, others	1,718	1,463
	<u>\$ 2,755</u>	<u>\$ 7,422</u>

(23) Other gains and losses

	<u>2025</u>	<u>2024</u>
Gains (losses) on disposals of investments	\$ 568	(\$ 1,253)
Foreign exchange gains	891	5,234
Gains arising from lease modifications	18	-
Other losses	-	( 2,112)
Impairment loss on non-financial assets (Note)	( 186)	-
Losses on financial assets at fair value through profit or loss	( 6,263)	( 5,150)
	<u>(\$ 4,972)</u>	<u>(\$ 3,281)</u>

Note: Details of the Group's impairment on non-financial assets are provided in Note 6(11).

(24) Expenses by nature

	<u>2025</u>	<u>2024</u>
Employee benefit expense	\$ 252,854	\$ 266,283
Professional service fees	40,724	46,700
Processing fees	32,442	40,764
Royalty fees	23,186	4,574
Depreciation expense	9,518	8,084
Amortisation expense on intangible assets	9,267	2,655
Commissioned research expense	8,901	2,901
Research and development materials	7,059	10,988
Operating lease payments	2,195	1,742
	<u>\$ 386,146</u>	<u>\$ 384,691</u>

(25) Employee benefit expense

	<u>2025</u>	<u>2024</u>
Wages and salaries	\$ 208,310	\$ 193,395
Compensation cost of share-based payments	-	42,950
Labor and health insurance fees	15,942	14,947
Pension costs	9,316	9,062
Other personnel expenses	19,286	5,929
	<u>\$ 252,854</u>	<u>\$ 266,283</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings (profit before tax that excludes employees' remuneration 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.

(26) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	<u>2025</u>	<u>2024</u>
Current tax:		
Current income tax on profits for the year	\$ -	\$ -
Prior year income tax under/(over)estimation	261	( 5,933)
Total current income tax	<u>261</u>	<u>( 5,933)</u>
Deferred income tax:		
Origination and reversal of temporary differences	( 1,545)	( 4,042)
Total deferred income tax	<u>( 1,545)</u>	<u>( 4,042)</u>
Income tax benefit	<u>(\$ 1,284)</u>	<u>(\$ 9,975)</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 plan	<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	(\$ 31,888)	(\$ 6,321)
Effect from items disallowed by tax regulation	( 7,080)	( 5,133)
Temporary differences not recognised as deferred tax assets	37,423	7,412
Prior year income tax under/(over)estimation	<u>261</u>	<u>( 5,933)</u>
Income tax benefit	<u><u>(\$ 1,284)</u></u>	<u><u>(\$ 9,975)</u></u>

C. Amounts of deferred 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>Business combination</u>	<u>December 31</u>
Deferred income tax assets:					
-Temporary differences					
Accrued pension liabilities	\$ -	\$ 1,524	(\$ 1,524)	\$ -	\$ -
Deferred income tax liabilities:					
-Temporary differences					
Intangible assets recognized by business combination	( 100)	21	-	-	( 79)
	<u>(\$ 100)</u>	<u>\$ 1,545</u>	<u>(\$ 1,524)</u>	<u>\$ -</u>	<u>(\$ 79)</u>
	<u>2024</u>				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Business combination</u>	<u>December 31</u>
Deferred income tax assets:					
-Temporary differences					
Accrued pension liabilities	\$ -	\$ 4,033	(\$ 4,033)	\$ -	\$ -
Deferred income tax liabilities:					
-Temporary differences					
Intangible assets recognized by business combination	-	9	-	( 109)	( 100)
	<u>\$ -</u>	<u>\$ 4,042</u>	<u>(\$ 4,033)</u>	<u>(\$ 109)</u>	<u>(\$ 100)</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	\$ 758,302	\$ 565,441

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

<u>December 31, 2025</u>				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2023	Amount filed	\$ 120,953	\$ 120,953	2033
2024	Amount filed	134,423	134,423	2034
2025	Assessed	<u>147,338</u>	<u>147,338</u>	2035
		<u>\$ 402,714</u>	<u>\$ 402,714</u>	

<u>December 31, 2024</u>				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2023	Amount filed	\$ 120,953	\$ 120,953	2033
2024	Assessed	<u>134,423</u>	<u>134,423</u>	2034
		<u>\$ 255,376</u>	<u>\$ 255,376</u>	

(27) Losses per share

	<u>Year ended December 31, 2025</u>		
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic and diluted losses per share</u>			
Loss attributable to common shareholders	(\$ 121,400)	<u>79,645</u>	(\$ 1.52)
	<u>Year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic and diluted losses per share</u>			
Loss attributable to common shareholders	(\$ 21,639)	<u>78,962</u>	(\$ 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.

(28) Transactions with non-controlling interest

The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest in the subsidiary

Subsidiary of the Group, Good Music Cultural Creative Technology Inc., increased its capital by issuing 4,000 thousand new shares with a par value of \$10 (in dollars), totaling \$40,000, on December 26, 2024. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 38.10%. This transaction resulted in an increase in the noncontrolling interest by \$40,842 and a decrease in the equity attributable to owners of the parent by \$842.

(29) Business combinations

A. On August 1, 2024, the Group acquired 100% of the share capital of Global Good Music Multimedia Co., Ltd for \$3,300 and obtained the control over Global Good Music Multimedia Co., Ltd, which is engaged in information software services and development. Following the acquisition, the Group expects to strengthen its position in these markets and anticipates creating innovative opportunities through economies of scale.

B. The following table summarises the consideration paid for Global Good Music Multimedia Co., Ltd and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>August 1, 2024</u>
Purchase consideration	
Cash paid	\$ 3,300
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	2,167
Prepayments	24
Intangible assets	546
Accounts payable	( 1)
Deferred revenue	( 90)
Other current liabilities	( 3)
Deferred tax liabilities	( 109)
Total identifiable net assets	<u>2,534</u>
Goodwill	<u>\$ 766</u>

C. The fair value of the acquired identifiable intangible assets (including trademarks, customer relationships and information software) is \$546.

D. The operating revenue included in the consolidated statement of comprehensive income since August 1, 2024 contributed by Global Good Music Multimedia Co., Ltd was \$214. Global Good Music Multimedia Co., Ltd also contributed profit before income tax of \$193 over the same period. Had Global Good Music Multimedia Co., Ltd been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$449,126 and profit before income tax of (\$31,287).

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	2025	2024
Purchase of intangible assets	\$ 27,550	\$ 9,474
Purchase of property, plant and equipment	2,447	2,374
Add: Opening balance of payable on equipment	373	413
Less: Ending balance of payable on equipment	( 275)	( 373)
Cash paid during the year	<u>\$ 30,095</u>	<u>\$ 11,888</u>

B. On March 20, 2025, the Group's former subsidiary, Good Music, increased its capital. As the Group did not acquire shares proportionately, the shareholding ratio was decreased from 61.90% to 48.15%, and the Group lost its control over the subsidiary (please refer to Note 4(3)B Note 1). Details of assets and liabilities relating to the subsidiary are as follows:

	March 20, 2025
Cash	\$ 90,220
Other receivables	1
Current tax assets	6
Prepayments	90
Other current assets	1,729
Financial assets at fair value through profit or loss	2,922
Other payables	( 93)
Other current liabilities	( 32)
Total net assets	<u>\$ 94,843</u>

(31) Changes in liabilities from financing activities

	2025			
	Short-term borrowings	Leasing liabilities	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ -	\$ 5,996	\$ -	\$ 5,996
Changes in cash flow from financing activities	5,000	( 4,591)	6,000	6,409
Changes in other non-cash items	-	3,066	-	3,066
At December 31	<u>\$ 5,000</u>	<u>\$ 4,471</u>	<u>\$ 6,000</u>	<u>\$ 15,471</u>
	2024			
	Short-term borrowings	Leasing liabilities	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ -	\$ 5,882	\$ -	\$ 5,882
Changes in cash flow from financing activities	-	( 3,246)	-	( 3,246)
Changes in other non-cash items	-	3,360	-	3,360
At December 31	<u>\$ -</u>	<u>\$ 5,996</u>	<u>\$ -</u>	<u>\$ 5,996</u>

## 7. Related Party Transactions

### (1) Parent and ultimate controlling party

None.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Good Music Cultural Creative Technology Inc. (Good Music)	Associate (Note 1)
HIM International Music Inc. (HIM International)	Associate
Realtek Semiconductor Corporation (Realtek Semiconductor)	Other related party
Taowisdom Inc. (Taowisdom)	Other related party
CKTI Company Ltd. (CKTI)	Other related party
JMicron Technology Corp. (JMicon Technology)	Other related party (Note 2)
Cheng, Hsiu-Chi	Other related party
Cheng, Hsiu-Ting	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 3)

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

Note 2: JMicon Technology was no longer a related party since May 22, 2025.

Note 3: Abu Trading was no longer a related party since September 15, 2025.

### (3) Significant related party transactions

#### A. Operating revenue

	<u>2025</u>	<u>2024</u>
Sales of goods:		
- Realtek Semiconductor	\$ 38	\$ -
- Other related party	237	2
	<u>\$ 275</u>	<u>\$ 2</u>

The transaction price and credit terms for the Group's goods sold to related parties are determined based on mutual agreements.

#### B. Purchases

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

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. There is no interest bearing on the payables.

C. Licensing agreement

	<u>2025</u>	<u>2024</u>
Royalty fees:		
- Realtek Semiconductor	\$ <u>190</u>	\$ <u>827</u>

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

D. Other income

	<u>2025</u>	<u>2024</u>
Rental income:		
-Good Music Cultural Creative	\$ 40	\$ -
- Other related parties	<u>119</u>	<u>146</u>
	<u>\$ 159</u>	<u>\$ 146</u>

E. Other expenses

(a) Service charge

	<u>2025</u>	<u>2024</u>
- Other related party	<u>\$ 836</u>	<u>\$ 1,237</u>

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>
- HIM International	<u>\$ 258</u>	<u>\$ -</u>

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

F. Payables to related parties

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

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

#### (4) Key management compensation

	2025	2024
Salaries and other short-term employee benefits	\$ 42,488	\$ 31,827
Termination benefits	10,547	36,508
Post-employment benefits	2,486	482
	<u>\$ 55,521</u>	<u>\$ 68,817</u>

#### 8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u> <u>December 31, 2025</u>	<u>Book value</u> <u>December 31, 2024</u>	<u>Purpose</u>
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 and structures	45,965		- Medium-term secured loans
Investments accounted for using equity method			
- shares	59,304		- Short-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 appropriation of 2025 deficits and the distribution of 2025 cash dividends as proposed by the Board of Directors on March 12, 2026 are as follows:

	<u>Year ended December 31, 2025</u>	
	<u>Amount</u>	<u>Dividends per share</u> <u>(in dollars)</u>
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 Note 6(17)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 thousand 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 Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group 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 Group'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	\$ 79,205	\$ 79,839
Total equity	<u>1,500,596</u>	<u>1,681,124</u>
Total capital	<u>\$ 1,579,801</u>	<u>\$ 1,760,963</u>
Gearing ratio	5%	5%

(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 profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 15,526	\$ 19,426
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 133,694	\$ 37,124
<u>Financial assets at amortised cost</u>		
Cash and cash equivalents	\$ 286,142	\$ 489,182
Financial assets at amortised cost	12,600	115,100
Accounts receivable	33,493	53,619
Other receivables	999	661
Guarantee deposits paid	1,989	3,872
Other financial assets	3,533	1,680
	<u>\$ 338,756</u>	<u>\$ 664,114</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Notes payable	\$ 84	\$ 84
Accounts payable(including related parties)	11,147	17,332
Other payables	50,903	53,841
	<u>\$ 62,134</u>	<u>\$ 71,257</u>
Lease liabilities	<u>\$ 4,471</u>	<u>\$ 5,996</u>

B. Financial risk management policies

- (a) The Group'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 (Group finance) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group'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 Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange rate 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 Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; subsidiaries' functional currency: NTD and USD). 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	\$ 1,603	31.43	\$ 50,377
<u>Non-monetary items</u>			
Financial assets at fair value through profit or loss			
USD:NTD	\$ 719	31.43	\$ 22,593
<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	\$ 2,014	32.79	\$ 66,051
<u>Non-monetary items</u>			
Financial assets at fair value through profit or loss			
USD:NTD	\$ 809	32.79	\$ 26,521
<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 Group for the years ended December 31, 2025 and 2024, amounted to \$891 and \$5,234, 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%	\$ 504	\$ -
<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%	\$ 661	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118	\$ -

#### Price risk

- i. The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in private fund issued by the foreign companies and 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, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$124 and \$155, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity

would have increased/decreased by \$1,070 and \$297, 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 Group 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 Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only rated parties with a good credit rating are accepted. According to the Group's credit policy, each local entity in the Group 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 Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group 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 Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group 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 Group's expected loss rates on past due and not past due accounts receivable were both insignificant.
- viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2025</u>	<u>2024</u>
At January 1 (December 31)	\$ 432	\$ 432

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group'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 Group'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>
Current borrowings	\$ 5,001	\$ -	\$ -
Notes payable	84	-	-
Accounts payable (including related parties)	11,147	-	-
Other payables	50,903	-	-
Lease liability	3,210	1,368	-
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)	17,332	-	-
Other payables	53,841	-	-
Lease liability	3,599	2,570	-

(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>
<b>Assets</b>				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
- Private Fund	\$ -	\$ -	\$ 15,526	\$ 15,526
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	133,694	133,694
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,220</u>	<u>\$ 149,220</u>
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
- Private Fund	\$ -	\$ -	\$ 19,426	\$ 19,426
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	37,124	37,124
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,550</u>	<u>\$ 56,550</u>

(b) The methods and assumptions the Group 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 Group 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 Group 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 Group'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:

	2025			
	Beneficiary certificates	Equity instrument	Concert Investment Agreement	Total
At January 1	\$ 19,426	\$ 37,124	\$ -	\$ 56,550
Acquired in the period	-	99,037	8,000	107,037
Disposal in the period	-	-	( 2,715)	( 2,715)
Gains and losses recognised in profit or loss	( 978)	-	( 5,285)	( 6,263)
Gain or loss recognized in other comprehensive income	-	( 2,467)	-	( 2,467)
Others	( 2,922)	-	-	( 2,922)
At December 31	<u>\$ 15,526</u>	<u>\$ 133,694</u>	<u>\$ -</u>	<u>\$ 149,220</u>
	2024			
	<u>Beneficiary certificates</u>	<u>Equity instrument</u>		<u>Total</u>
At January 1	\$ 30,710	\$ 24,544	\$ -	\$ 55,254
Gains and losses recognised in profit or loss	( 5,150)	-	( -)	( 5,150)
Gain or loss recognized in other comprehensive income	-	7,581	-	7,581
Acquired in the period	2,868	4,999	-	7,867
Sold in the period	( 9,002)	-	( -)	( 9,002)
At December 31	<u>\$ 19,426</u>	<u>\$ 37,124</u>	<u>\$ -</u>	<u>\$ 56,550</u>

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

G. Group 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 December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 124,709	Discounted cash flow	Discount for lack of marketability	30.00%~33.50%	The higher the discount for lack of marketability, weighted average cost of capital and discount for lack of control, the lower the fair value
			Weighted average cost of capital	15.47%~17.65%	
			Discount for Minority Interest	19.30%	
	\$ 8,985	Net asset value	Not applicable	Not applicable	Not applicable
Private Fund	\$ 15,526	Net asset value	Not applicable	Not applicable	Not applicable
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 28,055	Discounted cash flow	Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, weighted average cost of capital and discount for lack of control, the lower the fair value
			Weighted average cost of capital	12.69%~21.34%	
			Discount for Minority Interest	30.00%	
	\$ 9,069	Net asset value	Not applicable	Not applicable	Not applicable
Private Fund	\$ 19,426	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 period: 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

(1) General information

The Group's operating segments are classified based on the industry type, and the Company's operations and organisational divisions also use the industry type as the direction of development. The Company's current industries are categorised into electronic components and cultural creativity.

(2) Measurement of segment information

The accounting policies for the Group's operating segments are in agreement with the summary of significant accounting policies mentioned in Note 2 of the consolidated financial statements. General manager of the Company uses gross profit from operations (excluding general operating expenses) as the basis to evaluate each segment's performance.

(3) Information about segment profit or loss

A. The after-tax profit and loss presented to general manager of the Company is under the same evaluation method of the consolidated statement of comprehensive income. Therefore, there is no need for adjustment.

B. The segment information provided to general manager of the Company for the reportable segments is as follows:

	IC Segment	
	2025	2024
Revenue from external customer	\$ 489,828	\$ 436,415
Segment income	\$ 219,058	\$ 261,514

  

	Cultural Segment	
	2025	2024
Revenue from external customer	\$ 11,363	\$ 12,326
Segment income	\$ 937	\$ 2,854

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to general manager of the Company is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2025 and 2024 is provided as follows:

	2025	2024
Reportable segment income	\$ 219,995	\$ 264,368
Operating expenses	( 400,492)	( 374,391)
Non-operating income	53,131	78,385
Loss before tax from continuing operations	(\$ 127,366)	(\$ 31,638)

(5) Information on products and services

Revenue from external customers is mainly from services relating to IC products and software development.

Details of revenue are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Sales revenue	\$ 499,519	\$ 445,610
Service revenue	993	2,357
Royalty income	679	774
	\$ 501,191	\$ 448,741

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 52,878	\$ 292,415	\$ 74,039	\$ 278,504
Mainland China	428,471	-	356,589	-
Others	19,842	-	18,113	-
	\$ 501,191	\$ 292,415	\$ 448,741	\$ 278,504

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
	Revenue	Revenue
R	\$ 150,711	\$ -
F	127,457	181,408
K	109,084	129,538

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-Mei-hwa 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.		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	Related operations for cultural, and creative industry and multimedia entertainment	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	Information Software Services and Development	65,000	65,000	6,500,000	48.15%	55,793	( 21,256)	( 4,317)	Investee accounted for using equity method (Note 1)
Good Music 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.